

A large, bold, black text overlay on a white background, which is itself on a yellow geometric shape. The text reads 'SUSTAINABILITY REPORT 2023'. The background of the entire page is a wide-angle photograph of a vast agricultural landscape. In the foreground, there is a large field of bright yellow rapeseed flowers. To the right, a dark, tilled field slopes downwards, where two people are walking. In the distance, there are green fields, trees, and some farm buildings under a cloudy sky.

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## Introduction

### DEAR READERS,

We provide energy when and where it is needed – that is what drive us, our purpose, the focus of all our activities. This statement guides us, especially in times of dynamic developments and global challenges. However, it also shows that VNG, as a system-relevant energy company, stands for stability and continuity. We reliably supply our customers with energy that must not be interrupted, must remain affordable and must become increasingly greener. And all the while we provide the energy that keeps our economy running and maintains the quality of life for our society.

This purpose also forms a basis for our sustainability agenda and our commitment to environmental, social and governance (ESG) issues, as does our entire Group mission statement. Energy plays a central role in our three sustainability action areas. Firstly, we want to create a secure, affordable and climate-friendly energy supply. Secondly, as a responsible employer, we want to create optimum conditions that energise our employees. And thirdly, we are committed to creating positive energy in society. Following last year's first edition, we are now presenting what we have achieved in 2023 in our areas of action "Energy supply of the future", "Responsible employer" and "Value orientation and transparency" in our second voluntary sustainability report.



We are particularly proud of the progress we have made along with our partners on the first real-world laboratory of the energy transition – the *Bad Lauchstädt Energy Park* – currently under construction. Last summer, we made an investment decision for this pioneering project: together with Uniper, DBI, Terrawatt, VNG Gasspeicher, VNG Handel & Vertrieb and ONTRAS, we will invest a total of 210 million euros in the green energy supply. The Federal Ministry for Economic Affairs and Climate Protection (BMWK) is providing around 34 million euros funding for this project. Since then, the project site in Saxony-Anhalt has been making visible progress. Construction of the wind farm was completed in April 2024, a natural gas

pipeline was converted to hydrogen transport in autumn 2023 and a new hydrogen-capable pigging station was connected. We have also signed Germany's first supply contract for green hydrogen with TotalEnergies Raffinerie Mitteldeutschland. From our point of view, these are major, pioneering steps with which we are making the hydrogen economy of the future visible and tangible today. With each step, we are constantly accruing expertise that will help us with the transformation and many other green projects of the future.

For us, much of the energy future will be shaped by renewable and decarbonised gases such as biogas and hydrogen. They are the sustainable, molecule-based energy sources that are set to replace natural gas in the future. In addition to the *Bad Lauchstädt Energy Park*, we have participated in many other green gas projects along the added-value chain, thus creating a soundly based project landscape. These include, for example, several projects at the Rostock site in which we want to decompose green ammonia into its components nitrogen and hydrogen, a related project to import green ammonia from South America and various electrolysis projects in the Eastern Germany region.

For us, it is clear that during the transformation, VNG must also undergo far-reaching changes as an organisation and adapt its capabilities, capacities,

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management models and processes. Under the motto “Fit for Strategy”, we want to provide long-term guidance at Group-level. As a responsible, forward-looking employer, we are therefore working on optimising the training and development opportunities for our own employees, and also on the question of how we can help make them and our managers fit for the tasks of the upcoming energy transformation. Last year, we therefore launched a new development programme for managers, which is open to all hierarchy levels and selected young talent. We teach the methods, skills and values for day-to-day management work that help our staff to work responsibly and efficiently to achieve results, actively shape change, promote cooperation and have a motivating effect.

We are currently seeing progress and change not only in the energy supply sector, but also in the IT sector. VNG has become noticeably more digital and networked in recent years. This has significantly changed the role of IT within the organisation. Last year, we bundled central IT and digitalisation functions to increase our effectiveness. We have also created resources to drive forward future priorities such as business intelligence, data management and artificial intelligence (AI) within the Group.

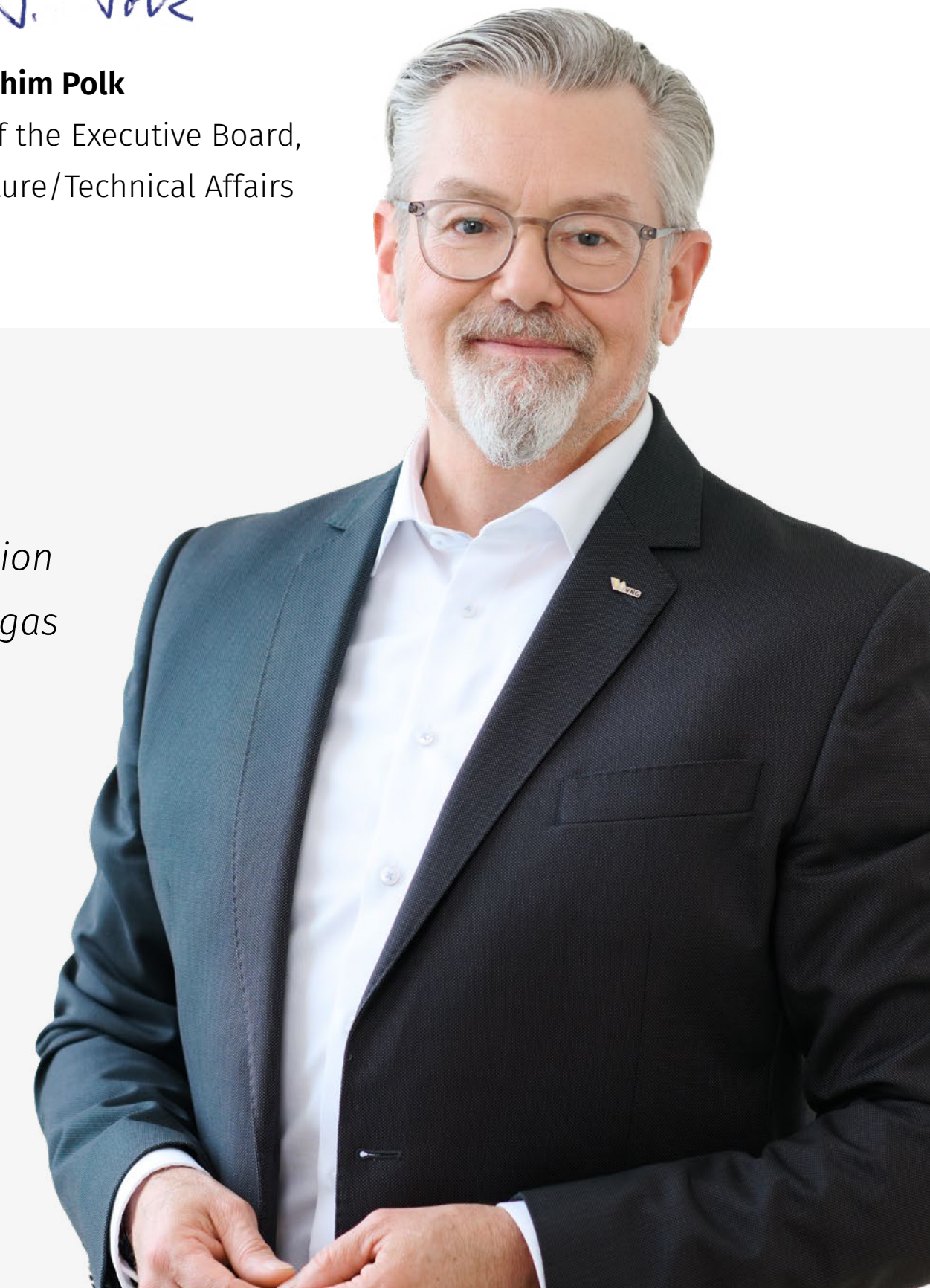
We know that a secure, economical and increasingly climate-neutral energy supply begins with our 1,700 employees. They commit themselves every day anew with energy and motivation. Our *teamVNG* works proactively, reliably and responsibly. Together, we want to achieve something, break new ground and do something meaningful for the economy and society – all in line with our own aspirations.

Thank you for your interest in our second sustainability report. On behalf of the entire VNG Executive Board and

all employees, I hope you enjoy reading this report. We are always glad to receive feedback – so we can constantly improve as we go forward.

**Hans-Joachim Polk**

Member of the Executive Board,  
Infrastructure/Technical Affairs



*“We are in the middle of a fast-moving transformation process towards green energy sources such as biogas and hydrogen. Both areas are a key component of our VNG 2030\* strategy and the focus of our investments. We draw on the knowledge and experience that we have acquired over decades and, together with experienced partners, apply it to forward-looking projects.”*

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## ESG key figures 2023


### PERFORMANCE


**40**  biogas facilities


**7,700** km  gas pipeline system

**2.4** billion m<sup>3</sup>  storage capacity of the 4 underground gas storage facilities

### ENVIRONMENT

**0.085**  M tonnes CO<sub>2</sub>eq  
Scope 1 emissions

**0.02**  M tonnes CO<sub>2</sub>eq  
Scope 2 emissions

**18.7**  M tonnes CO<sub>2</sub>eq  
Scope 3 emissions

### CORPORATE GOVERNANCE

**€198** M  investments


**5**  European countries in which VNG holdings operate

**0**  confirmed incidents of corruption

### SOCIAL AFFAIRS

Renewed certification  for family- and life-phase-conscious personnel policy\*

**12%**  of positions in first management tier held by women

**2.4**  LTIF (Lost Time Injury Frequency)

**80**  PEI (People Engagement Index)

Issued 31 December 2023

\* Certification by berufundfamilie Service GmbH

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## VNG at a glance

The VNG Group (hereinafter VNG) is a group of companies that is active throughout Europe yet firmly anchored in its home region, consisting of over 20 subsidiaries with around 1,700 employees. From its headquarters in Leipzig, VNG operates an extensive Group network with subsidiaries and equity holdings in Germany, Poland, the Czech Republic, Austria and Italy. As a gas importer and wholesaler, gas storage operator and, through its subsidiary ONTRAS Gastransport GmbH – an independent transmission system operator<sup>1</sup> – the VNG group of companies is active in all key parts of the gas added-value chain. The Group stands for a secure supply of gas in Germany.

## VALUE CREATION IN FIVE BUSINESS AREAS

VNG’s business activities are bundled in five business units: Trading & Sales, Transport, Storage, Biogas and Digital Infrastructure.

### Trading & Sales

As a major gas importer and gas trader in Germany, VNG Handel & Vertrieb GmbH (VNG H&V) offers a wide range of products and services to around 400 municipal utilities, redistributors and industrial companies. VNG H&V has a deep regional structure and has holdings in Germany and abroad.

### Transport

The independent transmission system operator ONTRAS Gastransport GmbH (ONTRAS) operates the 7,700-kilometre pipeline system in Eastern Germany and is responsible for the reliable and efficient transport of gas. ONTRAS supports the European gas market and makes an important contribution to security of supply. ONTRAS is also a pioneer in hydrogen projects in the gas network.

### Storage

Underground storage facilities are an integral part of the gas infrastructure and essential for security of supply. The subsidiary VNG Gasspeicher GmbH (VGS), the third-largest gas storage operator in Germany, stores its customers’ gas efficiently, safely and reliably, successfully markets storage capacities and offers innovative storage products.

### Biogas

BALANCE Erneuerbare Energien GmbH (BALANCE) operates 40 biogas facilities in Eastern and Northern Germany. The production of green energy is just as much in focus as the intensification of value creation and the development of new products related to biogas and biomethane.

### Digital Infrastructure

The Digital Infrastructure division, which was only established in 2022, bundles the activities of several subsidiaries and joint ventures. Its activities range from the fibre optic backbone and the fibre optic distribution network to services in connection with digital infrastructure.



<sup>1</sup> Transparency and a non-discriminatory approach to gas network operators are required to foster competition in the upstream and downstream areas of the added-value chain and engender trust among market participants. Since 2005, the Energy Industry Act (“EnWG”) has therefore required vertically integrated companies to implement informational, accounting, legal and operational unbundling measures. The term *unbundling* refers to the legal requirement for energy supply companies to unbundle their grid infrastructure and sales operations. In this Sustainability Report, the process flows of VNG and its subsidiaries, in which these unbundling measures are implemented, are presented separately.

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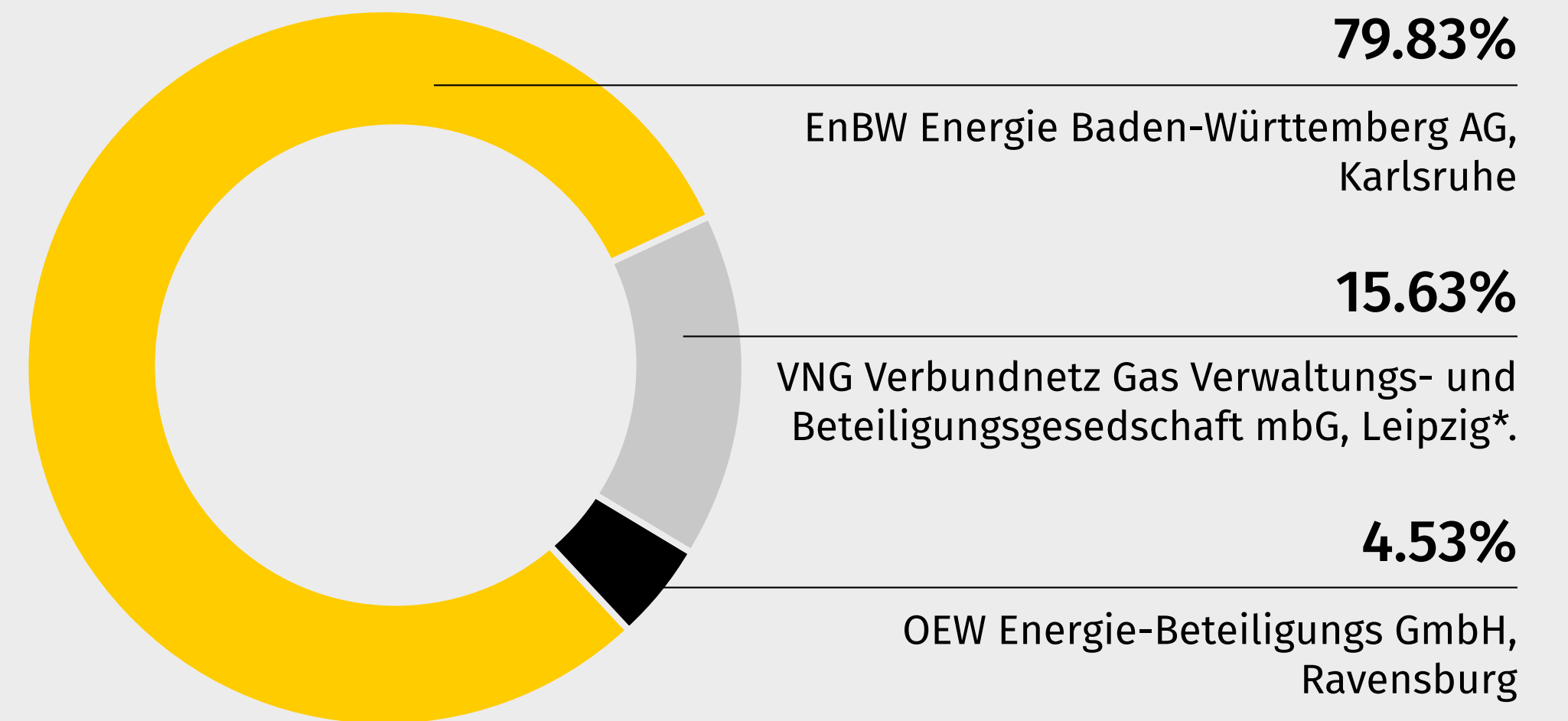


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VNG AG is the parent company of the VNG Group. Among other things, it is responsible for corporate and strategic development and bundles support functions and *shared services* in the areas of finance and human resources. VNG AG also acts as a central communication and dialogue partner for VNG’s stakeholders in politics, business and society.

With a stake of 79.83%, EnBW Energie Baden-Württemberg AG is the main shareholder of VNG AG. Represented by eight municipal companies, Eastern German municipalities – Annaberg-Buchholz, Chemnitz, Dresden, Hoyerswerda, Leipzig, Lutherstadt Wittenberg, Neubrandenburg and Rostock – hold 15.63% shares through VNG Verbundnetz Gas Verwaltungs- und Beteiligungsgesellschaft mbH (VUB). OEW Energie-Beteiligungs GmbH holds another 4.53% of the shares.

VNG is a municipal company with roots in Eastern Germany. VNG AG’s current shareholder structure is shown in the chart on the right.



\* Trustee for eight municipal utilities and municipal enterprises (Annaberg-Buchholz, Chemnitz, Dresden, Hoyerswerda, Leipzig, Lutherstadt Wittenberg, Neubrandenburg, Rostock)

As of: 31 December 2023



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### Regional value added by VNG

As a structurally relevant company in Eastern Germany, it is important to VNG to strengthen the performance of the regional economy and to contribute to the prosperity and quality of life of society. It achieves this through its broad social commitment and its investments in modern infrastructure and various green gas projects.

VNG sees itself as a pioneer in the development of the hydrogen economy in Eastern Germany. While most other projects in this area are still future projects, VNG and its subsidiary BALANCE are already among the leading biogas and biomethane producers in Germany. The 40 biogas facilities in Northern and Eastern Germany are integrated into a lively circular economy that benefits all local partners involved and also secures numerous jobs. Through this regional value creation, VNG is making an important contribution to the future viability of the entire region.

### ABOUT THIS REPORT – VNG'S SECOND SUSTAINABILITY REPORT

This is the VNG Group's second Sustainability Report. The aim of this publication is to highlight VNG's sustainability activities and present in-depth non-financial information from the areas of governance,



environment and social affairs for the first time. It is also an important stepping stone to the introduction of measurable and rolling progress reporting.

This Sustainability Report was prepared on the basis of the internationally recognised GRI (*Global Reporting Initiative*) 2022 reporting standard and covers the financial year 2023 (1 January 2023 to 31 December 2023). This report provides information about the sustainability activities of the five companies that have the greatest impact on the environment, people and the economy within the Group; these are VNG AG, VNG H&V, ONTRAS, VGS and BALANCE. For reasons of data consistency, however, the published key figures relate to all fully

consolidated companies of VNG ([see → VNG Annual Report 2023, page 69](#)).

This report also includes information from VNG's Group Management Report 2023, which was audited by the independent auditor EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft. The information in this Sustainability Report has not been reviewed by an independent auditor.

The following statements relate to VNG in general and its subsidiaries; specific particularities or differences in the companies are marked indented, as in this paragraph.

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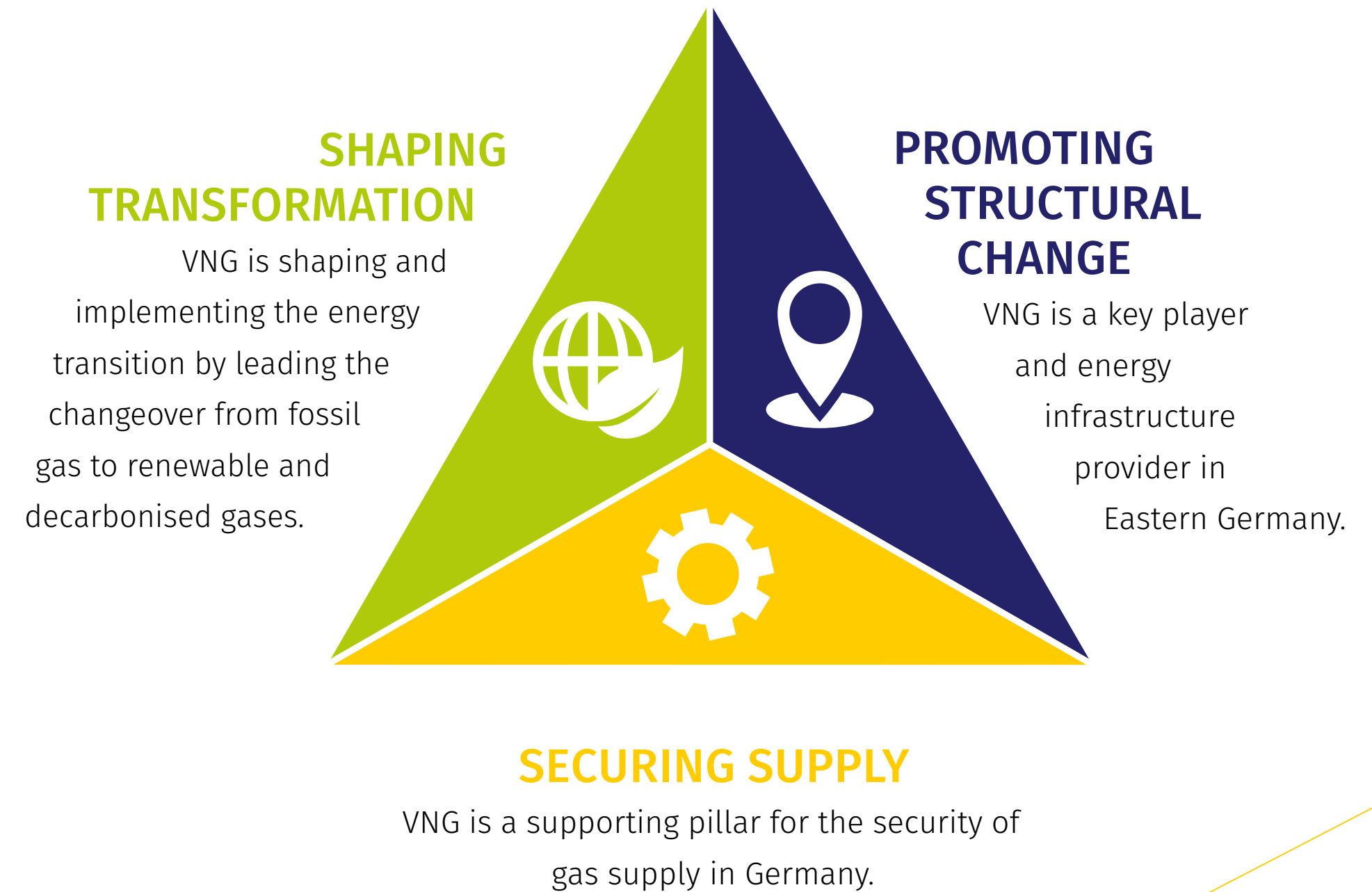
# VNG at a glance

## VNG'S CORPORATE ACTIVITIES IN THREE DIMENSIONS

VNG's transformation process was launched back in 2017 as part of the Group strategy VNG 2030\*, which describes the Group's objectives up to 2030 and beyond.

VNG is pursuing an ambitious strategy for the market ramp-up of renewable and decarbonised gases such as biogas and hydrogen. Against the backdrop of a dynamic and challenging environment, VNG revised its Group strategy VNG 2030\* in the reporting year and thus set a key course that takes into account not only economic but also demanding energy policy and social requirements. As part of the update, VNG is accelerating the ongoing transformation of the company with a focus on a decarbonised, gas-based and digital future. How quickly and how well VNG succeeds in the transformation from today's natural gas to green gases also depends crucially on the social, economic and, in particular, political conditions. The VNG 2030\* Group strategy continues to form the basis of the company's actions. The Executive Board officially issued this strategy update in the first half of 2023, providing VNG with a stable framework and the flexibility it needs.

### OUR ACTIVITIES HAVE THREE DIMENSIONS



VNG's business activities play out in three dimensions which build on our past successes, meaning that the company is poised to seize future opportunities. Strategic, reliable and innovative: VNG secures the energy supply, plays an active role in shaping the energy transition and, as a key provider of infrastructure, promotes structural change. VNG's sustainability management system is based around these three pillars.

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Megatrends such as climate change, digitisation and demographic change are influencing the economy, society and the environment. In this highly dynamic context, VNG is committed to actively shaping a secure and ultimately climate-neutral energy system for the future. To fulfil this commitment, VNG recognises the need to go beyond a purely technological approach to a holistic one that fully reflects the interplay between its business activities, society and the environment. For this reason, sustainability is acquiring increased prominence throughout the VNG Group.

### MATERIALITY ANALYSIS

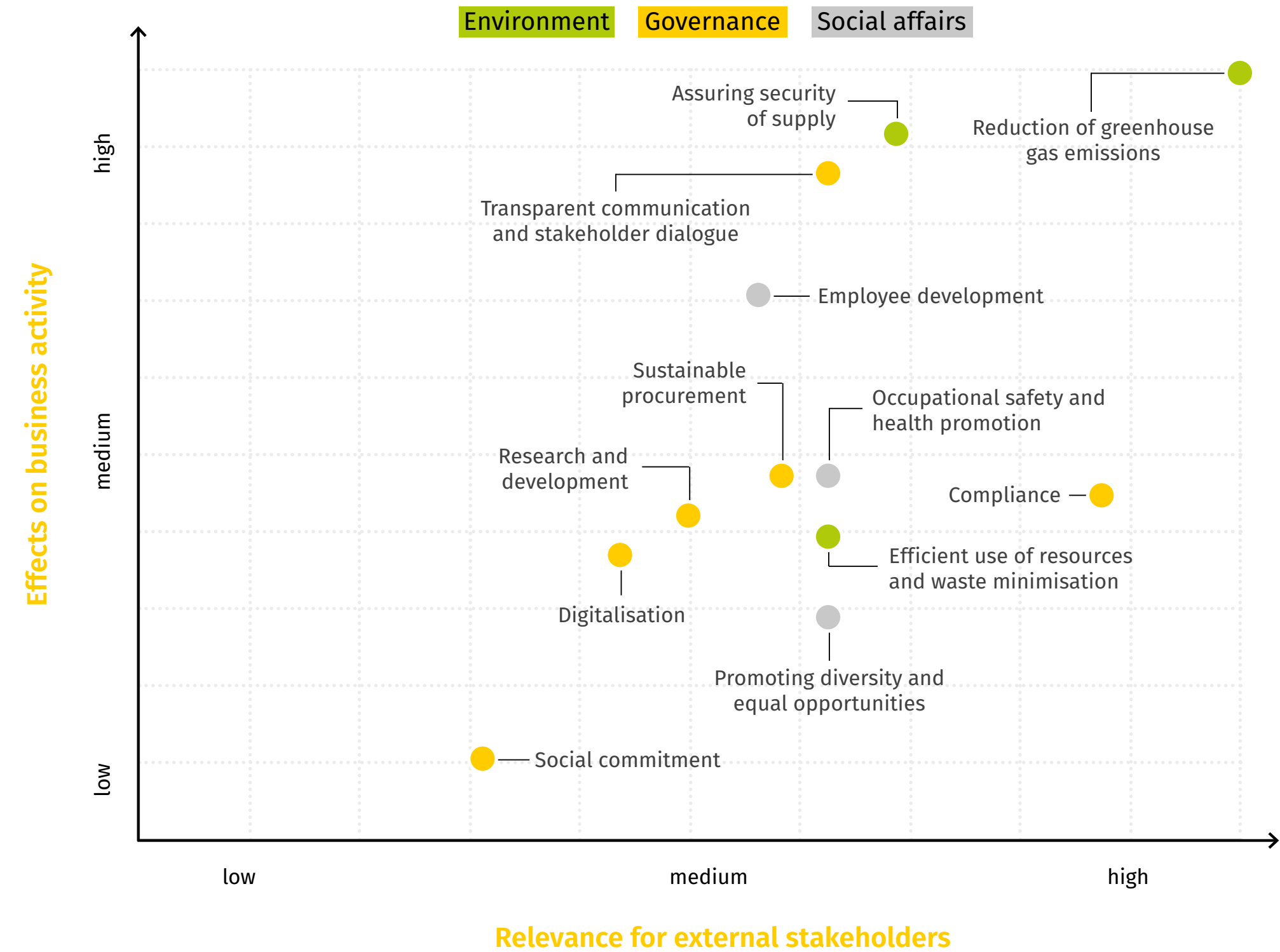
Towards the end of 2021, VNG initiated a materiality process with the objective of establishing its priorities in the realm of sustainability. VNG’s relevant sustainability topics were identified in the areas of environmental, social and governance. As a basis for this analysis, VNG employed the principle of double materiality.

The issues were first evaluated from the point of view of how material (i.e. relevant) the topics are for external stakeholders – competitors, for example – or how they may affect VNG. In addition to the regulatory framework, expectations – from competitors, the public

and capital market players – as well as industry trends and regulatory developments were also included in the analysis. Secondly, the positive and negative effects of VNG’s business activities with regard to the various sustainability issues and the potential for influence were analysed internally.

Once these topics had been identified, their priority was determined. The criteria used for this are essentially based on relevance for stakeholders,

transparency (clear documentation and publication of data) and consistency (compatibility with the company’s strategic goals and values). The prioritisation process took into account both the potential impact of sustainability issues on the organisation’s business activities and their relevance for external stakeholders, such as investors. In addition, all three dimensions of sustainability – environmental, social and governance – were taken into account in a balanced manner. To this end, expert interviews



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were conducted with the members of the Executive Board, the management of the subsidiaries and other department heads – from Corporate Communications, Group Development and the Works Council – of the VNG Group.

The findings from both perspectives were reviewed at full Board and at management level. A total of twelve environmental, social and governance themes were identified as relevant. These themes form the core of this report and are presented in the materiality matrix.

Although no fundamental changes were made to the materiality analysis in 2023, it is subject to a continuous process of revision and consolidation in order to meet the dynamic political and regulatory requirements.

### SUSTAINABILITY STRATEGY

The Group strategy VNG 2030\* creates the framework for VNG’s business activities. Taking into account the considerable economic influences and changes in the energy market, the strategy was finalised and adopted in mid-2023. The strategy incorporates growth and transformation paths in all business areas – trading & sales, storage, transport, biogas production and marketing as well as digital infrastructure – up to 2035 with a total investment volume of 5 billion euros. The

current task is now to make an allocation for this, also from a sustainability perspective.

The Group strategy VNG 2030\* and the materiality analysis form the basis for the sustainability strategy process. Starting from the substantive and prioritised sustainability areas, this process will establish a meaningful link between the Group strategy VNG 2030\* and the finalised sustainability strategy. The aim is to systematically drive forward sustainability issues along the three dimensions of environment, social affairs and governance at VNG in an integrated manner and to achieve the best result for the environment, society and the company along these three axes.

In line with the guiding principles of the Group strategy VNG 2030\*, sustainability at VNG is structured around three strategic action areas, each consisting of various themes of focus (see → table, page 13).

The strategic goal of actively shaping an energy system of the future that is secure and ultimately climate-neutral is closely linked to a transformation of VNG’s business model. To facilitate this transformation, VNG is stepping up its environmental activities in particular and intends to focus, among other things, on the gradual reduction of greenhouse gas emissions. Strategic elements of transport, storage and also the

production of hydrogen are therefore at the forefront of the successive realisation of the goals to be developed. The interest of society as a whole is even greater in the development of liquid trading in hydrogen, which is set to replace natural gas in the future. In the transformation of its core business, VNG can draw on adaptable expertise in all areas.

In the integration of renewable and decarbonised gases into its business model, VNG maintains a steadfast commitment to ensuring a reliable energy supply. Strategic and financial partnerships will also be a key instrument for strategy implementation in the future.

At the same time, the skills and organisation for this transformation process must be built up. The degree of development of each of the individual business areas will define the necessary scope for this. The various requirements of internal and external stakeholders are an integral part of this process.



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## ACTION AREAS AND AMBITIONS

### ENERGY SUPPLY OF THE FUTURE

We want to contribute to a secure, affordable and climate-friendly energy supply in a decarbonised world and are actively driving forward the energy transition along our entire added-value chain. Our focus is on supporting the development of low-carbon and ultimately climate-neutral alternatives to natural gas and ensuring the safe and efficient use of our infrastructure. Innovation is the lever in our hands with which we will make the switch to a sustainable energy supply. We are also reducing greenhouse gas emissions from our own operations.

### RESPONSIBLE EMPLOYER

We create a working environment in which our employees can actively help shape the transformation of our business model. That's why we give our employees opportunities to develop continuously and to develop their skills to the best of their abilities. A healthy and safe working environment serves as the foundation for these initiatives. We see diversity as an opportunity for innovation and change.

## FOCUS THEMES

### Facilitating a secure and reliable energy supply

Our secure and efficient gas storage and transport infrastructure ensures a reliable energy supply – today and in the future. Our infrastructure is the bridge from natural gas to renewable and decarbonised gases.

### Developing renewable and decarbonised gases

We develop renewable and decarbonised gases for our customers. These include biogas, biomethane and hydrogen.

### Driving innovation

We are driving forward the transformation of the energy supply within the framework of innovation projects and partnerships, thereby applying our know-how in the field of infrastructure for the storage and transport of gas fuels.

### Reducing greenhouse gas emissions from our own operations

We are reducing the greenhouse gas emissions associated with our own business activities (Scope 1 and Scope 2) by harnessing opportunities to improve efficiency and promoting responsible energy use within the Group.

### Developing skills and facilitating participation

We establish conditions that allow all employees to develop their skills and competencies to their fullest potential, enabling them to actively participate in shaping the transformation process.

### Promoting health and ensuring safety

We provide a working environment that ensures the safety of our employees and promotes their health on the basis of rigorous occupational health and safety standards.

### Embracing diversity as an opportunity

A diverse workforce brings a variety of perspectives to the table. This represents a great opportunity for our Group and its transformation. Our approach values diversity in a wide range of areas.

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## ACTION AREAS AND AMBITIONS

### VALUE-ORIENTED AND TRANSPARENT PRACTICES

All our actions are legally compliant and informed by our values. We follow clearly defined business principles; this approach extends to our procurement of supplies and services. We will integrate appropriate sustainability criteria into all core processes and further expand the dialogue with our stakeholders – even about difficult issues and unresolved challenges. We will take responsibility for our home region, as we always have done.

## FOCUS THEMES

### Acting in a value-based and legally compliant manner

We act in accordance with our values and follow binding business principles and corporate values. We ensure compliance with laws and regulations through compliance management. Our sustainability goals and criteria are firmly anchored in the Group’s internal procedures and core processes. In connection with our procurement activities, we are committed to ensuring that our suppliers and service providers meet high environmental, social and safety standards along the entire added-value chain and across our business units.

### Expanding dialogue and communication

We actively promote the in-depth and specific exchange of information with internal and external stakeholders as well as transparent communication about ambitions and progress, challenges and problems.

### Accepting responsibility for the region

As a Group, we have close ties with our home region of Central and Eastern Germany and take our corporate and social responsibility seriously. We promote regional activities and participate in initiatives and projects for the common good alongside committed members of society.



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### SUSTAINABILITY STRUCTURE

The Executive Board of VNG AG is made up of three members – Ulf Heitmüller, Hans-Joachim Polk and Bodo Rodestock – and is responsible for the Group’s business. However, the subsidiaries are represented by their own managing directors. The Supervisory Board serves as the supreme body responsible for the economic, ecological and social orientation of the Group. The Supervisory Board conscientiously and continuously monitored and supported the work of the Executive Board in the 2023 financial year.

Adapting the overall organisational structure to the various axes of sustainability forms an integral part of the systematic sustainability process which VNG initiated in 2021. With the increasing demands of various stakeholders, sustainability is becoming a key issue across the entirety of VNG. The interdisciplinary and cross-divisional sustainability team – led by the sustainability manager – is working on structuring

VNG AG as a sustainable company, establishing a professional, modern, systematic and measurable management system and creating transparency for all sustainable activities. In addition, managers and the management of the various business and specialist divisions are regularly involved in strategic sustainability activities. The sustainability manager reports to Hans-Joachim Polk, member of the Executive Board, who is responsible for sustainability at Group level in addition to the Infrastructure and Technology divisions.

Since autumn 2022, VNG has been working with the existing sustainability project team to integrate managers as well as executives from the various business and specialist units even more closely into VNG’s strategic sustainability activities. The reorganisation initiated in 2023 will soon enter the implementation phase with sustainability officers managing and promoting corporate social responsibility (CSR) activities in the Group companies.



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# Compliance

Compliance – i.e. ensuring adherence to legal requirements and internal policies – forms the basis of our business and is a central prerequisite for business practices that are based on integrity and helps keep us competitive. As part of an analysis of the impacts, risks and opportunities, VNG has determined that the inadequate disclosure of relevant information can lead to a loss of trust among stakeholders. In addition, legal consequences can be expected if compliance incidents are not adequately recorded. For VNG, responsible and compliant conduct of all corporate bodies, managers and employees is not only fundamental to the success of the Group and to maintaining the trust of our customers and business partners; it is also an important aspect of its reputation.

Awareness of compliance and its importance is encouraged and expected at all levels of the Group. For this reason, VNG has established a comprehensive Compliance Management System (CMS), which is supplemented by VNG’s Code of Conduct. Internal policies promote compliance-oriented behaviour in order to also minimise risks along the added-value chain.

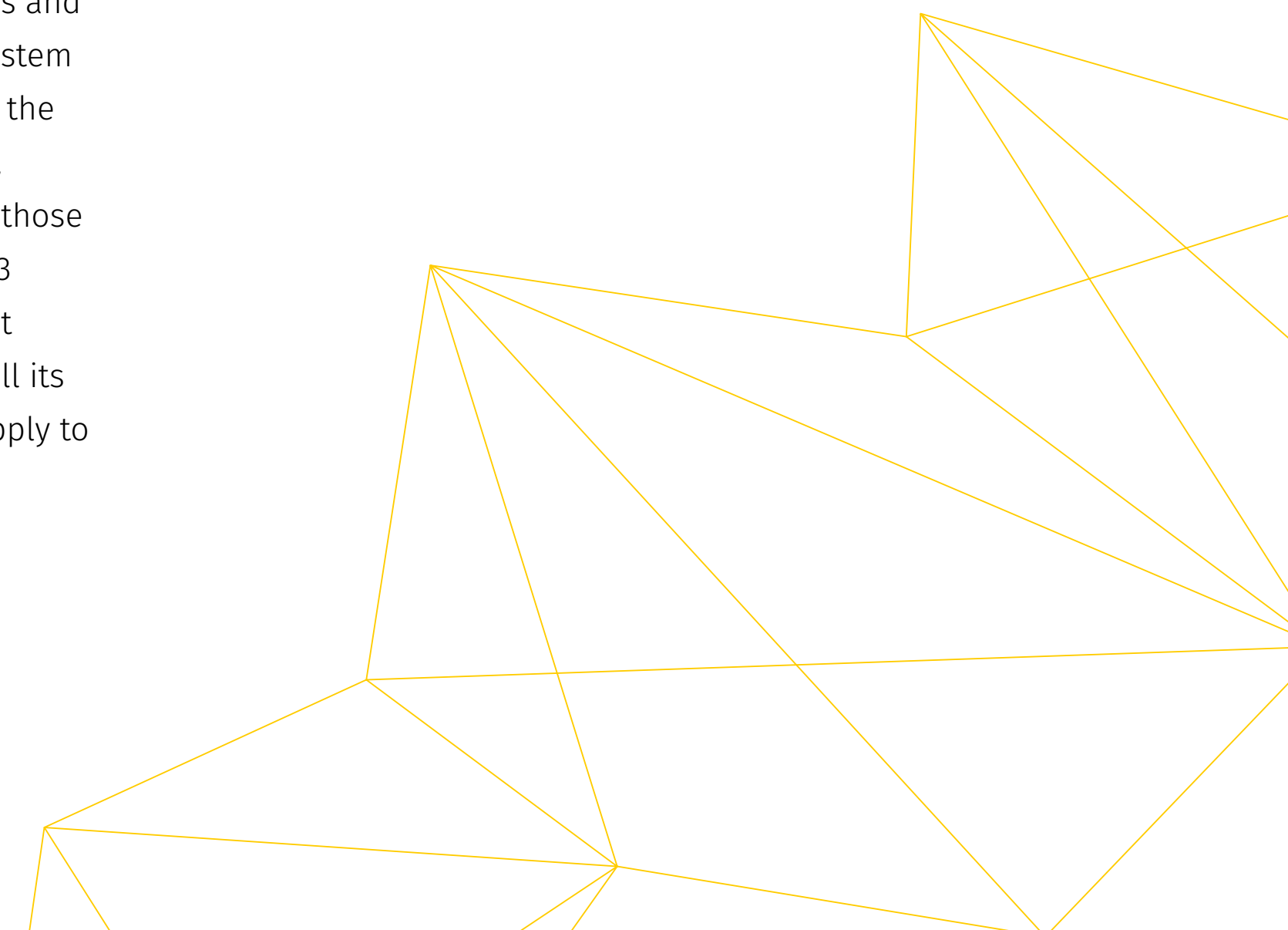
## OUR MANAGEMENT APPROACH

VNG’s CMS is based on three well-established principles with regard to legal violations and internal guidelines: prevention, timely detection and appropriate responses. The CMS measures focus on avoiding conflicts of interest at all levels of VNG and preventing corruption and money laundering.

The CMS also aims to prevent violations of antitrust and competition law, data protection law, unbundling requirements and the provisions of capital market law in terms of insider trading and market manipulation, compliance with sanctions, as well as other issues and associated risks. Our compliance management system also takes into account the regulations issued by the European Council and the European Commission, including their implementing provisions, such as those related to European sanctions lists. From the 2023 reporting year, the Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz; LkSG) and all its requirements also came into focus, as this will apply to VNG from 1 January 2024.

The implementation of legal obligations is monitored by VNG AG’s Legal & Compliance unit. Internal Audit also performs important monitoring tasks.

An effective CMS minimises the risk of rule violations, criminal offences or improper conduct – which can lead to fines, penalties and damage to the reputation of VNG – and ensures that our business practices are responsible along the added-value chain.



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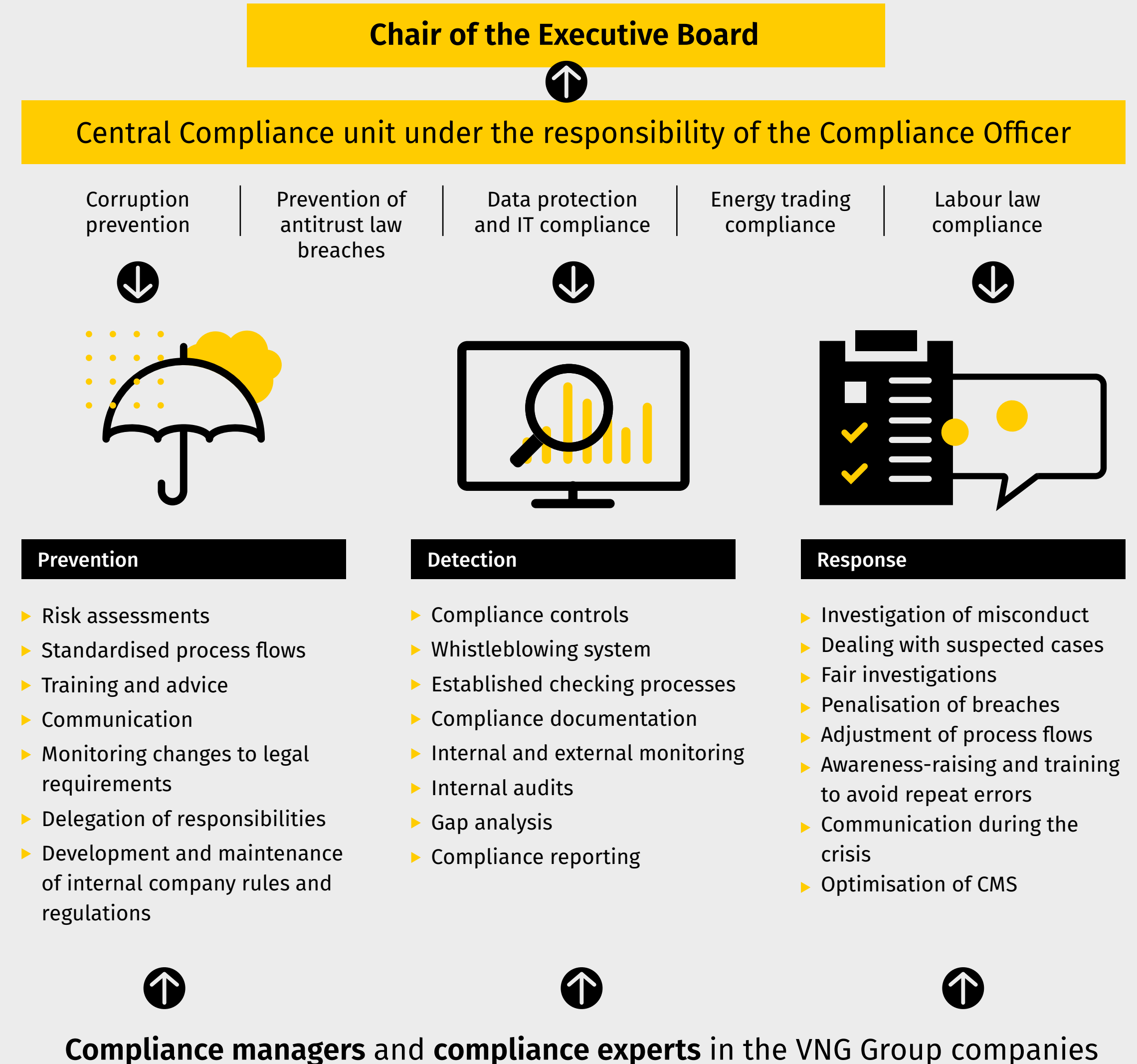
# Compliance

## VNG'S COMPLIANCE MANAGEMENT SYSTEM CONSISTS OF:

- ▶ a central Compliance unit, which is responsible for setting up and methodically updating the CMS, in addition to providing advice on compliance-related issues.
- ▶ a Compliance Officer with a direct reporting line to the Chairman of the Executive Board, to whom he reports directly. In exercising his function as Compliance Officer, he is not bound by instructions. The Compliance Officer generally reports to the VNG Executive Board on a quarterly and ad-hoc basis. He is also responsible for preparing an annual compliance report.
- ▶ Local compliance managers who act as points of contact for compliance issues at the individual Group companies.

VNG's Compliance Officer is responsible for ensuring the adequacy and effectiveness of the CMS and is supported by his team from the central Compliance department. The compliance managers exchange information with the Compliance Officer on a regular basis and are responsible for ensuring that their companies act within the law. VNG's compliance system is described in a Group-wide compliance guideline.

# VNG Compliance Management System



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# Compliance

Employees can seek advice on compliance-related questions and issues at any time from the compliance managers employed in the Group companies as well as from the Compliance Officer at VNG AG on compliance-relevant questions and topics at any time. These enquiries are not limited to the company’s compliance guidelines, but also include those relating to the auditing of business partners, the gifts and hospitality policy and antitrust issues.

## PROCESS FOR COMPLIANCE VIOLATIONS AND REPORTING CHANNELS

In all cases required by law, VNG and its subsidiaries have set up internal and external company-specific reporting channels that can be used by both employees and external parties. These make it possible to report information relating to violations of federal and state legal provisions or of the directly applicable legal acts of the EU, some of which are subject to criminal penalties or fines. The Works Council was involved in the design of the reporting system. The reports can be submitted via forms on the company websites, by email to VNG-internal mailboxes or by post to the compliance officers.

In the case of a report under the Whistleblower Protection Act (Hinweisgeberschutzgesetz; HinSchG), all whistleblowers and persons named in the report are subject to the protective provisions provided for in the HinSchG, in particular the special protection of confidentiality. Only the employees responsible for processing the report can view the reports.

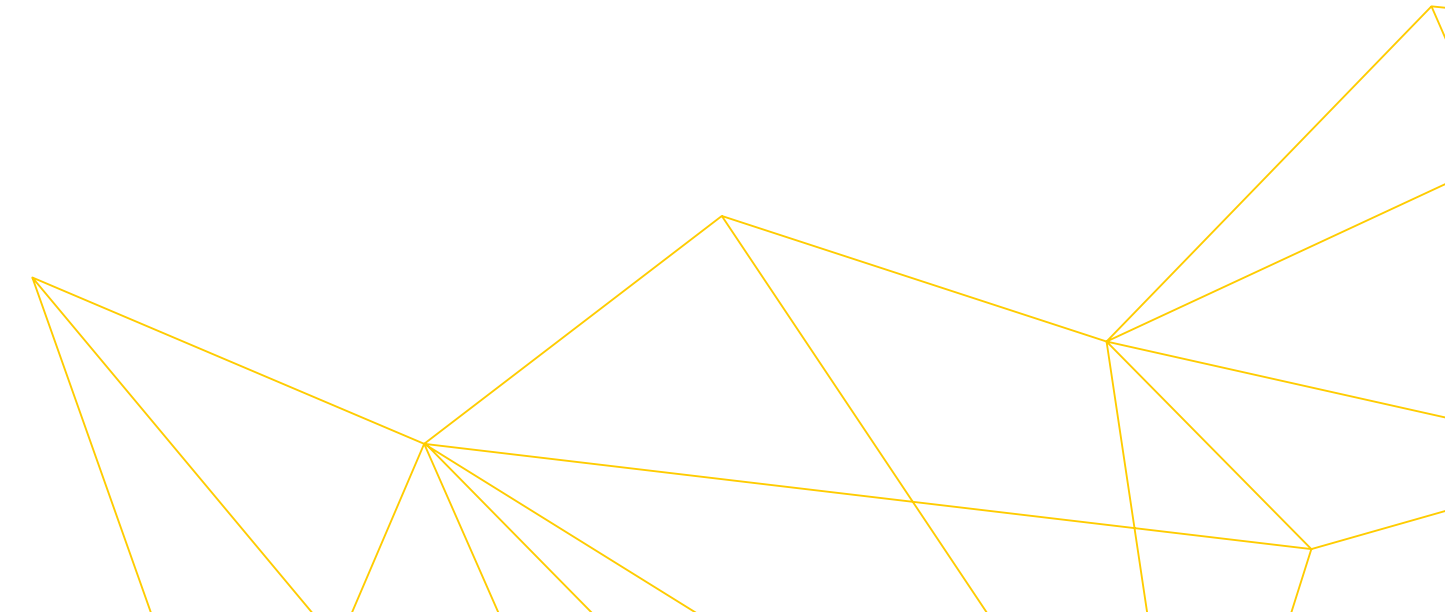
A special feature of VGS is that the whistleblower automatically receives access data generated by the system in order to be able to view the status of the processing of his/her report. This means that anonymous communication via the whistleblower system is also possible at VGS.

The applicable data protection laws are observed as part of the process.

If a compliance violation does occur it is first documented in the data collection tool. In the event of significant violations, the management of the Group company or department concerned is informed. The Supervisory Board is also informed as part of regular reporting. In the event of particularly serious violations, ad hoc reports are also submitted to the Chairman of the Supervisory Board. In the event that a potential

compliance violation is reported using existing internal or external reporting channels, confirmation is provided to the reporting person upon receipt of the report. Subsequently, the facts of the case are thoroughly investigated followed by the legal evaluation. If the suspected compliance violation is confirmed, measures are taken on the one hand to prevent similar compliance violations in the future. In addition, a decision is made as to whether labour law measures should be implemented. The result of the compliance review must be communicated to whistleblowers within three months at the latest. If a process adjustment is necessary, the Internal Audit department is informed so that the compliance-compliant implementation of the relevant process can be checked later.

Compliance-relevant issues at ONTRAS are handled by the Compliance Manager. The report is submitted to the management and, if necessary, to the Supervisory Board of ONTRAS. Reports are only made to the Compliance Officer of VNG AG in coordination with the Equality Officer of ONTRAS.



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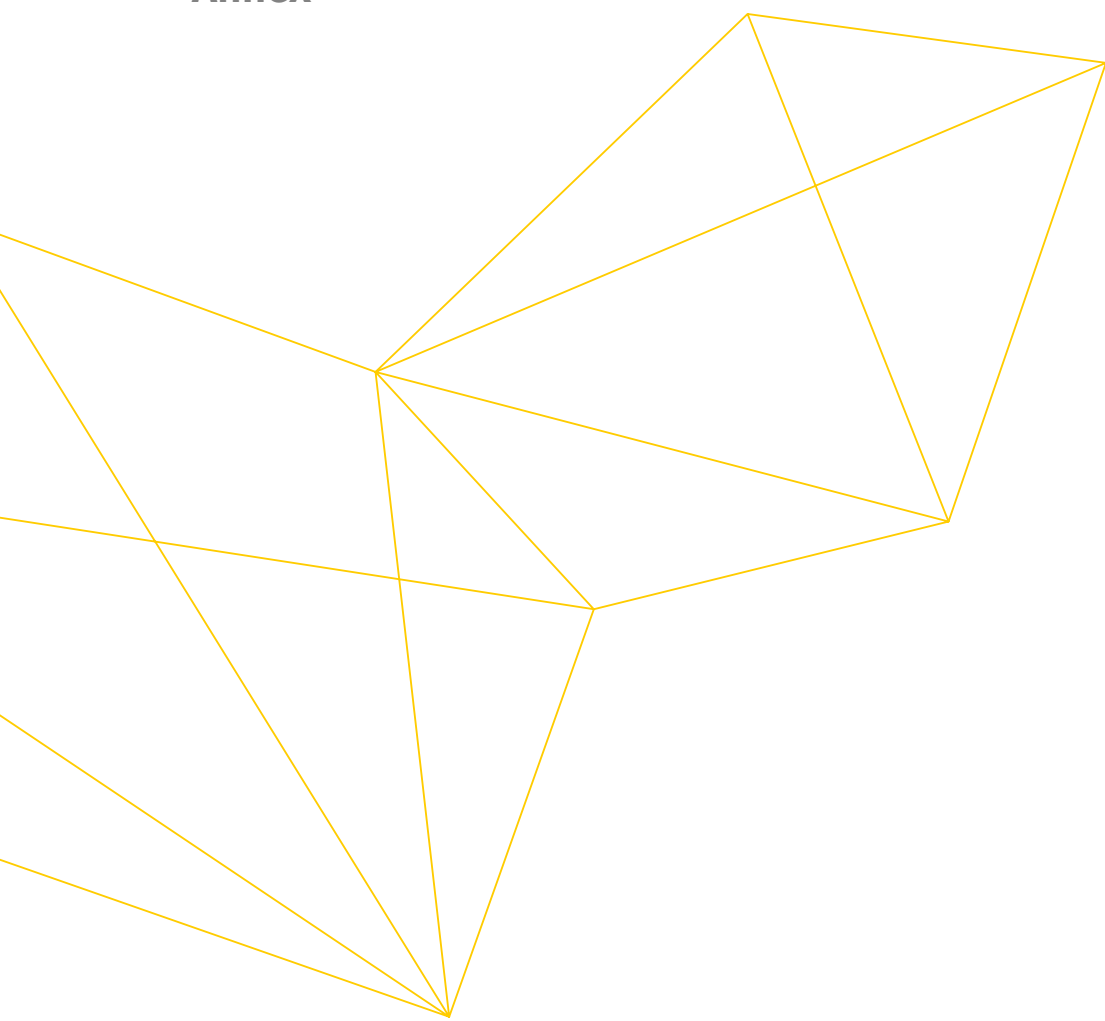
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## VNG Code of Conduct as a supplementary guide

VNG’s Code of Conduct builds on the fundamental principles of VNG’s mission statement to ensure that all employees behave responsibly. In addition to outlining important laws and corporate policies, the Code also defines the Group’s values, which are expressed through the responsible actions of all employees. Among other things, this Code provides guidance on how to behave with business partners, how to handle information and assets, conduct in the workplace, and on social and environmental issues. By translating the constantly changing legal framework into internal rules – e.g. the Code of Conduct or corporate guidelines – VNG supports all employees in conducting themselves in accordance with the rules and taking preventive action against breaches, particularly corruption.

## Dealing with conflicts of interest

The Executive Board is required to submit regular and transparent reports related to CMS to the Supervisory Board as the Group’s highest governance body. These include clear disclosures of conflicts of interest in relation to memberships of multiple boards/ governance bodies, shareholdings in suppliers or other stakeholders, the existence of majority shareholders or in relation to related parties. No conflicts of interest were reported in the 2023 reporting period.



## Forums and training

The compliance managers of the subsidiaries and VNG AG exchange information on a regular and an ad hoc basis to drive improvements in the area of compliance. In addition, quarterly discussions are held with the compliance officers at EnBW. The aim is to implement the requirements imposed by legislation in a joint and coordinated manner. The network also facilitates intra-Group communication about current compliance topics and best practices.

VNG H&V participates in the annual Compliance Summit of the Association of Corporate Lawyers (“BUJ”) to discuss current developments and incorporates the

outcomes of these summits into its organisational structure. VNG AG is represented by its Compliance Officer at the annual Federal German Compliance Congress. In addition, some compliance managers are members of the Professional Association of Compliance Managers (“BCM”), which regularly holds continuing education events on pressing compliance issues and legal changes.

The aim is to maintain a robust compliance culture, where managers lead by example, individuals are committed to compliance and responsible conduct and rules and decisions are transparent. Extensive training courses raise the awareness of everyone involved of the importance of compliance, and help them to act on this awareness in their day-to-day responsibilities.

Regular training courses<sup>2</sup> are held for employees, including managers, on general, selective and topic-specific compliance issues, such as corruption prevention, unbundling or antitrust law. These events are held either in person or digitally via the VNG Training Campus. Mandatory compliance training is held once a year for all employees.

In the reporting period, 717 employees of the VNG Group<sup>3</sup> completed the basic compliance training programme. This figure corresponds to 90.76 percent of

<sup>2</sup> ONTRAS and its subsidiaries have a similar training concept of their own.

<sup>3</sup> Excluding ONTRAS and its subsidiaries.

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the total of 790 authorised users. In addition, training in the areas of antitrust law and anti-corruption was offered and successfully implemented.

In addition, training is provided on an ad hoc basis to focus on specific issues in various business areas. For example, employees who are exposed to an increased risk of anti-trust law violations due to their work or who have contact with persons who could conceivably be involved in corruption violations receive special training in this regard. Employees who are particularly confronted with the business partner audit also receive intensive training in a smaller group of participants.

## Tax Compliance Management System

In addition to the existing CMS, VNG AG implemented a Tax CMS for income tax, sales tax and excise duty for itself and its German subsidiaries, whose accounting is managed by VNG AG. It serves to identify risks of significant violations of tax regulations in the company in good time and prevent them with the help of targeted measures.<sup>4</sup> The appropriateness and effectiveness of the Tax CMS for income tax and VAT was examined and certified by an auditing company in 2021. A regular internal review was carried out in this regard in the 2023 reporting year. The appropriateness and effectiveness of the Tax CMS for excise duties (energy and electricity tax) were audited and certified by an auditing firm in 2023.

## Special compliance regulations in the subsidiaries

In order to combat insider trading and market manipulation, VNG has issued a REMIT<sup>5</sup> Group guideline to all Group companies. This has been brought into effect at each subsidiary on the basis of individual guidelines which take company-specific or unbundling-related issues into account. In addition, the compliance managers of the subsidiaries offer and organise specific training courses in this area where necessary.

VNG AG's subsidiaries also have their own guidelines, which are geared to the business activities of the respective company. For example, VGS has a public procurement policy which governs equal treatment and non-discrimination for external companies bidding for contracts. In addition to its own code of conduct, VNG H&V also uses a tool to identify internal market abuse and operates an operational risk management system.

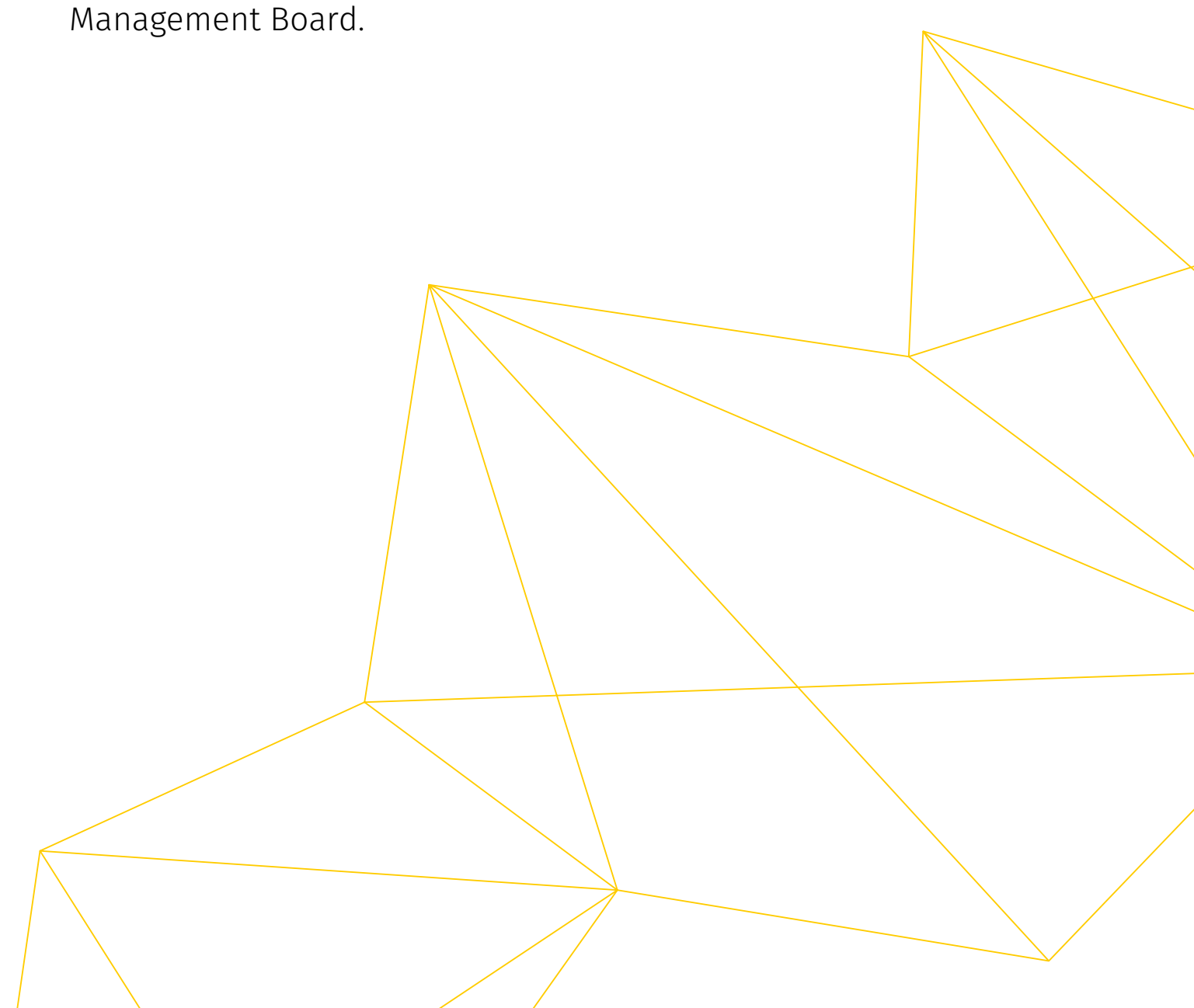
ONTRAS and its subsidiaries are integrated into VNG's CMS in accordance with unbundling requirements. They have a compliance structure that is derived from the CMS but largely independent, with a separately implemented CMS and reporting system. The Compliance Manager of ONTRAS, whose duties and powers are similar to those of the Compliance Officer of VNG AG, coordinates the design of the compliance

system and processes for ONTRAS and its subsidiaries. She supports these companies, manages and coordinates Group-wide implementation, and reports directly to the ONTRAS management team on a regular basis and is also authorised to bring matters directly to the attention of the management team without following standard reporting channels.

Management is regularly informed about all compliance-relevant incidents and receives the annual compliance risk analysis for information purposes. The annual compliance programme is approved by the Management Board.

<sup>4</sup> ONTRAS has implemented its own Tax CMS for income, sales and energy tax.

<sup>5</sup> REMIT = EU regulation on the integrity and transparency of the wholesale energy market.



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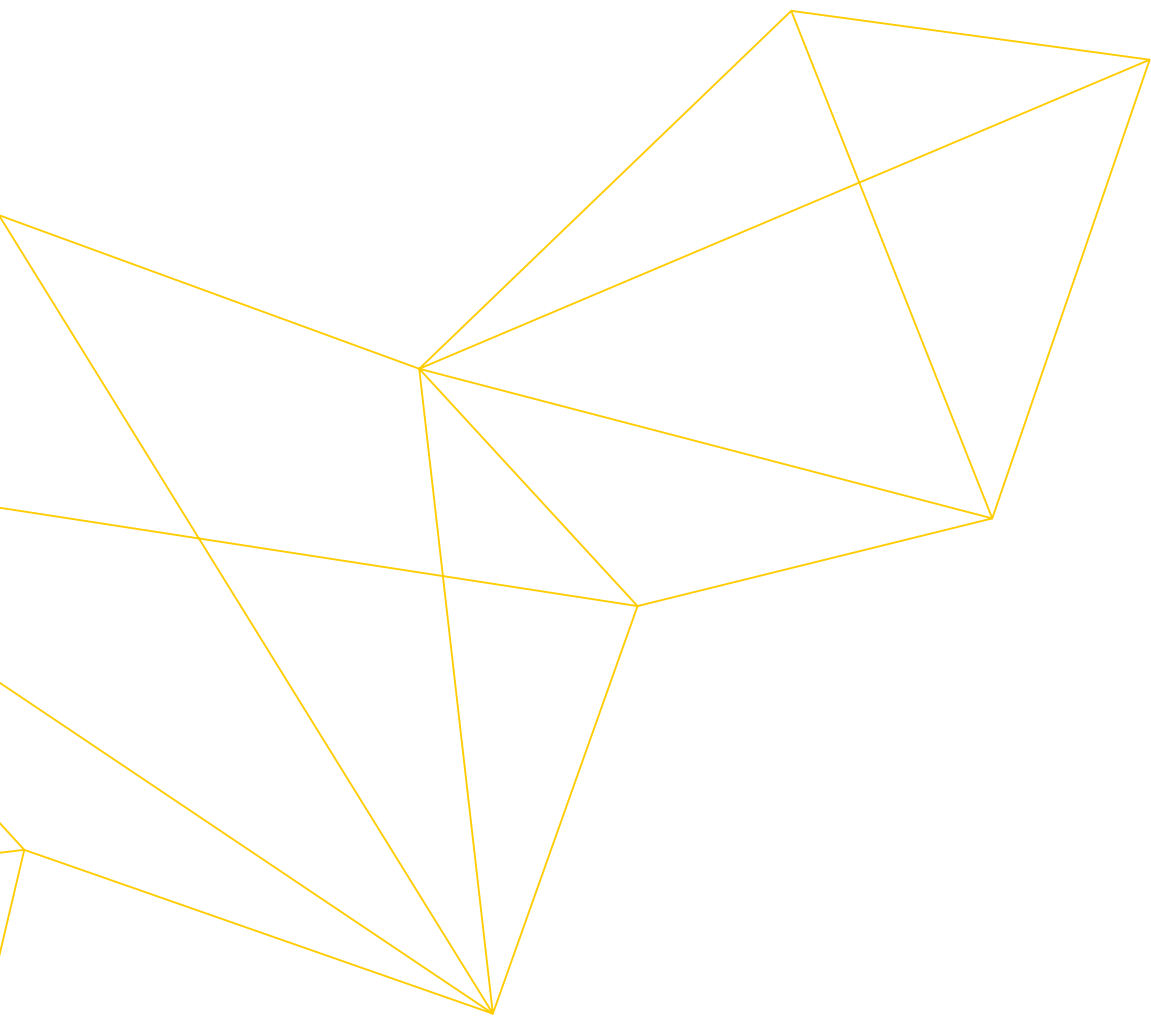
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## Compliance in the added-value chain

To minimise compliance risks in the added-value chain, VNG has a Group policy for assessing the integrity of its business partners. The KYC (Know Your Customer) process – which basically assesses the compliance risks of a business partner – is supplemented by sustainability criteria such as respect for human rights and environmental protection for business partners and investment projects of VNG of a significant size. In addition to a mandatory initial audit, repeat audits of individual business partners must be carried out at specific defined intervals, at a minimum however of every three years. Special attention is also paid to possible sanctions imposed on business partners by checking each business partner in advance to see whether they are on the European, American and Canadian sanctions lists.

### ▶ VNG H&V

VNG H&V has implemented a KYC process in compliance with the aforementioned aspects for all sales and trading activities. These are based on the result of the initial audit and may result in shorter audit intervals for a repeat audit. In addition to screening contractual partners as part of the KYC process, VNG H&V's General Terms and Conditions of Purchase ensure that all legal requirements, including



occupational health and safety, environmental protection and anti-corruption measures, are strictly adhered to by business partners.

VNG H&V will add sustainability criteria to its business partner review process, regardless of the size of the trading and sales activities. This is currently in the planning and implementation phase and is due to be finalised in the course of 2024.

### ▶ BALANCE and VGS

BALANCE and VGS have also established the KYC process in line with the Group guideline. In addition to facilitating integrity checks for business partners,

the process identifies legal and commercial risks and creates transparency regarding the trustworthiness of business partners.

### ▶ ONTRAS

ONTRAS also imposes specific requirements on its business partners to help ensure that they behave in a compliant manner. Through its General Terms and Conditions of Purchase, ONTRAS strives to work only with legally compliant business partners and therefore reviews them before entering into a business relationship and on an ongoing basis.

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## PROGRESS AND ACTIVITIES IN 2023

In 2023, a new appropriateness review of the VNG CMS was initiated, which will be continued in 2024. ONTRAS was able to successfully complete the renewed appropriateness review of the CMS for itself and the subsidiaries audited in March 2023. In addition, the importance of compliance in the workforce was strengthened in 2023 through a variety of individual communication measures – such as articles and a more diverse intranet presence for the Compliance department. The training concept was revised and several approval processes in the organisation were digitalised and automated. Ultimately, the implementation process to comply with the requirements of the LkSG was initiated within VNG. The introduction of a relevant governance structure and the corresponding reporting channels was significantly advanced and implemented by Compliance.

In addition, quarterly surveys are conducted in the specialised departments of VNG AG as well as in the business units. On the one hand, information can be provided on violations of antitrust regulations, anti-corruption law, data protection and sanctioning measures. On the other, new risks may also be reported in this context.

There were no confirmed incidents of corruption in the reporting period. Quarterly compliance reports are submitted to the Executive Board and consolidated in an annual compliance report. These are based, on the one hand, the feedback received in response to surveys from the departments, staff units and subsidiaries of VNG AG, and on the other, the work performed by the Compliance Officer and his deputy. Internally, no significant deficiencies were identified in the existing CMS. As a result, no adjustments were necessary.

Identifying, analysing and assessing compliance risks forms the basis for preventative measures and for the introduction of measures to counter known compliance risks. Competent and independent experts work within the Compliance organisation, who assess and classify risks and are responsible for the management of identified risks.

In line with the second and third line of defence<sup>6</sup>, adherence to compliance regulations is verified both on a random basis by the Compliance department itself and regularly by Internal Audit.

<sup>6</sup> The *Three Lines Model* of the Institute of Internal Auditors (IIA) is a framework that describes internal processes and structures that support strong governance and effective risk management.



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## Procurement

A responsible procurement process forms the basis of VNG’s actions and helps to identify weaknesses in the supply chain. It also ensures that our materials have as few negative consequences for humans and the environment as possible from their production through to their consumption or use while taking ecological, social and economic aspects into account.

VNG recognises that the entire gas procurement added-value chain is subject to risks. These can manifest themselves in the form of negative environmental impacts, for example through increased emissions in gas procurement or non-transparent environmental practices in the upstream gas production chain. There is also a risk of reputational damage if social and ecological criteria are neglected in procurement. These supplier risks can be indirectly influenced by VNG and must be in line with the security of energy supply. By fulfilling the LKSG in particular, VNG actively contributes to minimising human rights and environmental risks in its own business activities and those of its suppliers. In addition, VNG has defined the six core elements of compliance, social responsibility, (occupational) safety, sustainability, competitiveness and innovation in procurement as well as efficiently designed procurement processes that comply with legal requirements and internal regulations. These procurement principles form the basis of the

guideline and provide a framework for efficient, lawful, responsible and future-oriented procurement.

VNG is considered a sectoral contracting authority<sup>7</sup> in the meaning of public procurement law. Sectoral contracting authorities are public as well as private contracting authorities and companies that are responsible for certain key areas (sectors). These include the drinking water supply, the energy supply and transport. The energy sector includes electricity, heat and gas.

The following statements relate exclusively to the procurement of materials and services. Procurement transactions related to energy trading at VNG H&V and substrates or harvesting services at BALANCE are not covered by the following statements.<sup>8</sup>

### OUR MANAGEMENT APPROACH

The main principles for procurement are described in a Group-wide<sup>9</sup> procurement policy. Further principles have been set out in the Code of Conduct, in other Group policies (for example, the *Group policy on integrity checks for business partners* or business partner auditing) and in internal Group guidelines (for example, internal procurement regulations). Aspects such as corruption prevention, embedded in the CMS,

and environmental protection are essential elements of the procurement processes.

### Group-wide procurement

The basic principle is that procurement should meet the needs of VNG<sup>10</sup> as centrally as possible, only adopting a decentralised approach when necessary. Consequently, goods and services with a high degree of standardisation potential and that are recurrently ordered, that are relevant to several Group companies and/or that generate significant price effects from the bundling of demand are procured centrally at Group level. VNG AG has designated a central procurement service provider for this purpose. The latter handles the procurement of materials and services on a centralised basis for a significant part of VNG.

This approach is not used for procurement transactions relating to the core business of the respective companies, for example procurement transactions for energy in Trading & Sales or substrates and harvesting services in Biogas.

<sup>7</sup> Sectoral contracting authorities are required to issue public, Europe-wide invitations to tender for all procurement transactions above the statutory thresholds.

<sup>8</sup> These are considered in the following sections → [Procurement of VNG H&V](#) and → [Procurement of BALANCE](#).

<sup>9</sup> Excluding ONTRAS and its subsidiaries.

<sup>10</sup> Excluding ONTRAS and its subsidiaries.



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The following principles are an integral part of the Group’s procurement policy. They form the basis and guideline for responsible conduct and all procurement activities.

▶ **Compliance**

The framework for all procurement activities is compliance, i.e. adherence to legal requirements, the Code of Conduct and internal guidelines. Transparency and data protection are some of the other key building blocks.

▶ **(Occupational) safety**

Occupational safety and accident prevention measures are key components of compliant conduct.

▶ **Social responsibility**

Respect for and compliance with human rights along supply chains is an essential element of any responsible procurement system.

▶ **Sustainability**

Sustainability is incorporated into procurement activities in the form of environmental protection and striving for long-term supplier partnerships.

▶ **Innovations**

These serve to continuously improve the Group and its



processes and make them future-proof. Innovations are supported by the procurement of goods and the services which facilitate them.

▶ **Competitiveness**

Implementing the aforementioned procurement principles contributes both to responsibly safeguarding of VNG’s competitiveness and to the efficient provision of the materials and services which we need.

### Control and management structure

The management structure for procurement comprises an overarching Management Steering Committee with central management responsibilities and regular coordination with Group companies to discuss current and planned procurement. Among other things, the steering committee is responsible for updating governance regulations and the management of VNG’s regular central procurement reporting process. This reporting process keeps the Executive Board of VNG AG and the Management Steering

Committee informed about key procurement figures relevant for management purposes.

### Supplier management

We need our suppliers to be reliable so that we can implement our procurement principles and achieve our strategic objectives. The purpose of supplier management is to create transparency with regard to the performance of existing and potential new suppliers and to strengthen successful partnerships with suppliers. The careful selection of business partners and suppliers helps to minimise any risks and ensures compliance with legal requirements and internal guidelines. At VNG, the central procurement service provider is responsible for managing suppliers for certain commodity groups, commodity group management and the procurement of agreed commodity groups for some companies of the VNG Group upon request.<sup>11</sup>

<sup>11</sup> In compliance with unbundling rules, ONTRAS is centrally commissioned for this purpose.

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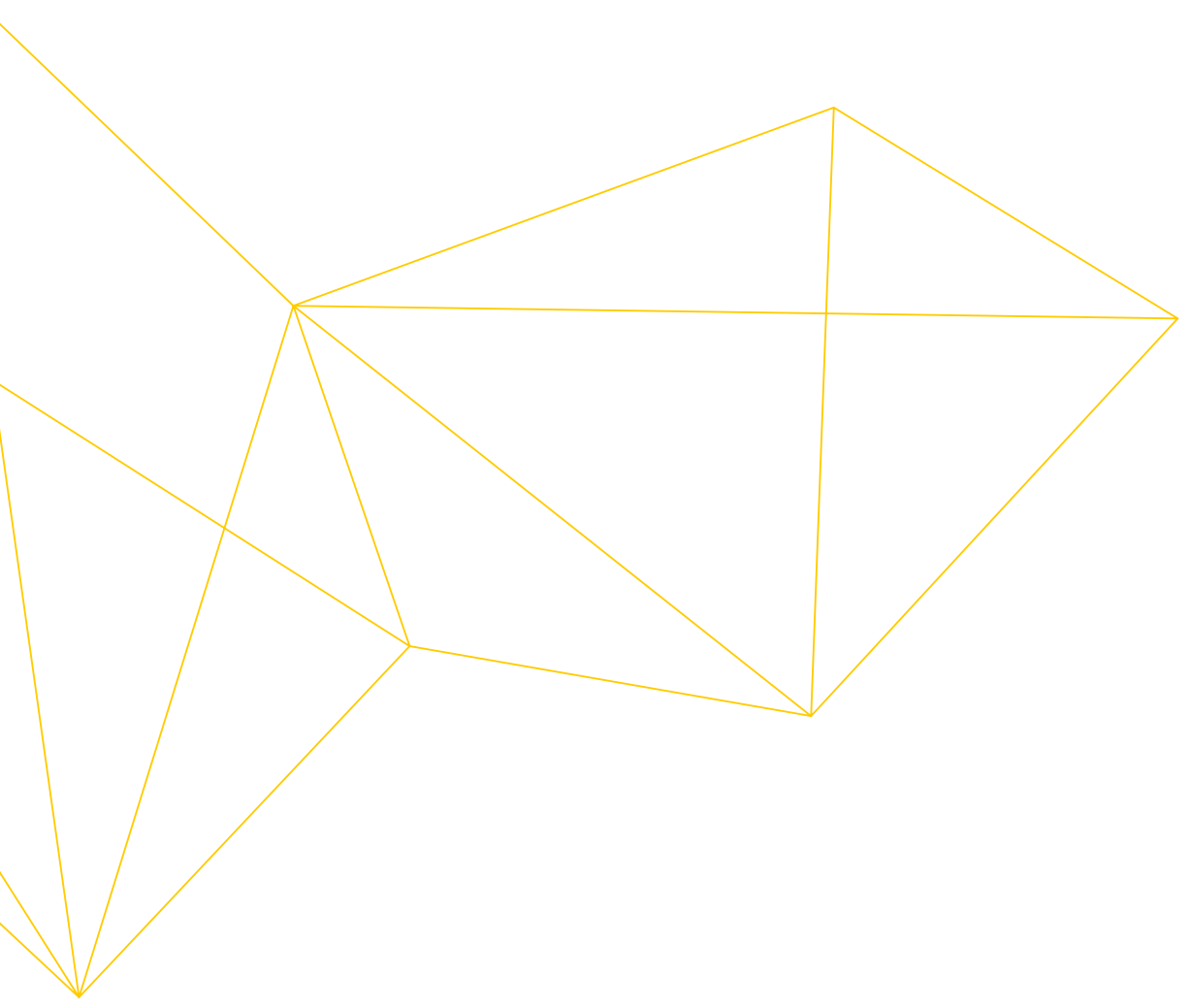
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► **ONTRAS**

ONTRAS incorporates sustainability into its individual procurement processes by taking CO<sub>2</sub> emissions and other pertinent factors into account. The centrality of climate neutrality as a strategic objective of ONTRAS is taken into account in commodity group strategies and purchasing whenever possible.

Aspects of sustainability are also included in the specifications, in some cases in the suitability criteria (“SektVO”) and in the award criteria. EU-wide tenders regularly include sustainability criteria both for the supplier and the contract in question. For example, suitability criteria may require bidders to be ISO 14001 and/or EMAS<sup>12</sup>-certified. In addition, sustainability-related award criteria are determined in ONTRAS award procedures pertaining to waste plans, environmental protection plans, and the presentation of opportunities, for example, with regard to CO<sub>2</sub> and methane reductions.

Within the framework of supplier management, the approval and regular auditing of ONTRAS suppliers uses in a multi-stage process, starting with a detailed sustainability questionnaire. The review of key product groups is carried out with a focus on verifiable certificates that allow conclusions to be drawn about the company’s general working methods, such as

ISO 9001 (quality management), ISO 14001 (environmental management), ISO 45001 (management systems for health and safety at work) or others.

Special approvals granted by industry associations may also be required. Supplier management also involves auditing suppliers. This is done in addition to regular supplier meetings and as needed. Depending on the commodity group, new suppliers are reviewed in depth by means of an approval audit, during which additional details of critical commodity groups are checked and explained by the suppliers on site.

ONTRAS has introduced an internal code of conduct for business partners that defines compliance standards to be observed by all business partners. These standards include compliance with the principles of fair competition, the renunciation of child labour and responsible treatment of people and the environment.

► **VGS**

In addition to the Group Procurement Policy, VGS has a more extensive Procurement Policy that defines tasks, processes and responsibilities for the procurement process within VGS and for its partnership with the procurement service provider. Every supplier or service provider shall undergo a business partner review at the latest when a contract is awarded, including with

regard to compliance, legal conformity and combating terrorism or sanctions guidelines. In addition, suppliers and service providers must regularly undergo a supplier assessment. In addition to proof of general and relevant certifications – such as ISO 9001, ISO 14001, DVGW worksheet G 493 and others – this forms the basis for creating an overview of all suppliers and service providers authorised by VGS. This is also used to select suppliers when procuring supplies and services of an agreed quality on economic terms while taking environmental and safety aspects into consideration. At the same time, the minimisation of risks in the procurement process can also be assessed. In general, care is taken in procurement processes to work, insofar as practical, with regional suppliers whenever possible in order to reduce negative environmental impacts and to strengthen the region.

► **VNG H&V**

VNG H&V’s gas purchasing is subject to permanent monitoring of the entire procurement process. This starts with the selection of potential contract partners on the basis of a detailed business partner check (KYC), then proceeds to the product specification and a detailed product description as well as final inquiries and negotiations with the various producers, distributors and other suppliers. The KYC process is extended to include a sustainability check for gas demand above a

<sup>12</sup> EMAS = Eco Management and Audit Scheme.

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certain size. This is in particular designed to minimise the risks of loss of reputation, interruption to deliveries and environmental risks, and includes criteria on environmental protection, compliance, human rights, occupational health and safety, and health promotion.

VNG H&V has created an audit-proof and documentable instrument with its electronic authorisation and coordination process, which is in line with the rules and guidelines of VNG H&V. In all procurement activities, whether in the core business or for other materials and services, we prioritise monitoring and adherence to compliance guidelines. We also conduct audits to verify and document the legal conformity of our business partners in a transparent and audit-proof manner. These audits are also important from the perspective of a wide variety of counter-terrorism laws and regulations. Based on national and international legislation, all VNG H&V business activities are therefore checked against the current sanctions lists. As an internationally active company, VNG H&V places greater emphasis on adhering to human rights and environmental standards in the countries where its partners operate.

In view of the experience of 2022, when VNG H&V was massively affected by the loss of Russian gas supplies, as well as in view of the legislatively mandated phase-out of fossil fuels and the increased

focus of the entire energy industry on sustainability and environmental compatibility, VNG H&V is also stepping up its activities in the areas of renewable or decarbonised ammonia and hydrogen, among others. VNG H&V is currently in talks with various players around the world in order to remain the usual reliable contractual partner for its customers during the energy transition.

► **BALANCE**

Procurement of substrates and harvesting services: BALANCE fosters local agriculture at its facilities by creating a market for local farmers to supply biomass to the plants. The residual materials left over after production are recycled on site as fertiliser. This ensures that value is created in regional economies. For BALANCE, regional, sustainable procurement means that there is a separate substrate management for each individual region, that regional supply chains are ensured, and that the sustainability of the substrates can be certified. The substrates used are defined by the respective Renewable Energy Sources Act (“EEG”). Regional management oversees substrate management on the ground in the respective regions, while the operational management provides guidance at a higher level. Regular communication occurs with stakeholders, associations, authorities, ministries, and scientific research institutions.



Other procurement of supplies and services: BALANCE has created its own procurement policy on the basis of the VNG Group Procurement Policy. This policy covers the procurement process for supplies (such as procurement of plant technology) and services (such as maintenance and repair services), but excluding substrates and harvesting services. Framework agreements exist for individual procurement areas; the electronic procurement platform Mercateo is used to procure recurring requirements with low procurement value.

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## PROGRESS AND MEASURES

### VNG Group

The end of 2023 saw the launch of the Group-wide project Purchasing@VNG with the aim of reorganising purchasing in the VNG Group (with the exception of the Transport division) together with the VNG Group parent company EnBW from January 2025 in order to achieve even greater reliability, performance and efficiency. The start of the project was preceded by a fundamental decision on the reorganisation of VNG Purchasing by the VNG companies with the largest procurement volume and by the VNG Executive Board. EnBW offers a complete package with many advantages for purchasing and procurement, including a large and broad-based purchasing team, established supplier relationships and standard processes with a digital purchasing system.

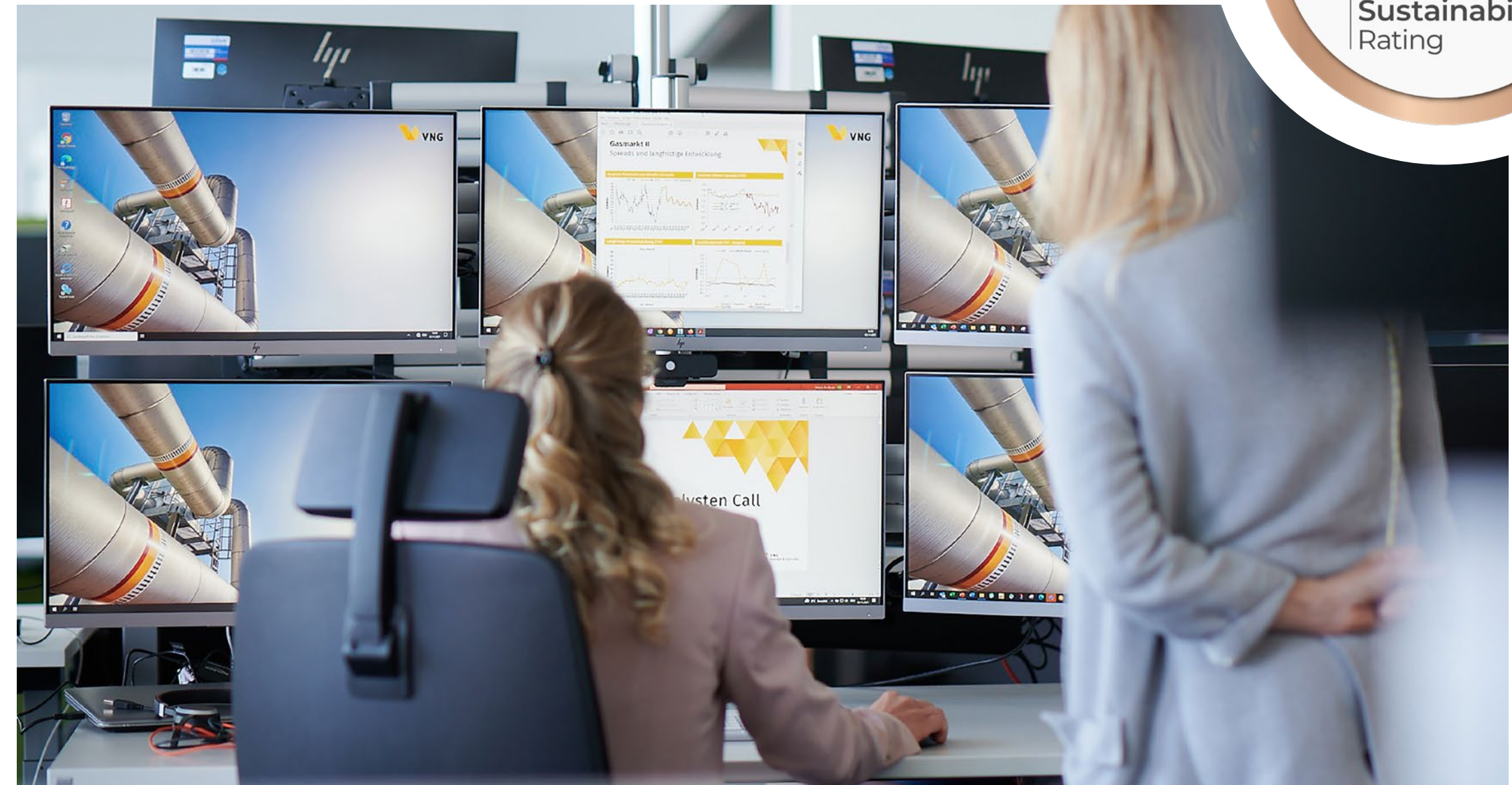
The year 2023 was also characterised by analysing the effects of the LkSG on VNG, as it will fall within the scope of application of the Act from 2024. In this context, the plan for the procurement process is to carry out supplier evaluations from 2024 and to draw up a supplier code (Supplier Code of Conduct). This includes all values and principles of behaviour that VNG expects from its service providers and suppliers.

### VNG H&V

In the independent evaluation of VNG H&V by EcoVadis<sup>13</sup>, procurement is assessed as an important audit and topic area. Depending on the evaluation, appropriate measures for improvement are initiated. VNG H&V goes through the evaluation process annually and strives to continuously improve its score. For example, a guideline on sustainable procurement is under review and a Supplier Code of Conduct will be implemented in 2024. However, the existing KYC process will be prioritised first – sustainability criteria will be added to this process for all purchasing and sales activities in both the non-gas and gas sectors.

In addition, the transformation process towards trading renewable and decarbonised gases, such as hydrogen, is being pushed forward. The aim is to diversify VNG H&V's procurement and sales activities and make them more sustainable, while at the same time reducing greenhouse gas emissions.

In 2023, VNG H&V was awarded the bronze medal in the EcoVadis sustainability assessment. Compared to the previous year, the score improved from 55 to 57 out of a possible 100 points.



<sup>13</sup> EcoVadis is a provider of corporate sustainability assessments. In addition to procurement, other issues such as the environment, labour rights, human rights and ethics are also included in the assessment. The size of the company, the location and the industry are taken into account.

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## BALANCE

BALANCE is revising its biomass strategy due to a number of factors. On the one hand, the legal framework (for example NABIS<sup>14</sup>) has changed; climate changes (for example drought in summer, changing precipitation patterns) are posing new challenges to the daily business of BALANCE. On the other hand, greater attention must be paid to regional specifics since differences in soil structures and precipitation distributions case lead to differences in the cultivation of arable crops.

The current decline in livestock production is causing a decline in production of animal manure, which is used as a feedstock for biogas facilities. A procurement system for alternative substrates is accordingly being developed in order to diversify the purchasing strategy. The first stage of implementation will be regional. The use of alternative substrates such as landscape grass or silphium (cup plant) is being explored. At the same time, more and more suppliers are receiving funding for flowering meadows. These increase biodiversity and can also serve as substrate for biogas facilities in the future.

## VGS

As part of the avoidance of methane emissions, corresponding strategies for work on existing gas storage facilities (maintenance, repair, replacement, new construction) are increasingly being examined. Available technologies are discussed with service providers in specific cases. Such availabilities have an influence on the contracting of services and the selection of service providers, among other things.

To ensure the sustainable procurement of supplies and services, a Supplier Code of Conduct is in preparation. In addition, the regular supplier evaluation cycle was changed from annual to quarterly.

<sup>14</sup> NABIS =National Biomass Strategy.



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# Social commitment

Social commitment for the benefit of an active and engaged civil society has always been anchored in VNG’s corporate identity. On the one hand, VNG is focusing this commitment on the regions in Eastern and Central Germany, as this is where it operates. On the other hand, it focuses its commitment on the core areas of social affairs, education, sport, art and culture. At the forefront of social activities are the VNG Foundation and the *Verbundnetz der Wärme* initiative it supports, with which VNG creates real positive effects in terms of strengthening communities.

## OUR MANAGEMENT APPROACH

VNG organises its social commitment in a variety of ways. A large part of its activities are provided through the VNG Foundation. This supports children, adolescents and young adults with monetary donations, in addition to providing donations in kind to support science, education, art, culture, sports and social projects. The foundation was established in 2009 by VNG AG. The VNG Foundation is a trust whose trustee is the Donors’ Association for the Promotion of Sciences and Humanities in Germany (“Stifterverband”); this trustee manages the assets of the VNG Foundation. The activities of the VNG Foundation are decided jointly by the Foundation Board and the trustee. From 2024, the “Science and Education” funding area and all



The VNG Foundation will also be represented on the Executive Board of the Leipzig University Society from the start of the summer 2023 term of office. Since its foundation in 1920, it has supported various projects in research and teaching, young academics and cultural institutions at Leipzig University.

ongoing projects in this area will be transferred from the VNG Foundation to the Central German Foundation for Science and Education. Preparations for this were already underway in 2023.

In addition to the activities of the VNG Foundation, the companies of the VNG Group may also pursue donation and sponsorship projects on their own or independently of the VNG Foundation. The Foundation focuses on regional events, associations, organisations and projects in the fields of art and culture, sports, business, education and science.

Support is usually provided in the form of funding and, in the case of sponsorships, on a contractual basis with a balanced quid pro quo. The VNG management (i.e.

the Executive Board of VNG AG and the management teams of the Group companies) is involved in the decisions. Any sponsorship or donation by Group companies<sup>15</sup> must be reported for information purposes in line with integrated Group communication practices. Sponsorships and donations above certain thresholds are also subject to approval in the form of a shareholders’ resolution or a resolution of the Executive Board.

All of VNG’s donations and sponsoring activities are governed by the VNG Group’s Code of Conduct (last updated: July 2017), the Gift Policy and the VNG Procurement Regulations.

<sup>15</sup> Excluding ONTRAS and its subsidiaries.



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### OVERVIEW OF KEY CSR PROJECTS

#### Verbundnetz der Wärme (“Network of Warmth”)

With the *Verbundnetz der Wärme* (“*Network of Warmth*”) (VdW) initiative, VNG has been supporting since 2001 numerous and diverse projects by committed volunteers in the municipalities – with a focus on the federal states of Eastern Germany and Berlin.<sup>16</sup> The VdW social engagement platform, which has been supported by the VNG Foundation since 2009, aims to promote recognition, networking and support in society for the activities of volunteers. The “Network of Warmth” supports social engagement projects in the areas of knowledge & learning, nature & climate, health & sport, participation & integration and culture & history.

#### Volunteering

VNG supports voluntary projects run by its own employees each quarter through the VNG Foundation<sup>17</sup>. VNG employees can apply and, if approved, receive financial support for their projects. The requirement is that the employees themselves must be actively involved in the project or the initiative or association behind it. In 2023, for example, the Blinden- und Sehbehindertenverband Sachsen e.V. (Saxony Association for the Blind and Visually Impaired), the Leipziger Bündnis gegen Depression e.V. (Leipzig Alliance

against Depression) and the Kinder in Bewegung e.V. (Children on the Move) were supported.

#### VNG higher education partnerships

VNG has been cooperating with universities, technical colleges and scientific institutions for many decades in the form of practical lectures, accompanying studies, research work and financial support for student excursions.

In 2023, VNG employees gave practical lectures on EU law, EU policy, gas technology and green gases at the Leipzig University of Applied Sciences (“HTWK”). Together with other universities, various studies were carried out on topics relating to the renewable energy industry, such as hydrogen technology, storage and transport, the “heat transition” and the municipal circular economy. VNG also sponsors scholarships at the University of Leipzig and HTWK Leipzig via the VNG Foundation.

#### VNGART – Signs of the times

The promotion of art in Eastern Germany has played an important role at VNG AG since the 1990’s. The company provides regular opportunities for the regional art scene to exchange ideas and present itself to an audience through collections of up-and-coming art and photography talent from Eastern Germany, as well as calendars, exhibitions and books.

With this commitment, VNG AG aims to foster creative activities in Eastern Germany and make a lasting contribution to documenting the transformation process following German reunification. Today, the VNGart art collection totals over 1,100 works, including 220 paintings and prints, and more than 890 photographs.<sup>18</sup>

In 2023, VNG acquired two new paintings by the artists Claus Georg Stabe and Anna Nero for the VNGart collection. Paintings were also loaned to exhibitions in Leipzig, including the Museum of Fine Arts.

#### Sponsorships

In 2023, VNG AG and its subsidiaries supported, among other things, the Eastern Germany Energy Forum, the Eastern Germany Economic Forum, the German-Norwegian Energy Dialogue in Oslo, the New Gases Innovation Workshop, the Gewandhaus zu Leipzig and the Leipzig Future Day.

<sup>16</sup> Further information available at → [www.verbundnetz-der-waerme.de](http://www.verbundnetz-der-waerme.de)

<sup>17</sup> Excluding ONTRAS and its subsidiaries.

<sup>18</sup> Further information at → [www.vng-art.de](http://www.vng-art.de)



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### HIGHLIGHTS OF THE VNG FOUNDATION IN 2023

#### Leipzig Future Day

The first Leipzig Future Day took place in Leipzig in April 2023. It offers a stage to all the companies and institutions that are actively working towards a green, healthy Leipzig where people want to live by 2030. The VNG Foundation was also there, having brought its tree of the future into bloom with colourful climate ribbons on Leipzig’s market square. The climate ribbons were individually labelled with wishes and promises for the environment.

#### Round table on the topic of “Values & Traditions”

Why are tradition and values still important today and what significance do they have in various areas of society? How can we approach young people and inspire them to join the organisation? These and other questions were the subject of the third round table in Rostock in August 2023, which focused on the topic of “(Changing) values & tradition in the transfer of generations”. The VNG Foundation brought together different points of view from representatives of the City of Rostock as well as regional associations and organisations. Graphic recorder Eva Feuchter from Leipzig has documented the results illustratively.

#### Round table on the topic of “Young engagement for democracy” in Erfurt

In cooperation with the “Bürger für Bürger” foundation (Citizens for Citizens) and the Bundesnetzwerk Bürgerschaftliches Engagement (Federal Network for Civic Engagement; BBE), the VNG-Stiftung brought youth representatives from networks, youth forums and youth councils as well as representatives from politics, state foundations and associations to the round table in Erfurt on 21 April 2023. There was a lively discussion and intensive dialogue on the topic of “Young engagement with democracy”. The focus was on the question of which participation formats young people are currently using to promote social cohesion, democratic values and structures and which framework conditions are necessary for their involvement.

#### Second study by the VNG Foundation on “Volunteering in Eastern Germany”

How do volunteers rate the structures and framework conditions for volunteering in Eastern Germany? What challenges do they face? What needs and wishes do they have? In cooperation with the CONOSCOPE market research institute, the VNG Foundation launched another study on voluntary work in late autumn. It is thus continuing its first study, which was conducted in summer 2022. The results of the current study will be published in the first half of 2024.

#### Commitment Award 2023



In September 2023, the VNG Foundation presented the Engagement Award for the second time in the five areas of Knowledge & Learning, Nature & Climate, Health & Sport, Participation & Integration and Culture & History. Each of the awards in the above categories was endowed with 5,000 euros. The award winners were five non-profit associations and initiatives from Eastern Germany.



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## Transparent communication and stakeholder dialogue

Transparent communication, and constructive and open dialogue with internal and external stakeholders are extremely important to VNG. VNG also takes care to present all of its activities in a manner that is consistent with unbundling requirements. VNG has recognised the impact of communication along the entire added-value chain. On the one hand, transparent and participatory communication can strengthen trust among stakeholders. On the other hand, misleading communication can also lead to false expectations, the non-fulfilment of which can in turn result in a loss of reputation. In any case, VNG is in constant dialogue with current and potential business

partners. Discussions are also being held with partners from high-risk countries, particularly in the context of gas procurement. VNG is aware of these risks and makes all decisions after weighing up the interests of its stakeholders.

VNG is convinced that open and constructive dialogue with all stakeholders helps us to quickly identify key developments and issues – for materiality analyses and other purposes – and to incorporate these into our strategic and business orientation. This approach also allows us to identify stakeholder requirements and needs to be identified at an early stage and develop joint solutions.

Dialogue and communication are important building blocks for VNG to establish and maintain good long-term partnerships. It also engages in a constructive manner with its stakeholders to create the conditions needed to live up to its mandate as efficiently, reliably and sustainably as possible, with a particular focus on security of supply, the energy transition and structural change in Eastern Germany.

VNG uses a variety of formats to engage with stakeholders, including trade fairs, congresses and specialist conferences on specific topics. We also make extensive and consistent use of internal and external Group communication.

## OUR MANAGEMENT APPROACH

Communication with stakeholders is assigned to the respective specialist areas/departments or to the operationally independent companies, depending on the target group or legal requirements. Inquiries from investors, analysts or auditors, for example, are handled by the responsible commercial departments, while media inquiries are answered by the Group Communications department or the communications managers of Group companies. The Executive Board and management are involved in positioning and strategic decisions, such as the coordination and approval of press publications, annual reports, brochures or corporate films.

Meetings are held regularly with specialist departments (in particular Communications, Legal, Policy, Strategy, Human Resources and Finance). Employees of the Group companies responsible for specialist areas meet on a regular basis to exchange information in line with unbundling requirements. In this way, VNG ensures that no information is lost and that knowledge is shared within the Group.



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# Transparent communication and stakeholder dialogue

## Emergency, crisis and project communication

VNG uses dialogue formats and communication channels to avoid acceptance risks and delays in implementing projects, corporate issues and construction measures. An emergency and crisis organisation is in place for disruptions, emergencies and crises, both in the business units and on a Group-wide basis.

As an independent transmission system operator, ONTRAS acts autonomously. To the extent permitted by unbundling law, information is provided to the Chairman of the Supervisory Board of ONTRAS in situations that affect ONTRAS, if applicable.

## Commitments and guidelines

VNG conducts stakeholder dialogues with a focus on diligence, integrity, reliability and trustworthiness. VNG AG and its subsidiaries are subject to various obligations in their communication. The most significant requirements in this area are the unbundling and equal treatment requirements under the Energy Industry Act (“EnWG”), the obligation to enter political activities in the lobbying registers of the EU and the German Bundestag, and the obligation to publish an annual report.

## Controlling of communication measures

VNG measures the performance and impact of its corporate communications. To do this, it uses a system developed in-house that records key performance indicators (including output, views and likes) for the various communication channels. Communication controlling is enriched with the results of a media resonance analysis and a fully automated competitor analysis based on freely accessible online media. A quarterly report shows the communication managers what attention, interaction and perception have been achieved within the target groups, and how and with which topics VNG is present in comparison to key competitors.

## New VNG Group mission statement and guiding principles for cooperation with stakeholders

In 2023, VNG developed a new Group mission statement. It is the common denominator for the entire Group and describes who VNG is and how it will deal with the changes that will affect the company in the future. In the guiding principles, an important component of the new mission statement, VNG has also defined guidelines for dealing with internal and external stakeholders. In addition, many facets and self-evident aspects that are part of VNG’s corporate culture can be found here.

→ to the new mission statement



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### STAKEHOLDER DIALOGUES AT A GLANCE

VNG’s stakeholders include customers, business partners and shareholders, as well as representatives from the political sphere, public authorities, suppliers, investors – and of course its own employees. A summary is provided below of the most important stakeholders, their significance for VNG, and a sample of the dialogue formats which we use.

#### Employees

VNG has just under 1,700 employees in Germany and the rest of Europe. Our workforce is crucial to our success as a business. VNG is implementing the VNG 2030\* strategy together with *teamVNG*. VNG creates the framework for a positive, future-oriented corporate culture through transparent communication based on the credo “Inform – Involve – Empower” and by engaging in dialogue on an equal footing.

We use a variety of communication channels and formats to facilitate trustworthy communication with our employees. These include quarterly town hall meetings with the VNG AG Executive Board, Group-wide events with internal and external speakers, annual employee appraisals, Group-wide employee surveys, works meetings, internal communities, a

Group intranet, internal newsletters and info screens. Individual formats can also be used in line with unbundling requirements by employees of ONTRAS and its subsidiaries. Some of the companies in the Group also have their own communication formats for their respective teams.

In 2023, all employees were able to take part in the Leipzig Marathon, the GutsMuths-Rennsteiglauf, the SachsenBeach and the Leipzig company run, among others.

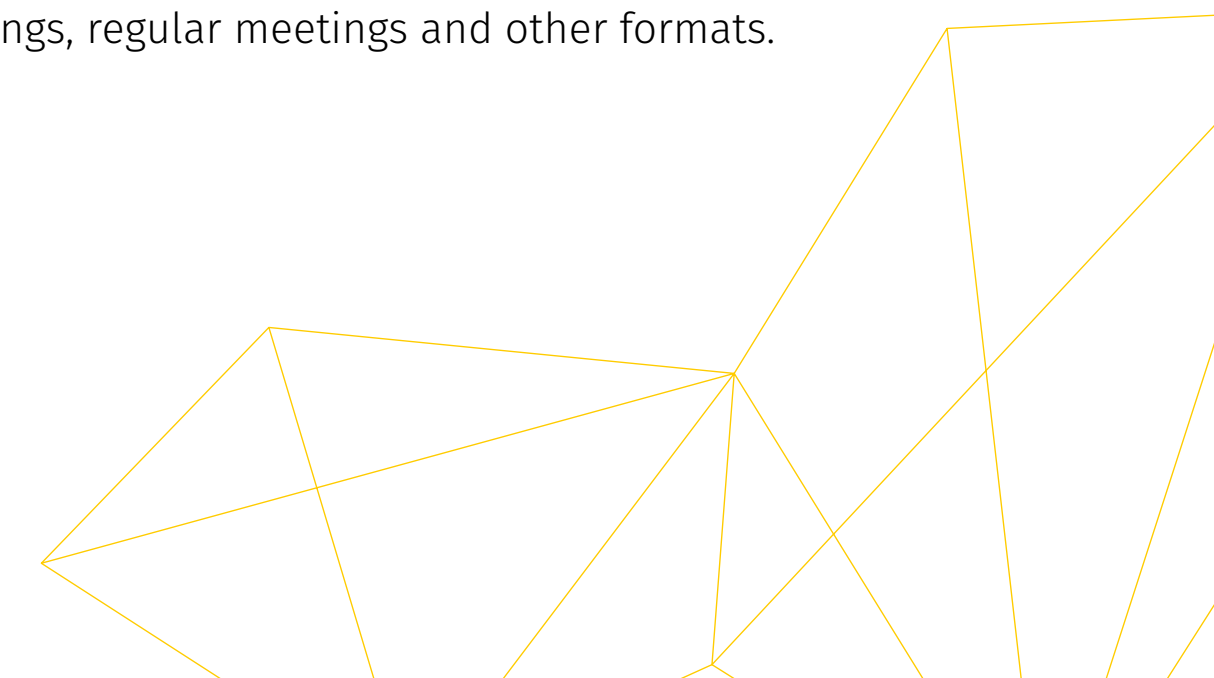
#### Customers

The operating companies in particular use a variety of formats to enter into dialogue with customers. These include trade fairs, congresses and specialist conferences as well as themed dialogues. Communication tends to focus on the topics of prices, products, services and cooperation projects in the field of decarbonisation. One of the most important trade fairs is the “E-World” energy trade fair, at which all of VNG’s key subsidiaries are represented. Other congresses with VNG participation included the Second Conference on Infrastructure Development in the Lusatian and Central German Mining Areas, the BDEW Congress, the Eastern German Economic Forum, the Eastern German Energy Forum and the Energy for Future Leaders Congress.

We accept ideas, suggestions and contributions from potential customers, clients and partners and attempt to incorporate them into the product development process. Codes of conduct provide guidance on how to deal with customers in a fair and legally compliant manner. This includes communication practices. Customer satisfaction is determined on a regular basis, for example through customer satisfaction surveys or direct contact.

#### Investors

The Executive Board of VNG AG (in particular the Director for Finance/Human Resources) and the employees in the specialist departments of VNG AG who work with banks and investors maintain regular contact with this target group. The most important communication formats include a bank or investor call, the half-yearly report, the annual report and the dissemination of media information. The dialogue with shareholders and the Supervisory Board takes place via regular Annual General Meetings and Supervisory Board meetings, regular meetings and other formats.



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### Universities and research institutions

VNG has partnered with universities, technical colleges and scientific institutions for decades by providing practical lectures and accompanying studies. VNG also supports student excursions and helps provide facilities for work on master’s, diploma and doctoral theses. The VNG Foundation supported young students at the University of Leipzig and at HTWK Leipzig by awarding them a German national stipend. Universities, students and VNG all benefit equally from these partnerships in the areas of knowledge transfer, recruiting and networking.<sup>19</sup>

With the aim of strengthening the higher education environment in Central Germany, the Central German Foundation for Science and Education is committed to the targeted promotion of scholarships in the focus region. This should contribute in particular to the recruitment of specialists and managers. To this end, the foundation also utilises the VNG network of local universities, such as the University of Leipzig and the Technical Universities of Dresden and Chemnitz.

### Politics

VNG AG and its subsidiaries are also involved in the political process. VNG sets out its positions and views both in dialogue with representatives of the executive and legislative branches and in its work through associations.

With its extensive expertise in the fields of supply security, hydrogen, biogas, gas infrastructure and gas trading, VNG engages frequently with a wide range of political stakeholders at a regional, national and European level.

VNG prioritises transparency in its interactions with energy policy-makers. For this reason, VNG and its relevant subsidiaries are entered in the lobbying registers of the EU and the German Bundestag. VNG has stipulated that no donations will be made to political

parties and related organisations, office holders or candidates for public office. This is codified throughout the company – and in some cases throughout the Group – in separate guidelines and regulations.

### Authorities

VNG AG and its subsidiaries are in close contact with the staff of the relevant approval authorities, both on a general basis and specifically at their own sites. These include mining authorities, regulatory authorities, building authorities and environmental authorities. This dialogue with authorities ensures that statutory notification obligations and deadlines are met and that statutory transparency and publication obligations are implemented.

### Associations and interest groups

VNG AG and its subsidiaries are active in a number of initiatives, associations and organisations, both within and outside the industry. VNG also holds a position on the relevant committees of some associations, the majority of which are industry-specific. In others, VNG is involved in projects or participates in working groups.

The most important memberships of VNG and its subsidiaries included in the report are listed below in alphabetical order.

<sup>19</sup> See also → [chapter Social commitment](#).

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- ▶ BDEW – German Association of Energy and Water Industries
- ▶ Biogas Council
- ▶ German-Norwegian Friendship Society
- ▶ German-Norwegian Chamber of Commerce
- ▶ DVGW e.V. – German Technical and Scientific Association for Gas and Water
- ▶ EFET – European Federation of Energy Traders (VNG Trading & Sales)
- ▶ Eurogas
- ▶ European Metropolitan Region Central Germany
- ▶ Fachverband Biogas e.V. (BALANCE)
- ▶ FNB Gas – Association of Gas Transmission System Operators (ONTRAS)
- ▶ Sponsoring Association of the Association of Municipal Enterprises
- ▶ Friends and Sponsors of the Freiberg TU Mining Academy
- ▶ Friends and Sponsors of the University of Leipzig
- ▶ Leipzig Chamber of Trades
- ▶ INES – Energy Saving Initiative
- ▶ Ost-Committee for Eastern European Economic Relations
- ▶ Donors’ Association for the Promotion of Sciences and Humanities in Germany
- ▶ Wittenberg Centre for Global Ethics
- ▶ Future Gas

**Media**

VNG continuously monitors issues in the public eye by screening media coverage on a daily basis and tracking important topics on social media channels. Media analyses are also carried out.

VNG and its subsidiaries regularly issue press releases on current and relevant topics in the areas of finance, strategy, human resources, business development and innovations.

VNG also exchanges information with journalists on a regular basis. VNG’s media activities are complemented by the company’s active presence on social media platforms like LinkedIn and Instagram. Additional information about VNG is also published on the companies’ respective websites.

VNG has no longer been represented on X since 1 January 2024. After almost 4,000 tweets and eight years of presence on this network, VNG AG has decided to discontinue all activities on X. The decisive factor in this decision was the development of the social media platform, which had increasingly moved away from the original idea of a short message service in recent months. From now on, VNG AG will increasingly report on current topics and developments on LinkedIn and

Instagram. The accounts of the VNG subsidiaries at X remain unaffected by the decision of VNG AG.

**Local population**

VNG has its roots in Eastern Germany, where it has been active for 65 years: with gas transport pipelines, gas storage facilities, gas trading customers and, more recently, a large number of biogas facilities. VNG feels closely connected to Eastern Germany and the numerous localities where it is based. A large number of the employees have their home here.

That’s why VNG is involved in the communities and municipalities in which it operates in a variety of ways. These include sponsorships and donations, including for local fire brigades and schools<sup>20</sup>, as well as discussions with the local population, for example at open days. In this way, VNG safeguards its interests as well as the interests of all those who place their confidence in VNG at its facilities and welcome it into their communities.

<sup>20</sup> See also → [chapter Social commitment](#).

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# Digitalisation

From agile methods and smart metering systems through to networked energy data management and digital process optimisation, digitalisation is transforming in the energy industry. VNG has also been looking at the opportunities offered by digitalisation for the Group for some time. Furthermore, with its Group strategy, VNG is pursuing its aim of being involved in shaping a green, digital and gas-based future with its VNG 2030+ Group strategy.

In addition to the development of digital business models, another key success factor for sustainable digitalisation is the internal perspective – that is, empowering employees for the digital future and expanding the relevant corporate structures for this purpose. Improving how we analyse and use data will help us to make more efficient and reliable business decisions. Digital communication and collaboration tools also facilitate more agile approaches to working.

However, increasing digitalisation also increases our dependency on the reliability of IT systems. This does not just apply to operators of critical infrastructure. The demands on IT and cyber security are increasing; at the same time, the demands on employees are increasing due to the density of the information involved and the continuous learning process.

## OUR MANAGEMENT APPROACH

### IT and digitalisation strategy

VNG is faced with the task of meeting the many objectives of the Group strategy VNG 2030+ the diversity of the business areas and the requirements of an increasingly dynamic market environment. In addition to ensuring resilient business operations in crisis situations, VNG also needs to meet the increasing demand for stringent information security. To achieve this aim, we need high-performance IT systems and a digitalisation strategy that meets the needs of our business going forward. Both the IT and digitalisation strategy at Group level and the company-specific strategy papers form provides a coordinated framework for architecture and system decisions as well as for new IT and digitalisation projects to be initiated.

In addition, VNG H&V's business model is also based on digital and automated processes which are driven by a strong IT department. Straight-through processing, for example, means that data processing in business processes is largely automated – this minimises risk by avoiding the need for manual inputs in the portfolio management process.

### Commitments and guidelines

VNG follows industry standards for security in information technology throughout the Group. This state-of-the-art is indirectly prescribed by, among other things, our duty to exercise proper management, due diligence obligations, performance obligations, monitoring obligations, and the technical and organisational measures required under the General Data Protection Regulation (GDPR). VNG also has obligations as a company acting in the interest of the public and duties under the NIS2 Directive, the purpose of which is to increase the general level of cybersecurity within the EU. VNG also takes into account the ethical framework and the risks associated with topics such as AI and its application and arising from the EU's Artificial Intelligence Act (AIA).

Internally at VNG, the IT Operating Model describes the cooperation between the IT functions within the Group; the framework for their working methods is defined by IT governance.<sup>21</sup> It creates transparency with regard to IT tasks and the various interacting players within VNG. IT Governance also defines the rights and obligations of the Group companies with regard to the implementation of and compliance with any requirements. We also implement data protection regulations, information security standards and Group policies related to the processing and retention of data.

<sup>21</sup> Excluding ONTRAS and its subsidiaries.

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## Roles and responsibilities for IT and digitalisation

The rapid pace of technological advancements, particularly in the area of digitalisation, has also changed the role of information technology from an infrastructure operator to one of the company’s most valuable assets. The key elements of the IT governance system ensure that IT creates added value and that we can manage IT-related risks. There are dedicated roles in the organisation for this purpose, such as the Information Security Management System Manager (ISMS Manager) or the IT Compliance Manager. Overall responsibility for IT at VNG AG resides with the Executive Board, which fulfils it through cooperation with numerous internal roles and committees. Digitalisation issues are coordinated across the Group by a staff department for IT & Digitalisation Management.

An Information Security Management System (ISMS), which includes the ISO 27001, 27002 and 27019 standards, is mandatory for the operation of critical infrastructure of energy supply networks and other energy systems. As an operator of critical infrastructure of a long-distance gas network, ONTRAS is certified according to this standard.

As an operator of critical infrastructure, VGS is currently in the certification process, which is planned for October 2024 in accordance with the IT security catalogue § 11 (1b) EnWG and ISO 27001:2022. In addition, VGS has been operating an attack detection system (“SzA”) within the scope of the ISMS since May 2023.

VNG AG has established a central Group ISMS based on this standard, which bindingly defines minimum requirements across all companies<sup>22</sup> and processes. The Group ISMS is used to help Group companies to protect themselves against breaches of information security in line with state-of-the-art practices and against attacks with significant damage potential.

Numerous decentralised structures have been established within the Group in order to further develop and implement know-how, topics and applications across divisions and companies. For example, various cross-company communities and competence centres (“CCs”) have been created with the aim of building up knowledge and promoting cross-functional topics.<sup>23</sup> One example of this is the IT community format, in which the IT managers of the VNG Group meet three to four times a year to discuss current topics and trends.

<sup>22</sup> Excluding ONTRAS and its subsidiaries.

<sup>23</sup> For regulatory reasons, ONTRAS is not involved in these communities and competence centres. ONTRAS launched its own initiatives to advance its IT strategy.



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### The *ONTRAS.Akademie* and *ONTRAS.Arbeitswelt* initiatives as part of their own IT strategy

ONTRAS has already identified the digital transformation as one of five strategic areas of action in 2021. For regulatory reasons, ONTRAS is working on the formulation and further development of its own digital and IT strategy. Here too, the focus is on leveraging digital potential in order to further develop business and process workflows, and make these even more efficient.

Initiatives such as *ONTRAS.Akademie* and *ONTRAS.Arbeitswelt* support these endeavours. The focus is on topics like agile practices, a shared understanding of values in the context of collaboration, methodological competence and know-how, while fostering an innovative environment where curiosity, modern working methods and a corresponding culture of learning and experimentation are encouraged. In addition, the *ONTRAS.Akademie* aims at digital empowerment by enabling the targeted search for training courses and steering the range through existing needs.

An internal policy defines how employees handle information, documents and technologies. The IT department submits reports on a regular basis to

the two Managing Directors of ONTRAS. The IT and information security officer also report directly to management.

### Digitalisation networks and partnerships

VNG AG is actively involved in a number of communities and committees within the VNG and EnBW Group in order to drive forward improvements in this area and exchange ideas. This includes, for example, EnBW's "Digi-Community", which facilitates networking and the exchange of knowledge on digitalisation and transformation topics within the Group. VNG's internal Digital Processes and Workflows Competence Centre enables employees to digitalise processes in their working environment independently.

VNG and its subsidiaries are also members of associations and societies related this area, including the Wittenberg Centre for Global Ethics and TDWI, an international platform dedicated to data, business intelligence and analytics. VNG AG also works with local universities, including HTWK Leipzig, the University of Leipzig, BA Glauchau and TU Freiberg. ONTRAS is a member of the gas industry working group of UP KRITIS, a public-private partnership between operators of critical infrastructures, their associations and the responsible government agencies. ONTRAS

also plays an active role in working groups involving the five major German transmission system operators.

### PROGRESS AND ACTIVITIES IN 2023

Compliance with IT governance requirements is reviewed annually and summarised in a report submitted to the Executive Board. In order to respond to changing demands on the IT organisation, the organisational structures in the IT and digitalisation area were adapted accordingly. The aim is to create more reliable and efficient IT functions that are increasingly located outside of traditional IT areas. At VNG, digitalisation takes place in a needs-based and holistic manner, which means that it is geared towards the requirements of the employees, the divisions or the companies. External benchmark or maturity models are not used as a guide, but rather targets at the measure level.

In 2023, targeted measures were also taken to create the groundwork for the successful integration of AI at VNG. A Transformation Campus team consisting of a cross-functional project team laid the foundations for an AI strategy for VNG. In addition, extensive basic training courses on the topic were held. As in previous years, employees improved their digital and agility skills, and workflows were devised to firmly





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anchor digitalisation and IT into our organisational structures. VNG AG sees this as an ongoing process. Information security awareness measures, including a phishing campaign, were carried out to raise awareness for these kinds of risks, train employees, and prevent negative effects. Comprehensive IT security training is mandatory for all new employees.

### ► VNG H&V

A number of important projects were implemented at VNG H&V in the reporting period. The digitalisation strategy included the implementation of a series of optimisation measures. The aim was to increase the efficiency and performance of the exchange connections (for faster and more reliable data transmission and improved automation of trading processes), the offer management process and the systems used. This enables VNG H&V to place and implement purchase and sales orders for energy products in real time, helping to automate and optimise these processes. In addition, further commercial and organisational processes were digitalised using low-code applications (software applications with minimal programming effort). The invoicing process is being digitalised in stages, alongside procurement and other recurring processes, such as supplier self-disclosure.



### ► ONTRAS

ONTRAS uses internal and external ISMS audits and ISMS key figures to internally monitor the effectiveness of the management approach and the measures that are taken. Internal Audit also regularly deals with topics relating to digitalisation. Key figures are regularly collected within the ISMS of ONTRAS; if targets are not met, appropriate measures are planned and implemented. The ISMS as a whole is reviewed and adjusted annually. Adjustments were also made in 2023, for example the new approach to identifying and treating information security risks was implemented. The service provider management processes were extensively revised following information from the ISMS audit (September 2023). Implementation will begin in 2024. In the reporting period, there was also a mandatory social engineering training course attended

by all employees in small groups of no more than 25 people. In April 2023, the new legal obligation to have effective attack detection systems in place in accordance with the Energy Industry Act (EnWG) was verified for the first time by a corresponding TÜV audit at ONTRAS.

### ► BALANCE

BALANCE was able to launch two projects in the area of process management and optimisation. This enabled optimisation measures to be recorded in the substrate process. In addition, a new software tool was put into development in order to better map the quality and quantities of biogas in future.

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## SIDE STORY

### VNG AG REPOSITIONS ITSELF IN IT AND DIGITALISATION MANAGEMENT

In 2023, VNG bundled central IT and digitalisation functions for the Group in the new “IT and Digitalisation Management” department. Its tasks include IT compliance, future topics such as business intelligence and AI as well as the holistic further development of the IT landscape (enterprise architecture management).

### DIGITALISATION NEEDS STRUCTURE

In recent years, VNG has become markedly more digital and networked. This has also significantly changed the role of IT. This is

no longer so much a separate department, but is increasingly becoming a task or responsibility shared by numerous employees and departments. Above all, IT must function securely, reliably and efficiently. To fulfil these requirements, VNG has developed its own IT operating model . This not only created a holistic target image for IT collaboration within the Group and the holding company, but also a new specialised area.

As part of the IT reorganisation, VNG has also established a CIO Board in which important IT issues are coordinated and decided at Group level. This should make the information and reporting channels between the IT Board and the companies more efficient and speed up decision-making processes.



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## Research and development

A commitment to research and development has a vital role to play in VNG’s ability to shift towards renewable and decarbonised gases and actively helps shape the energy transition. VNG focuses on technologies that combine the energy transition and the company’s current core business – with natural gas – on the way to decarbonisation. In this way, it is making an important contribution to climate protection and to achieving the political goal of climate neutrality.

VNG has analysed the impact of the issue and determined that these challenges exist along the entire added-value chain. Financial investment in new research and development projects harbours the risk that not all of them will bring the desired economic success. At the same time, these projects also represent a great opportunity for VNG to play an active role in shaping the changing energy market.

VNG pursues its research and development projects along the entire added-value chain, and takes an open approach to technology: from production, import and transport to storage, trading and the sale of substitutes for natural gas. These pilot projects identify important trends and technological developments at an early stage and generate valuable experience and data for later commercial application. Our research and development efforts

focus on renewable and decarbonised hydrogen, hydrogen derivatives, CO<sub>2</sub>, biogas and biomethane. The overarching goal is to develop a project portfolio that reflects a diversified range of sources for these gases. Thanks to the broad project landscape and strong partnerships, VNG has positioned itself as a pioneer paving the way to a sustainable energy supply that promotes Eastern Germany in particular as an industrial and business location. To this end, VNG is expanding the know-how of its employees in the areas of renewable and decarbonised gases and in tomorrow’s technologies, in addition to strengthening collaboration with business partners.

### OUR MANAGEMENT APPROACH

The relevance of climate-neutral gases is increasing as we strive to establish a functional total energy system in compliance with stricter climate targets. In order to transform VNG in line with the corporate strategy, new business models must be developed and made ready step-for-step for full-scale production. These technologies include the production of hydrogen by electrolysis, ammonia cracking, CO<sub>2</sub> separation and CO<sub>2</sub> storage, and hydrogen transport. VNG’s research and development activities are based around its R&D strategy and the project selection criteria set out therein, as well as on the Group’s VNG 2030\* strategy.

The projects are also dependent on appropriate regulatory requirements and funding mechanisms to create a robust economic framework.

At VNG AG, technological trends are identified in accordance with the R&D strategy, primarily through standardised technology monitoring and regular exchanges with research institutions. Technical experts at VNG AG and BALANCE research, evaluate and document new technologies in line with the technical, economic and sustainability criteria of the internal R&D strategy. These criteria include technological maturity, scalability, competitiveness, and future viability in terms of compatibility with the VNG strategy to reach the political goal of climate neutrality.

If a technology is a good match with VNG’s business areas and has reached a certain level of technical maturity, a general assessment of the technology is performed. The details and results are recorded in a technology profile, along with other economically and ecologically relevant data. The proposals for the evaluated technologies are presented at regular intervals to the Management Team for a decision. Technologies that we intend to pursue further are handed over to the respective organisational unit; alternatively, they can be developed into a potential business model by individual expert teams.

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VNG AG coordinates the project portfolio for research and innovation projects within the VNG Group. Regular exchange and reporting formats are used alongside publications both within the Group and with third parties. Furthermore, VNG AG and other subsidiaries such as BALANCE are integrated into a strong external partner network. Research partnerships are maintained with research institutes such as the German Biomass Research Centre (DBFZ), the DBI Gas Technology Institute, the Fraunhofer Institute for Systems and Innovation Research (ISI), the Fraunhofer Institute for Ceramic Technologies and Systems (IKTS), the Fraunhofer Research Institution for Energy Infrastructures and Geothermal Energy (IEG), the Helmholtz Centre for Environmental Research (UFZ) and the Institute of Energy Economics at the University of Cologne (EWI).

### PROGRESS AND ACTIVITIES IN 2023

Twelve technologies were evaluated during the reporting period as part of the comprehensive technology monitoring process. Three ideas related to VNG’s business areas were approved and are being developed by subject matter experts. In addition to technology monitoring, VNG AG has been implementing projects for the business development of renewable and decarbonised gases for several years. This has

resulted in a broad green gas project landscape, examples of which are briefly presented below.

The entire added-value chain for green hydrogen – from production to storage and transport to marketing – is being implemented on an industrial scale at the *Bad Lauchstädt Energy Park*. The project receives funding from the German Federal Ministry of Economics and Climate Protection (BMWK) as a “production-scale laboratory for the energy transition”. In addition to VNG AG and other industrial and research partners, ONTRAS, VGS and VNG H&V are also involved. The final investment decision was made in the reporting year. This was followed by the start of construction of the wind farm, transformer station and electrolysis plant. The *Bad Lauchstädt Energy Park* has received a great deal of attention from politicians and the media due to its role as a pioneering project. Since June 2023 – with the ground-breaking ceremony in the presence of Minister President Reiner Haseloff (Saxony-Anhalt) and Michael Kretschmer (Saxony) - this project is currently in the implementation phase. ONTRAS is converting a 25-kilometre natural gas pipeline to hydrogen to supply customers.

VGS installs a calibratable bidirectional gas quantity measurement system and, together with DBI, a gas purification plant – for 100% hydrogen. Following

construction, both will undergo two years of research in order to demonstrate the practicability of the technologies used and to identify optimisation potential in the operational management of the plants.

VNG is a consortium partner in the hydrogen pipeline project *TransHyDE* of the German Federal Ministry of Education and Research (BMBF). The project is funded under the *Hydrogen Republic of Germany* programme. The goal of this project is to research and demonstrate hydrogen transportation options. VNG AG is a project partner in the *system analysis* subproject. During the reporting period, transportation options for importing hydrogen were analysed. Focal areas of research were fleshed out, with a focus on hydrogen in steel production, the transition from a decentralised to a centralised hydrogen supply, and the role of ammonia. The scenarios to be considered for the modelling were defined in the project network, which on the one hand includes the stakeholder perspective and the scenario of future energy and hydrogen requirements. This is based on expert discussions with industry representatives, for example from the steel, glass and ceramics sectors. In a further modelling project, the system perspective and a top-down approach are being applied in order to span the range from a high demand for hydrogen (due to its use in the heating sector) to a low demand for hydrogen and energy (due

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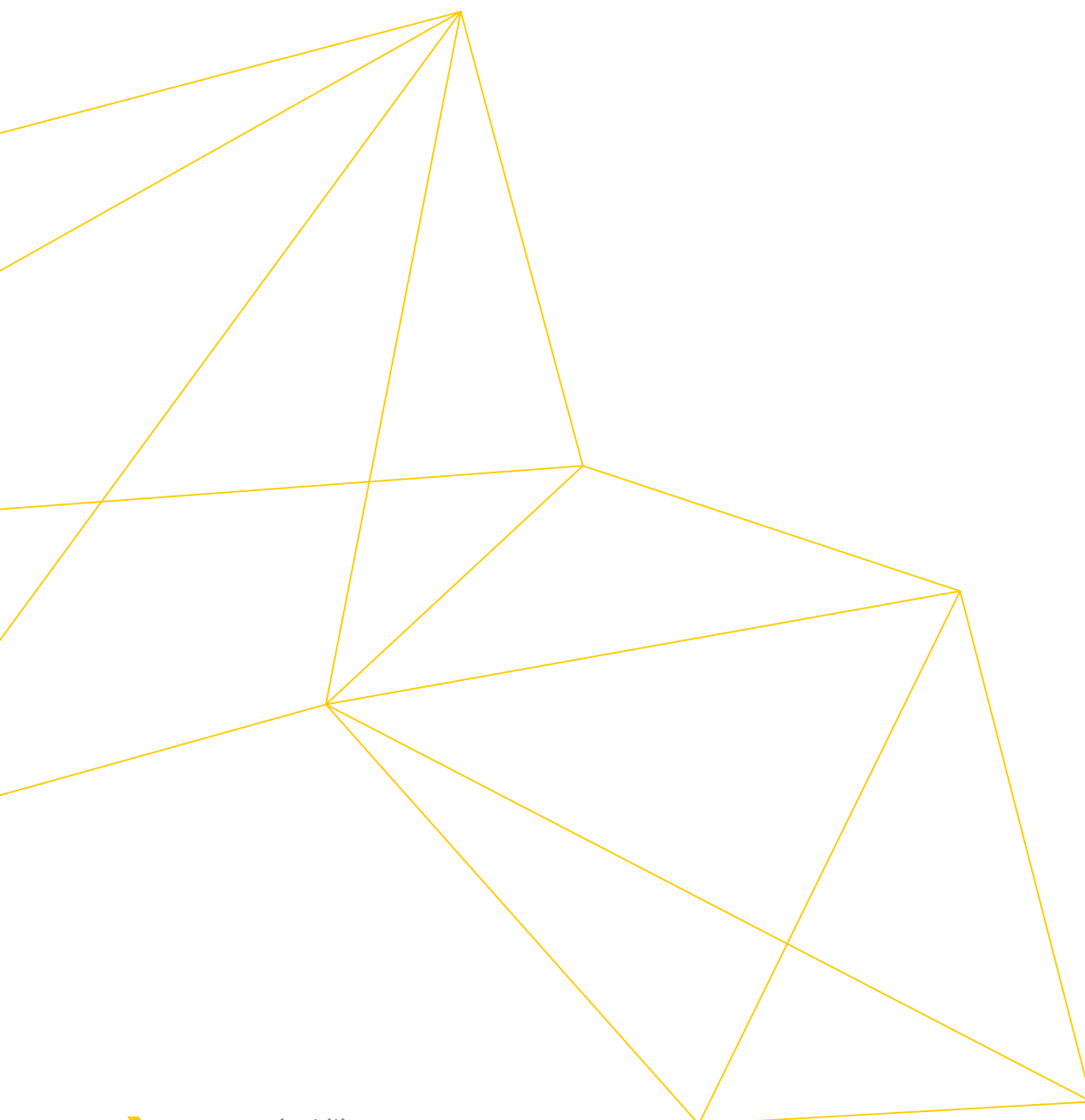
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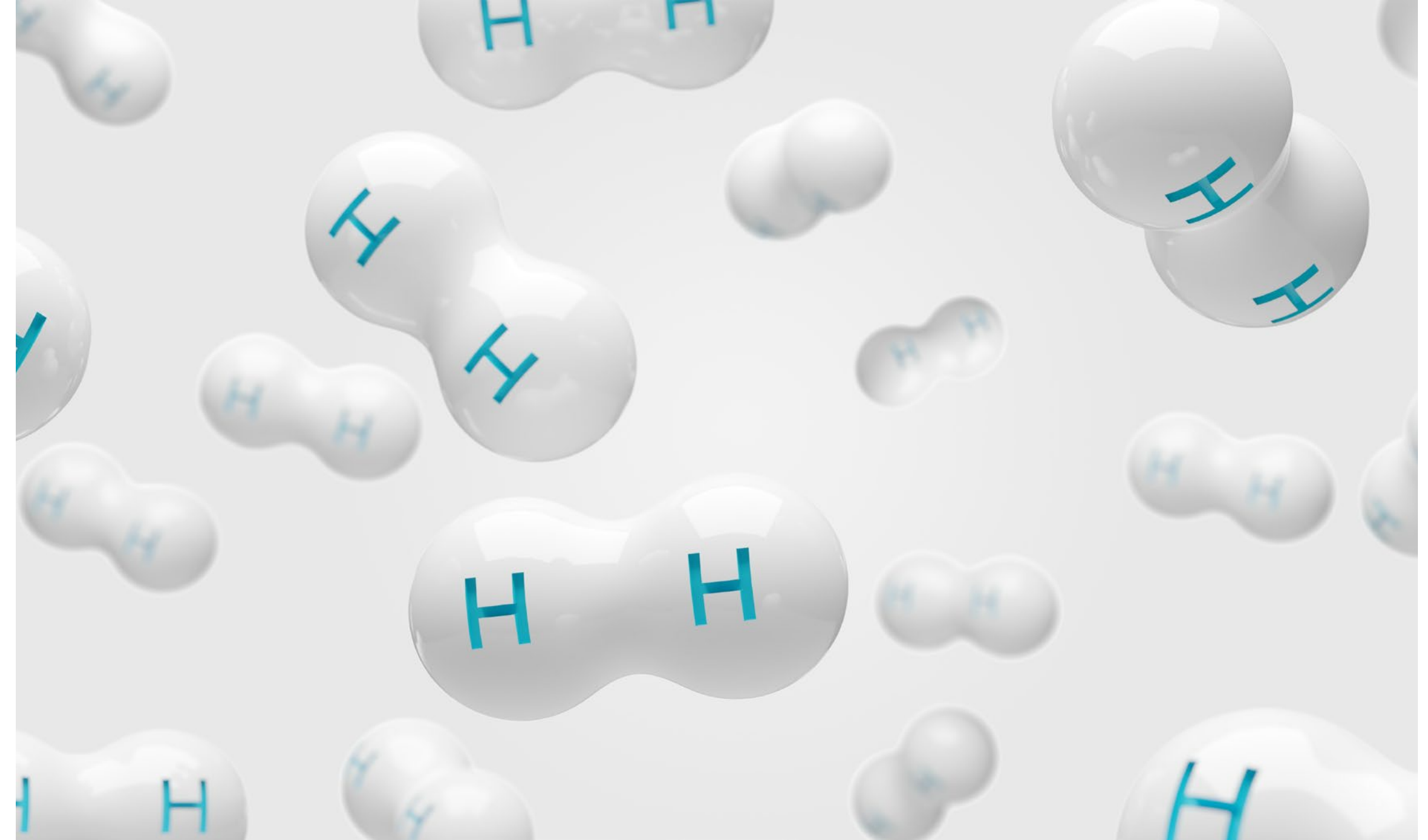


## Research and development

to the import of energy-intensive primary products). Furthermore, the area of model harmonisation was examined with a view to determining how the findings from the different modelling approaches of the individual research institutions can be reconciled.

VNG is also involved in a project to build a CO<sub>2</sub> transport infrastructure together with industry and research partners. The CapTransCO<sub>2</sub> project is investigating the feasibility of climate-neutral industry in Central Germany by establishing a networked CO<sub>2</sub> transport infrastructure for CCU (Carbon Capture and Utilisation) or CCS (Carbon Capture and Storage). The project is funded under the 7th Energy Research Programme of the German Federal Government. VNG's role in the project is to assess the technical and legal feasibility of a CO<sub>2</sub> transport infrastructure, including intermediate storage in order to prevent the CO<sub>2</sub> produced during fossil fuel combustion processes from being released into the atmosphere. The investment and operating costs for pipelines, compressor stations, terminals and storage facilities were determined in the reporting period. Work has also begun on summarising the results from the completed work packages and developing a CCU/CCS strategy for Central Germany.

In November 2023, ONTRAS commissioned Germany's largest process solar thermal plant for



gas preheating at its Kienbaum gas control station in the presence of Brandenburg's Minister of Economic Affairs Jörg Steinbach. The installation of the facility began in 2019. 165 solar modules from the Brandenburg-based manufacturer AKOTEC have been installed over an area of around 4,000 square metres. The project was funded by the Federal Office of Economics and Export Control (BAFA); it can save up to 1.8 million kilowatt hours of heating gas per year and thus avoid up to 370 tonnes of CO<sub>2</sub> emissions.

### Studies

In addition to the ongoing projects described above, VNG has commissioned and worked on a number of studies to provide detailed information about specific topics, The focus was on analysing the role of hydrogen derivatives and the development of infrastructures for the future supply of hydrogen. INFRACON Infrastruktur

Service GmbH & Co. KG, a subsidiary of ONTRAS, participated in the "Central Germany Hydrogen Network 2.0" study, which was started in the reporting period. The study proposed routes for a hydrogen network in Central Germany based on a survey of sources and consumers. The technical process chain for synthetic methane was analysed in a short study. VNG participated in the study advisory board for the World Energy Council's study on ammonia, which was published in December 2023.

As part of its membership of the European association EUROGAS, VNG is participating in the study advisory board of a study launched in 2023 that focuses on the EU's climate protection targets up to 2040.

Extensive networking and the implementation of further studies also have important roles to play to ensure that projects are properly identified and developed.

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### Funding initiatives

VNG AG is a member of the Advisory Board of the Heat Transition Promotion Initiative and the Hydrogen Promotion Initiative of the Energy Economics Institute (“EWI”) of the University of Cologne. The goal of the initiatives is to identify new research areas and network with stakeholders in the field. Through its subsidiaries ONTRAS and VGS, VNG is active in the HYPOS network (Hydrogen Power Storage & Solutions e.V.) which is moving forward the establishment of a green hydrogen economy in Central Germany. In addition, ONTRAS is a participant in the Energy Saxony energy cluster, which aims to promote the sustainable development and marketing of future technologies in the fields of energy, electromobility and digitalisation.

### H2Global

Since its establishment in 2021, VNG H&V has been a member of the non-profit H2Global Foundation, which spans several sectors of the economy. Its purpose is to implement the H2Global funding concept and ensure that the funding conditions set by the BMWK and other departments of the German government for the production and use of hydrogen are met, with the overarching goal of harmonising the supply and demand for hydrogen. This approach underlines the commitment regarding the sustainability of a supply of green hydrogen to energy consumers. The Foundation is also responsible for the conceptual design, development and implementation of the H2Global funding concept.



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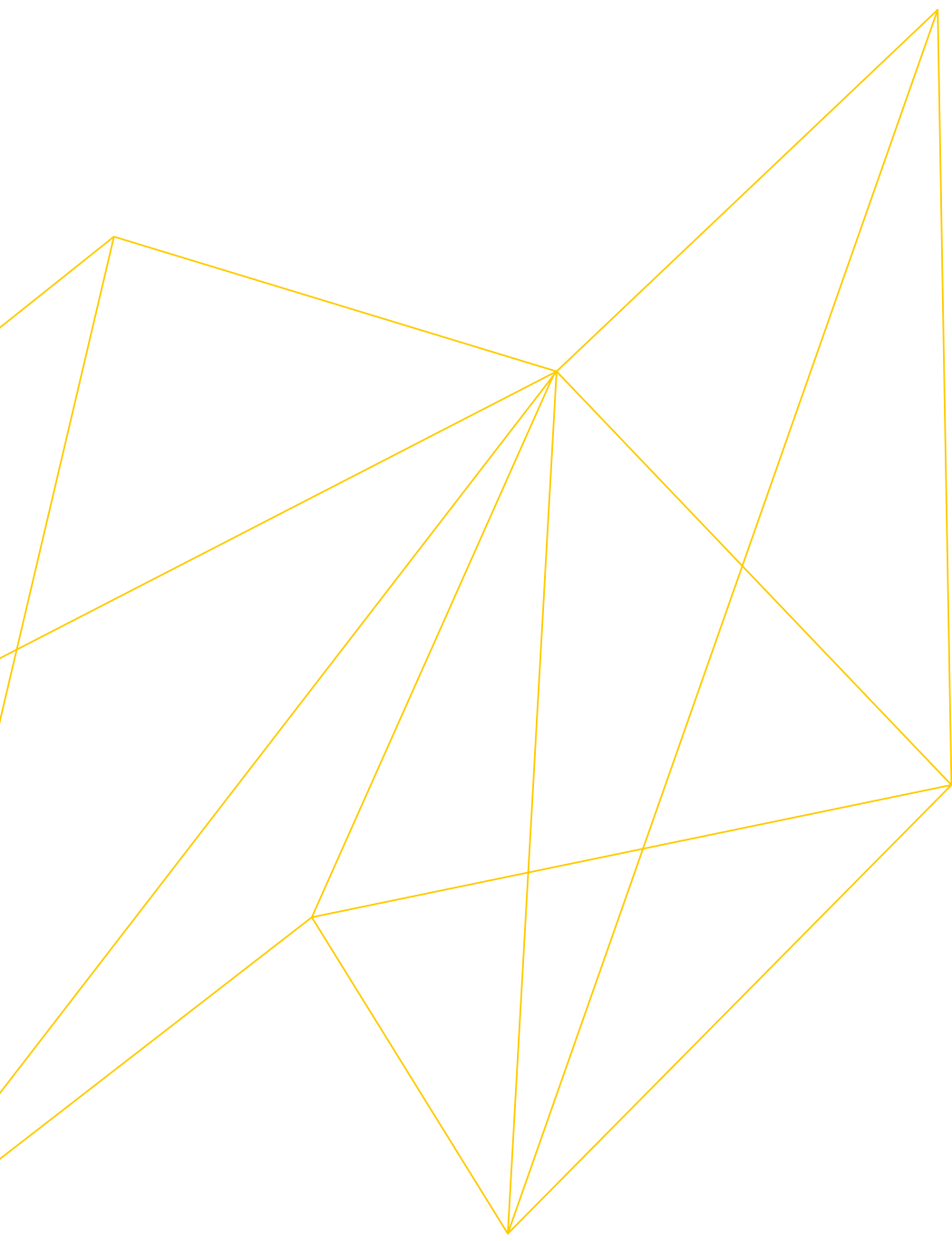
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# Greenhouse gas emissions

VNG – one of the largest energy groups in Eastern Germany – is aware of its responsibility in the context of the energy transition. Through its subsidiaries, it is involved in the natural gas added-value chain, from the purchasing and transport stages through to storage and trading. As a result, VNG contributes to the emission of greenhouse gases within these stages of the added-value chain through its business units. In line with the climate targets of the Paris Climate Agreement and the national goal of achieving climate neutrality by 2045, VNG is resolutely addressing the challenge of gradually decarbonising its natural gas business. In addition, the already low but climate-damaging methane emissions from its own infrastructure are being reduced as part of the voluntary commitment to the Oil and Gas Methane Partnership 2.0 (OGMP 2.0) – an initiative of the Climate and Clean Air Coalition (CCAC) under the United Nations Environment Programme (UN Environment Programme). On the basis of many years of experience in dealing with these challenges, VNG sees itself as an expert in establishing gas alternatives in order to reduce greenhouse gas emissions and thus mitigate the consequences of climate change. Nevertheless, VNG is aware that its current business model will contribute negatively to climate change until it is completely transformed. These negative effects are to be considered over short, medium and long-term time horizons.



However, transitioning to new business activities presents VNG with a set of financial, technical and legal challenges. The transformation of the business model requires considerable investment in all stages of future value creation – from production to application – and therefore harbours financial risks for the Group. It is therefore particularly important that a legal framework and sufficient support mechanisms are created at a political level.

VNG sees this politically and socially desirable step as an opportunity to actively drive forward the transformation. However, greenhouse gas emissions are not generated solely by the combustion of natural gas. The entire added-value chain – from exploration for fossil gases to customer application – generates greenhouse gases that must be considered and evaluated in terms of its total contribution to the carbon footprint. Sources of direct emissions at VNG

include the use of natural gas-powered compressor plants for the reliable and continuous operation of gas transport networks and storage facilities. Methane losses such as those which occur during repair-related blow-outs account for additional emissions. These emissions are monitored and minimised by means of technical and organisational measures.

In the long term, VNG plans to gradually substitute natural gas with hydrogen in particular in order to drive forward VNG's own transformation towards renewable and decarbonised gases. With BALANCE's biogas production, a business area has been established which offers, with its continuous expansion, the opportunity to reduce VNG's emissions through biomethane from renewable raw materials and residual materials. Biomethane is a climate-neutral alternative to natural gas which is either fed into the natural gas grid or used locally to economically generate electricity and heat.



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# Greenhouse gas emissions

## OUR MANAGEMENT APPROACH

VNG is adapting the targets of its main shareholder EnBW and gradually pursuing the diversification of its business in connection with its strategy for reducing greenhouse gas emissions. EnBW is aiming to achieve climate neutrality of Scope 1 emissions by 2035 at the latest and to achieve an annual reduction of 2.5 percent in its Scope 3 emissions compared to the base year 2018 (resulting in a reduction of 42.5 percent by 2035). VNG joined the Science Based Targets Initiative (SBTi) in October 2021, and is committed to the verification and development of its science-based climate protection targets. EnBW has established reduction targets for all greenhouse gas emission categories until 2035 in line with the Paris climate change targets. EnBW's compliance with the requirements of the Paris Climate Agreement was certified by the SBTi in March 2023.

For VNG, this relates primarily to Scope 3 emissions, the majority of which come from the gas trading business of VNG H&V – the largest trading and sales company in the EnBW Group – and its subsidiaries. At VNG H&V, the management has been heavily involved in the process of developing the Scope 3 emissions reduction target. The emission reductions promised to EnBW are included in the approved corporate planning as well as in the sales targets issued by VNG H&V. By implementing these

targets, VNG can make a significant contribution to reducing overall greenhouse gas emissions.

VNG's overarching strategy is to optimise energy consumption and reduce its own emissions (Scope 1) with the help of audits and management systems. ONTRAS and BALANCE use an energy management system to increase their energy efficiency in accordance with ISO 50001. VGS and ONTRAS also have an integrated management system and an environmental management system in line with ISO 14001. VNG AG and all other relevant subsidiaries are currently audited according to ISO 16247-1.

The subsidiaries of VNG AG are currently responsible for their individual sustainability activities and their efforts to reduce their emissions. The establishment of a sustainability management function at VNG AG in 2021 created a central coordination opportunity that provides the framework for VNG's sustainability efforts. Since 2017, environmental key figures, such as the greenhouse gas emissions of VNG AG and its subsidiaries, have been collected, collated and reported to EnBW on an annual basis in addition to social and economic key figures. This includes the data in its annual sustainability report or annual report.

## Targets and actions in subsidiaries

The subsidiaries of VNG AG are pursuing a large number of activities in order to reduce their greenhouse gas emissions and actively contribute to climate action.

► **VNG H&V**

The overarching goal of reducing Scope 3 emissions will be one of VNG H&V's core tasks in the coming years. That is why sales and marketing priorities are being set on new, decarbonised gases and the organisation will be adapted to facilitate this transformation process. The "Business Development & Green Transformation" unit was thus established. The unit currently employs eight persons who focus on hydrogen, biomethane and ammonia and driving forward various projects in these areas on a daily basis. In addition to project management, our colleagues are also involved in business development in the field of green gases (such as regulatory support, expansion of the project portfolio and transformation strategy) as well as supporting sales and market development (e.g. stakeholder management and political support).

Certified biomethane<sup>24</sup> and climate-neutral natural gas through recognised certificates are already firmly established products in our portfolio. In addition, VNG H&V offers a service that supports its customers in fulfilling their obligations under the German Fuel

<sup>24</sup> VNG H&V is certified according to REDcert and SURE (*Sustainable Resources Verification Scheme*). REDcert verifies the sustainability of products produced from biomass as well as biofuels. SURE documents whether the required sustainability criteria are met in the generation of electricity and heat from biomass.

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Emissions Trading Act (BEHG): from the procurement of CO<sub>2</sub> certificates and emissions reporting to the management of a corresponding compliance account with the German Emissions Trading Authority (DEHSt).

► **BALANCE**

Biogas is storable and can be used for base load. This means that it is not dependent on the wind or sun and can be provided almost anywhere at any time. Biogas production only releases as much CO<sub>2</sub> as the plants absorbed during their growth. Biogas from residual materials is even CO<sub>2</sub>-negative, so its use should be increased as much as possible to ensure a climate-friendly energy supply. The systems are constantly being optimised, for example in terms of tank revision, energy management, agitator technology or substrate feeding technology. BALANCE is certified according to REDcert and SURE in this area.

BALANCE is also using its energy management system to set targets for energy consumption, energy production, and – via a specific energy performance indicator – for each of its 40 biogas facilities. The overall target was achieved as part of the ISO 50001 energy management system and certified with the 2021 energy report.

► **VGS**

Reducing CO<sub>2</sub> emissions is another focus area of VGS. The storage facilities are operated at the request of the storage clients. Emissions are thus strongly dependent on the extent to which customers need to store and withdraw their natural gas stored at VGS facilities. VGS is committed to continuously optimising its facilities and how they are used in order to reduce emissions. This can be done by merging two storage facilities into one storage zone or upgrading the facilities with new technology. VGS customers can also store biomethane and even source the energy needed to store and withdraw gas into and from underground storage facilities entirely from biomethane.

VGS is also gradually upgrading the technology used for storage operation using low-emission technologies.

New measures for the coming years were defined as part of the energy audit in accordance with ISO 16247-1, which was successfully completed in 2023. Storage facilities are being dismantled in an environmentally and climate-friendly manner, and the areas they occupied are being restored to nature.

► **ONTRAS**

ONTRAS has a goal of making its gas transport services climate-neutral by 2045, and has set itself targets to achieve every 5 years. In this context, ONTRAS has set itself the interim target of achieving a reduction to 0.25 tonnes of CO<sub>2</sub> equivalent per transported quantity of energy (gigawatt hours) by 2025. In 2023, ONTRAS was well on the way to achieving this goal.

ONTRAS has been covering 100 percent of its total electrical energy requirements with green power since 2017. In 2021 and 2022, ONTRAS recorded an increase in the absolute natural gas consumption of the technical facilities, which is mainly due to political developments and the associated security of supply requirements. In 2023, the situation stabilised, leading to a reduction in absolute natural gas consumption of around 122 gigawatt hours compared to the previous year.

The energy-efficient driving style project in the ONTRAS grid took effect for the first time in 2023. This was the result of the gradual implementation of planned energy efficiency measures in the course of 2021, 2022 and 2023. By optimising the mode of operation, taking into account the gas flow via energy-efficient systems in the ONTRAS network and using efficient preheating technology, it was possible to bypass certain pipeline sections and disconnect redundant preheating systems.

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This led to a reduction in fossil fuel requirements. Thanks to these measures – including application of the vortex tube method – around 10.5 gigawatt hours of absolute gas consumption could be saved in 2023 compared to the reference year 2021.

In November 2023, the largest process solar thermal plant in Germany, which was specially designed for the gas pressure control system, came on stream in Kienbaum. 165 solar modules, which can reach temperatures of up to 60 degrees Celsius, are installed over an area of 4,000 square metres. ONTRAS expects this plant to save up to 1.8 million kilowatt hours of fuel and up to 370 tonnes of CO<sub>2</sub> emissions per year.

In 2023, the number of uses of the company’s own mobile compactor and also the recomacted volumes were increased significantly, i.e. almost tripled. The company’s own mobile compressor was optimised at the end of 2023 so that savings of up to 97 percent in blow-out emissions can now be achieved for each measure.

In places where the mobile compressor cannot be used optimally, mobile flares are used where possible to reduce the greenhouse gas effect caused by methane emissions.

### Initiatives and memberships

The topic of greenhouse gas reduction is ever-present at VNG. Improvements in this area are currently being driven primarily by the close exchange with EnBW and the SBTi commitment. In addition, BALANCE is involved in the German Biogas Association, the German Bioenergy Association, and the Biogas Council\*. The endeavours to reduce methane losses by the operating companies ONTRAS and VGS are documented as part of their membership of the OGMP. Methane emissions will be significantly reduced through the use of innovative technical measures.

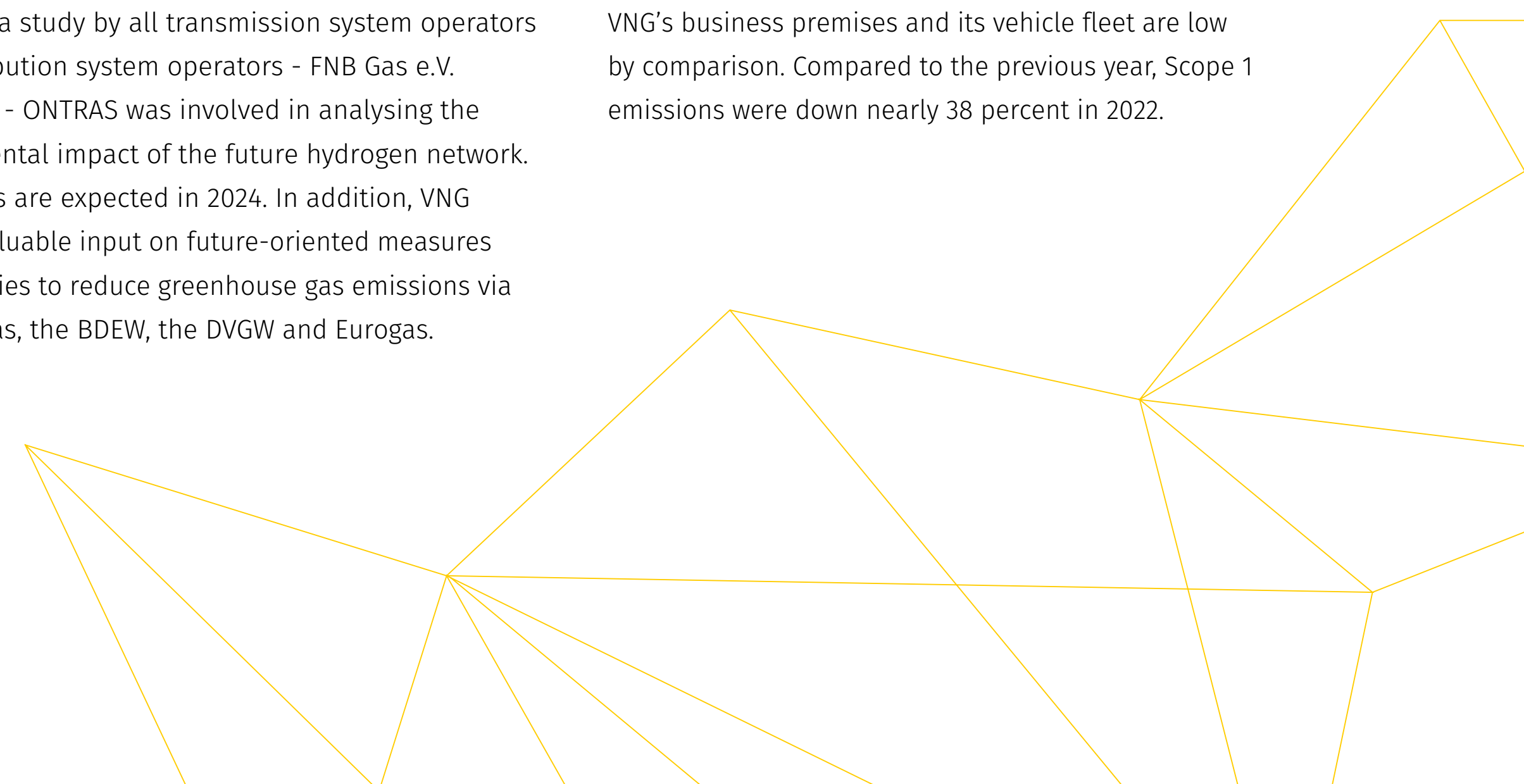
As part of a study by all transmission system operators and distribution system operators - FNB Gas e.V. and DVGW - ONTRAS was involved in analysing the environmental impact of the future hydrogen network. The results are expected in 2024. In addition, VNG obtains valuable input on future-oriented measures and activities to reduce greenhouse gas emissions via Zukunft Gas, the BDEW, the DVGW and Eurogas.

### Greenhouse gas emissions of VNG

The direct and indirect emissions from VNG’s own business activities and the indirect emissions from VNG’s upstream and downstream added-value chain are documented in accordance with the Gas Protocol. Key figures related to greenhouse gas emissions are documented as part of EnBW’s reporting process.<sup>25</sup>

The majority of direct (Scope 1) emissions are caused by the operation of the technical gas infrastructure, particularly the natural gas consumed by the compressor plants of the gas storage and transmission pipelines. Emissions resulting from fossil energy consumption in VNG’s business premises and its vehicle fleet are low by comparison. Compared to the previous year, Scope 1 emissions were down nearly 38 percent in 2022.

<sup>25</sup> The calculation method corresponds to that of EnBW: see → [Integrated Annual Report EnBW 2023, page 95 et seq.](#)



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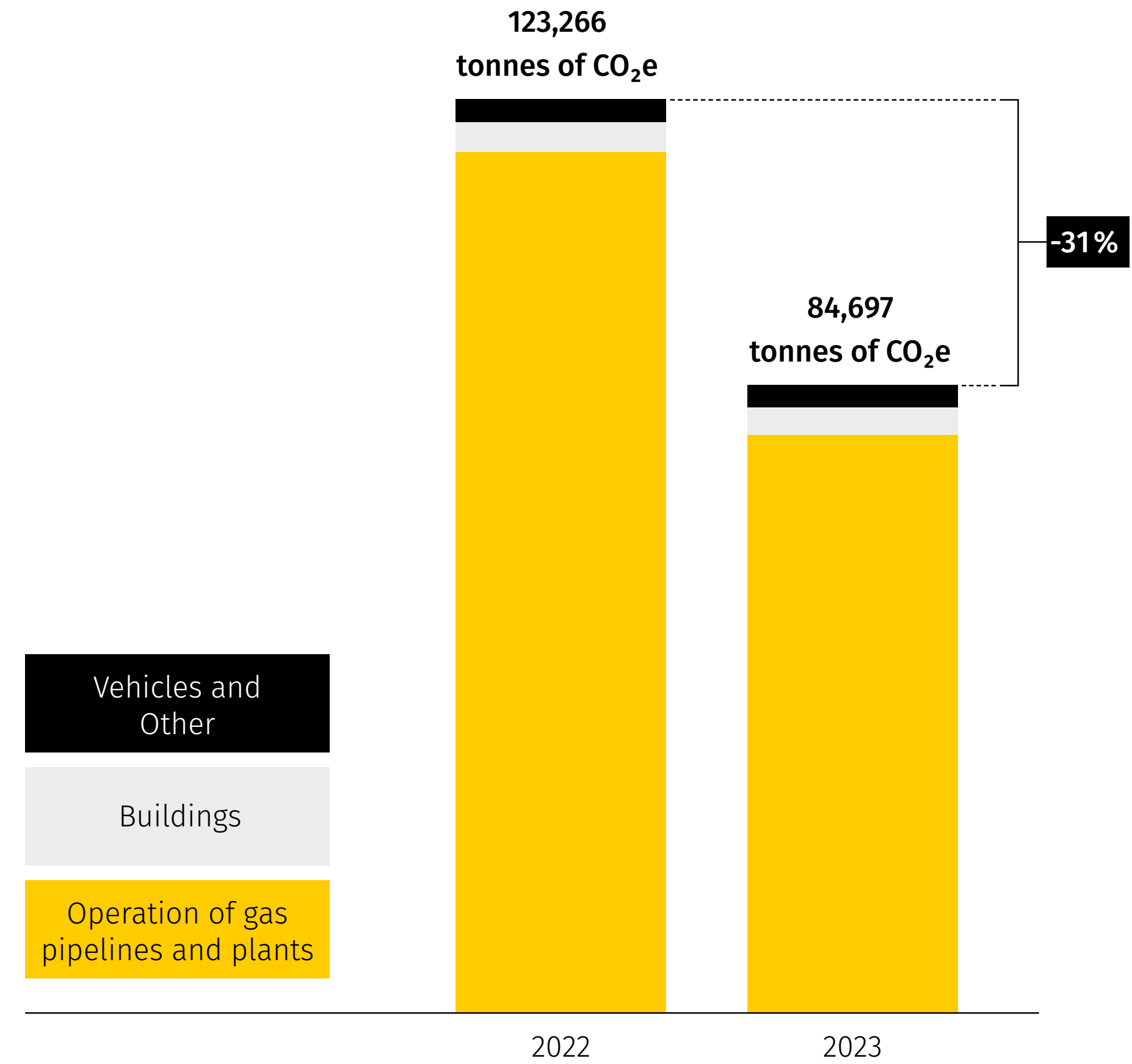
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# Greenhouse gas emissions

## Scope 1 emissions

in tonnes	2023	2022
<b>Direct emissions</b>	<b>84,697</b>	<b>123,266</b>
Power and heat generation	–	–
Operation of gas pipelines and plants	77,931	116,128
Buildings	3,731	4,058
Vehicles	3,019	2,880
Other	16	200

Mobile compressor units proved to be an efficient lever for significantly reducing natural gas losses during venting processes. These systems significantly minimise the amount of natural gas emitted (blow-out losses) through recompression. Efficiency measures at the ONTRAS administration building and elsewhere have also reduced emissions from buildings.



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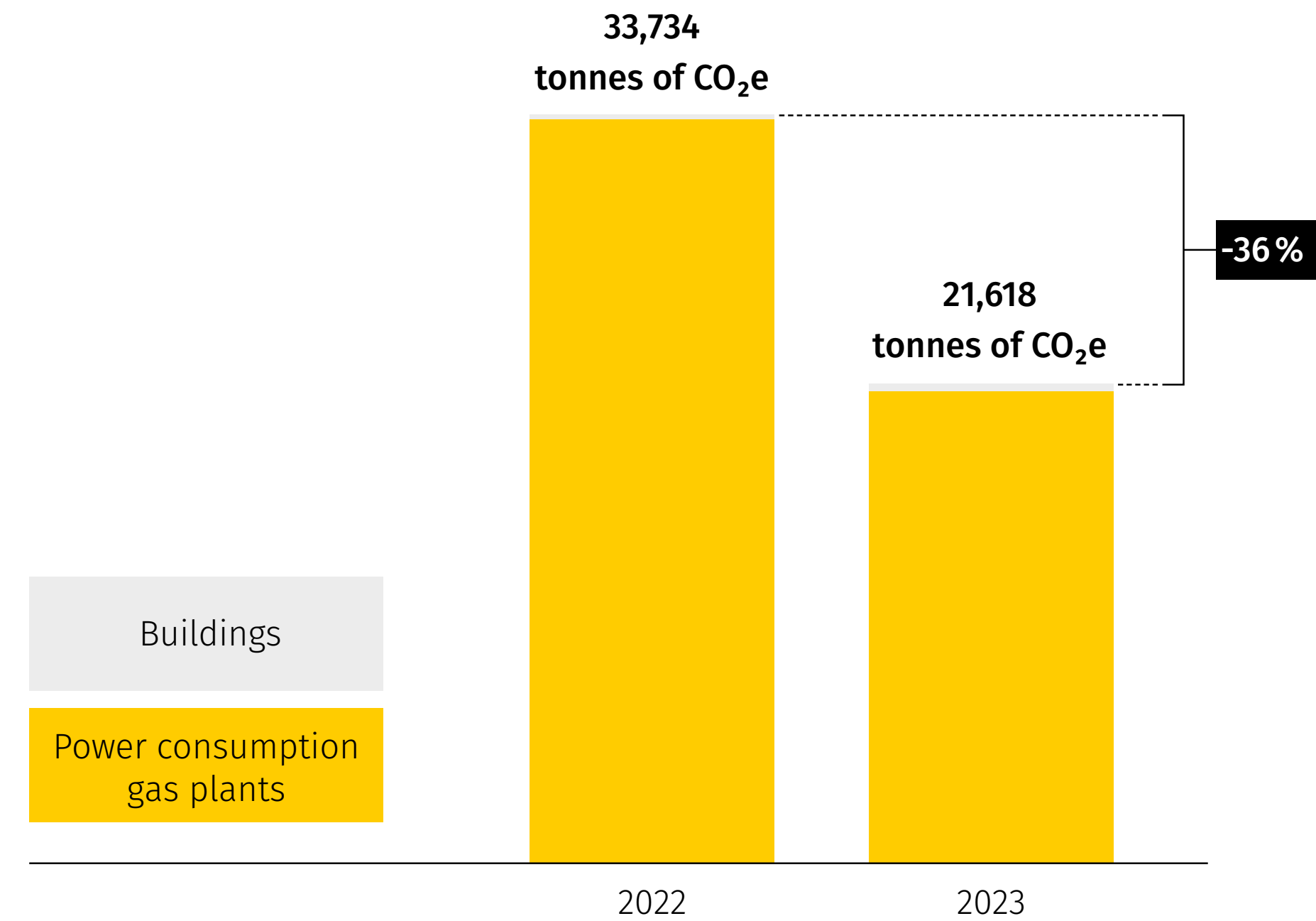
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## Scope 2 emissions

in tonnes	2023	2022
<b>Indirect emissions</b>	<b>21,618</b>	<b>33,734</b>
Power consumption gas plants	21,291	33,511
Buildings	326	224

VNG's Scope 2 emissions result primarily from the load-dependent operation of gas transfer plants and electrical compressor plants. The contribution of emissions caused by buildings, on the other hand, is negligible. These emissions were also significantly reduced compared to the previous year.



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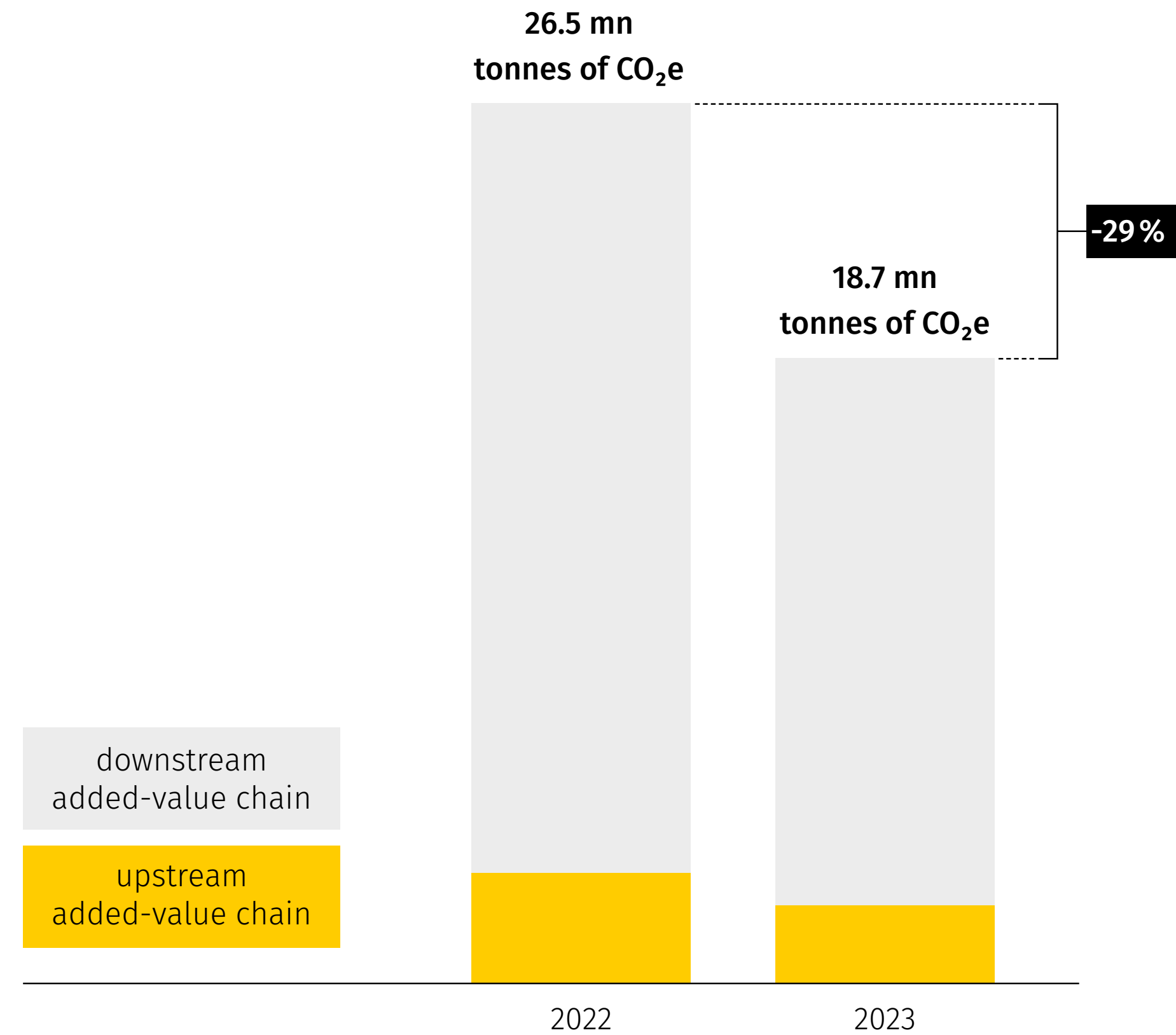
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# Greenhouse gas emissions

## Scope 3 emissions

in tonnes	2023	2022
<b>Indirect emissions<sup>26</sup></b>	<b>18,715,788</b>	<b>26,528,697</b>
<b>Upstream emissions</b>	<b>2,380,581</b>	<b>3,370,256</b>
Upstream chain gas consumption gas plants	4,564	9,203
Upstream chain gas sales	2,375,765	3,360,901
Business trips	252	152
<b>Downstream emissions</b>	<b>16,335,207</b>	<b>23,158,441</b>
Gas sales by customers	16,335,207	23,158,441

A significant share of VNG’s total emissions are caused by gas sales outside the Group’s own business activities in the upstream and downstream added-value chain. The changes in the natural gas market are also reflected in our Scope 3 emissions. The limited availability of natural gas and the resulting price increases had a major impact on the decline in gas sales. As a result, there was a reduction in Scope 3 emissions from around 26.5 million tonnes of CO<sub>2</sub> equivalent to just under 18.7 million tonnes of CO<sub>2</sub> equivalent in 2023.



<sup>26</sup> The figures presented in this document for 2023 differ from those in the 2023 Annual Report, as the latter were only provisional figures

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### PROGRESS AND ACTIVITIES IN 2023

Hydrogen now has a significant role to play as a climate-friendly and promising fuel due to the ongoing transformation of the energy markets and VNG’s increasing focus on decarbonised business. VNG is committed to participating in the entire added-value chain generation of hydrogen, from transport and storage through to trading and distribution. In order to accelerate its entry into the hydrogen market, VNG is pushing ahead with the Agenda H<sub>2</sub>-Readiness to ensure that preparatory measures are taken within these business areas and that initial pilot projects are implemented by 2025.

Additional substantial growth is planned, particularly in the biogas segment. The *Bad Lauchstädt Energy Park* is an example of the central role hydrogen will play in VNG’s future energy strategy.<sup>27</sup>

► BALANCE

Together with external partners, BALANCE is pursuing the *GHG-BGA assessment*.<sup>28</sup> In addition to the direct environmental benefits, the project also serves to prepare for foreseeable legal requirements relating to greenhouse gas emissions. The entire greenhouse gas chain – from cultivation and extraction of the raw materials to transport, processing and utilisation of the biomethane – was taken into consideration. However, the analysis of cultivated biomass was not pursued further as the data situation was too heterogeneous. The second project in the *GHG-BGA* assessment at plant level was successfully completed and handed over to the regulatory management department for operational implementation.

BALANCE marketed 29.9 gigawatt hours of sustainable gas from residual production to the transportation sector in 2023. This saved around 19,020 metric tonnes of CO<sub>2</sub> in the transport sector.



<sup>27</sup> See also → [Side Story: Bad Lauchstädt Energy Park](#)  
<sup>28</sup> GHG-BGF = Greenhouse Gas Emissions – Biogas Facility.

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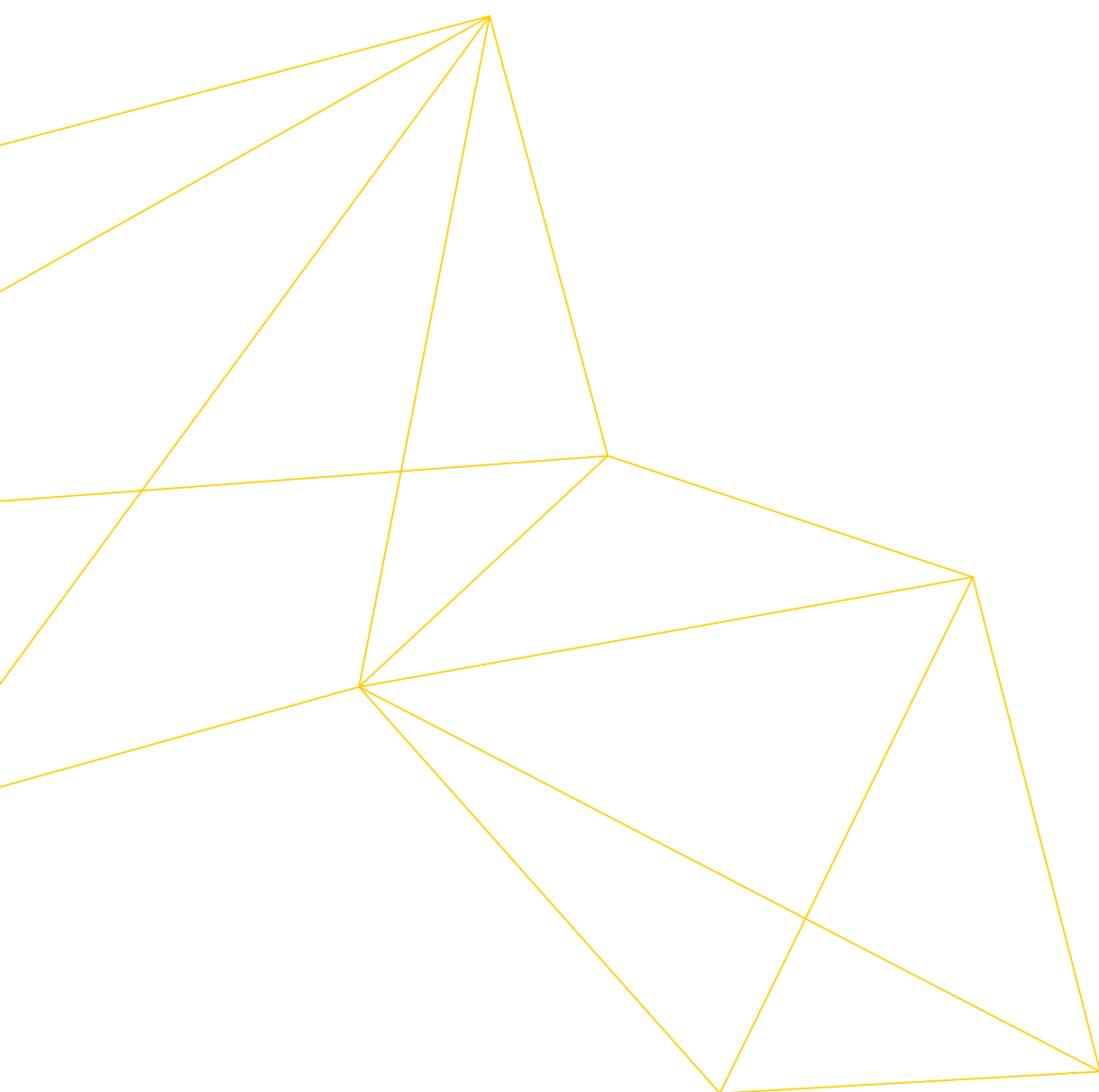
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# Greenhouse gas emissions

## INFO: METHANE IN THE ADDED-VALUE CHAIN

It is not just the combustion of natural gas that produces emissions that affect the climate – any unburned methane (CH<sub>4</sub>) that escapes also has a greenhouse effect that is around 30 times greater than CO<sub>2</sub> in the atmosphere. Approximately two thirds of global methane emissions are of anthropogenic origin, a third of which is attributable to fossil fuels such as coal, oil and natural gas.<sup>29</sup> VNG is therefore committed to reducing even minor technical losses of methane to a minimum.

By signing the OGMP 2.0 Memorandum of Understanding, ONTRAS, VGS and BALANCE, along with around 100 other companies worldwide, have committed to measuring their methane emissions much more precisely and extensively than before and to demonstrably reducing them. This will identify areas in which emissions can be reduced and allow us to prioritise effective methane reduction measures.

Transmission system operators like ONTRAS have undertaken to halving their methane emissions compared to 2015. Mobile compressors or flares can be used to achieve this goal in practice. These are used



for maintenance and repair work on long-distance pipelines. Instead of simply releasing the gas, it is recompressed by the compressors or flared off. OGMP 2.0 sees potential in German gas storage facilities to reduce methane emissions by 45 percent by 2025 compared to the reference year 2020.

ONTRAS conducted measurements at stations and facilities in 2023 as part of its OGMP membership; the findings were then used to reduce methane emissions. Measures in this area include intelligent network control, avoidance of exhaust, assessing the integrity of the network, eliminating weak points, and the continuous modernisation of network technology. Specialised technical devices and equipment are also used in order to avoid methane emissions during maintenance and repair work on the pipelines. A similar measurement campaign was also carried out at VGS in 2023.

Methane losses can also occur during the extraction and transportation of natural gas. However, concrete data on methane emissions is difficult to obtain, especially for upstream gas procurement, due to the variety of calculation models in use.

As a result of the termination or expiry of VNG H&V's Russian procurement contracts on 1 January 2023<sup>30</sup>, the Group now only has direct procurement contracts with Norway and the Netherlands. Compared to those of Russian origin, these supplies generate little or no methane losses.<sup>31</sup>

When trading natural gas on the exchange or spot markets, the wide variety of procurement processes does not make it possible to clearly allocate upstream methane losses.

<sup>29</sup> Climate and Clean Air Coalition → [Link to website](#)

<sup>30</sup> See also → [chapter Governance » Procurement](#).

<sup>31</sup> EnergyComment, on behalf of Deutsche Umwelthilfe e.V.; → [to the document "Methane emissions"](#)



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# Use of resources and waste minimisation

VNG is committed to conserving natural resources in the course of its business activities and to minimise the amount of waste that it produces. For this reason, it has looked into the effects of using resources and minimising waste. For example, the improper disposal of waste has a negative impact on the environment, while at the same time dependence on supplied resources can lead to loss of business if there are supply bottlenecks. As VNG is conscious of these effects, the use of resources and the minimisation of waste are particularly important factors in the direct added-value chain for our subsidiaries, i.e. the transport and storage of natural gas and in the production of biomethane.

The varied business areas of VNG requires a wide range of different materials. This means that a large amount of different types of waste and residual materials are also produced. The majority of the resources consumed by VNG relate to the operation and maintenance of technical facilities and the construction and dismantling of ONTRAS gas storage facilities and gas transport pipelines. In addition to non-hazardous waste, such as scrap metal, hazardous waste like used oil may also be generated.

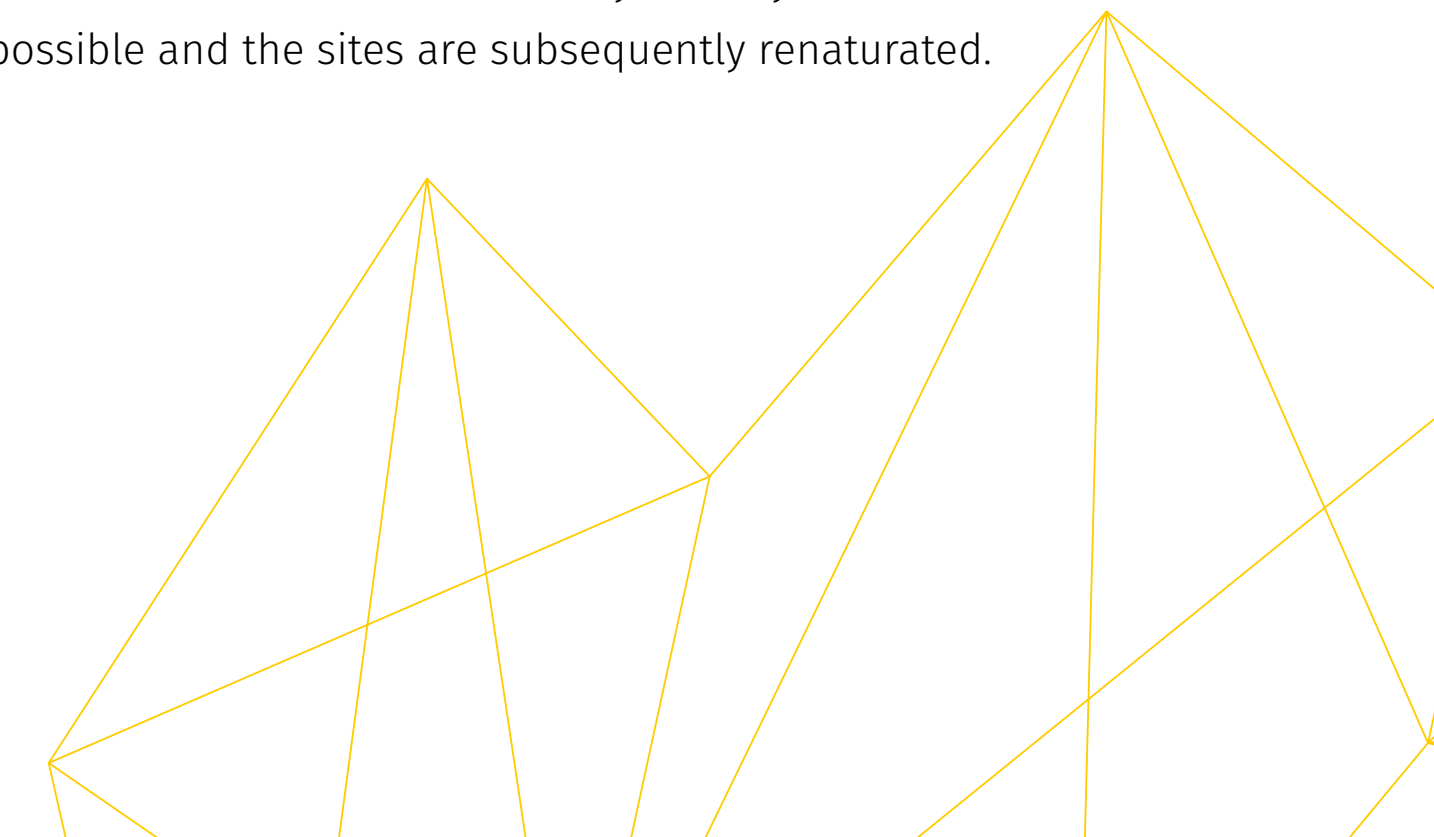
VGS and ONTRAS focus on quality and durability when selecting materials for technical equipment; the recyclability of the used materials is also taken into account. This plays a critical role in securing the gas supply while also minimising our environmental impact.



Renewable raw materials are mainly used in the operation of BALANCE's biogas facilities. That is why BALANCE focuses on responsible substrate management adapted to regional conditions and the proper recycling of digestates for reuse as organic fertiliser.

Within the gas added-value chain, natural gas production has a particularly significant impact when it comes to waste minimisation and resource consumption. VNG therefore pays attention to how gas producers address the responsible use of resources when selecting its business partners. VNG performs sustainability assessments for business partners of a significant size which takes environmental protection criteria into account.

VNG has built up an extensive infrastructure over many years – the majority of which is accounted for by gas transport pipelines and gas storage facilities – and has invested a considerable amount of material resources. We are therefore considering how this infrastructure can remain in operation as the process of decarbonisation continues. Whenever infrastructure needs to be dismantled, such as gas storage facilities, this is done in as environmentally friendly a manner as possible and the sites are subsequently renaturated.



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# Use of resources and waste minimisation

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At VNG, the focus of activities in this area varies depending on their impact on resource consumption and waste minimisation. In general, however, and in line with the principles of sustainable corporate management, VNG pursues the goal of waste minimisation and responsible resource management. This strategy not only offers economic advantages, such as a reduction in procurement and disposal costs, it also makes a significant contribution to increasing resource efficiency and reducing the environmental footprint.

VNG has internalised the principle of “avoidance before recycling and disposal”. This means constantly optimising processes and procedures so that waste is kept to a minimum. This goes hand-in-hand with the continuous reduction of the consumption of raw materials and energy. In order to complete material cycles, VNG consistently ensures that recyclable waste is fed into the appropriate material recycling cycles. The responsible VNG companies arrange for non-recyclable waste to be disposed of safely in compliance with legal requirements.

To monitor VNG’s environmental performance, resource consumption and waste volumes are regularly recorded as part of the annual financial statements. Due to

the variety of different influences in this area, the companies are currently responsible for the use of resources and waste minimisation on a decentralised basis. The data is then consolidated by VNG AG.

The infrastructure projects for gas storage facilities and gas transport pipelines have a particularly significant impact on resource consumption and waste generation at VNG. ISO 14001-certified environmental management systems ensure that the use of resources and waste management are constantly addressed and monitored at VGS and ONTRAS so that our environmental performance along the life cycle of materials can be continuously improved. The environmental management system also implements legal requirements, particularly the Recycling Management Act (“KrWG”). In addition, VGS and ONTRAS have internal rules that govern the handling of waste and processes relating to waste. These regulations are referred to as the Waste Manual at VGS and the Environmental Guideline at ONTRAS.

### Waste management at VGS

At VGS, the Waste Management Officer is responsible for supporting and monitoring processes related to resource use and waste minimisation. They also provide training for employees at VGS in this area on a regular basis. The Waste Management Officer is a

staff function at VGS and is therefore directly linked to the management, to whom they report regularly on these issues. The parties responsible for the compliant disposal of waste continue to be defined at the various VGS storage sites.

As a waste producer, VGS is responsible for organising waste disposal. In accordance with internal guidelines, only certified waste management companies are entrusted with disposal duties by VGS. For recurring waste disposal operations, evidence is drawn up together with the service providers to specify safe routes. In gas storage facility decommissioning projects, external service providers are assigned to monitor waste disposal. Regular reports are provided during construction meetings so that adequate records are kept of hazardous waste. This is supported by the digital recording of hazardous and non-hazardous waste by VGS. Service providers involved in construction projects must fulfil contractually agreed safety requirements for the professional handling of waste. As a result of digitalisation of VGS’s processes, paper consumption is steadily decreasing; Adobe Acrobat Sign is used for contract conclusions and approval procedures – and paper can largely be dispensed with.

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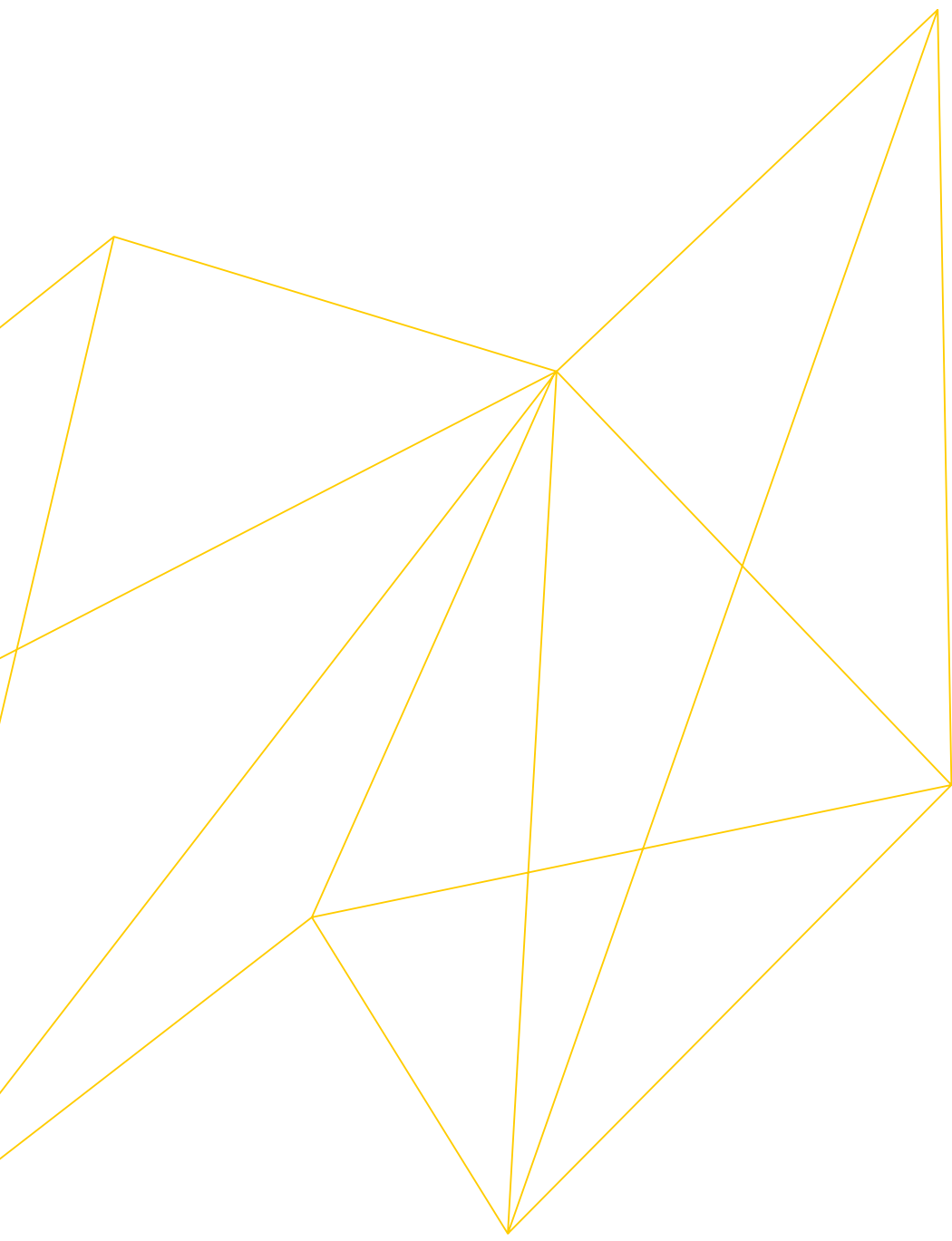
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## Use of resources and waste minimisation

### Waste disposal at ONTRAS

Waste disposal is usually organised by ONTRAS itself. The guidelines for waste disposal are approved by management. Compliance with legal requirements, such as risk assessments or plant standards, is incorporated during the planning stage and continuously monitored during implementation by our own employees or a commissioned construction supervisor. In accordance with internal policies, only certified waste management companies are contracted to provide disposal services.

ONTRAS jointly develops relevant specifications for the dismantling pipelines with industry partners, including other transmission system operators. Contractors also contribute to this development process. Waste can be produced in particular during pipeline construction and repair work. These can be avoided by taking appropriate protective measures, or unavoidable waste can be disposed of in an environmentally friendly manner via the appropriate disposal channels.

The handling of normal household waste at the locations is governed by the internal policy.

The records for all types of waste are monitored at local level by ONTRAS and tracked electronically.

### VNG administrative buildings

All waste is separated at VNG’s administrative buildings. An adequate number of waste containers are available at each VNG site so that all VNG employees can separate waste in line with legal requirements. All VNG employees are also required to use resources sparingly and to avoid or minimise waste in line with internal codes of conduct. These aspects are emphasised at regular annual briefings.

Waste volumes and resource consumption at VNG headquarters, i.e. the central business premises, are recorded and evaluated by VNG AG’s building management. Facility management is the responsibility of the Member of the Executive Board, Infrastructure/ Technical Affairs. Individual measures design to reduce resource consumption at the central site are drawn up on an ad hoc basis following a joint consultation process.

### PROGRESS AND ACTIVITIES IN 2023

VNG has used the consolidated key figures related to resource consumption and waste generation to establish a basis for measuring the effectiveness of individual measures in the respective companies. A number of measures have been successfully implemented at the Group companies in recent years; these are listed below.

#### Resource-efficient use of paper at VNG’s central business premises

The use of paper at VNG’s central business premises has already been reduced significantly by switching a wide range of printed materials to 100 percent recycled paper and eliminating physical copies of invoices whenever possible. This process is also being supported by the consistent integration of digital processes into VNG’s business operations. Almost all business partners have now switched to electronic invoicing and reminders. A digitalised approval process for documents requiring signatures was initiated by VNG H&V and introduced at VNG in 2021. This process is paying off by preserving our natural resources.

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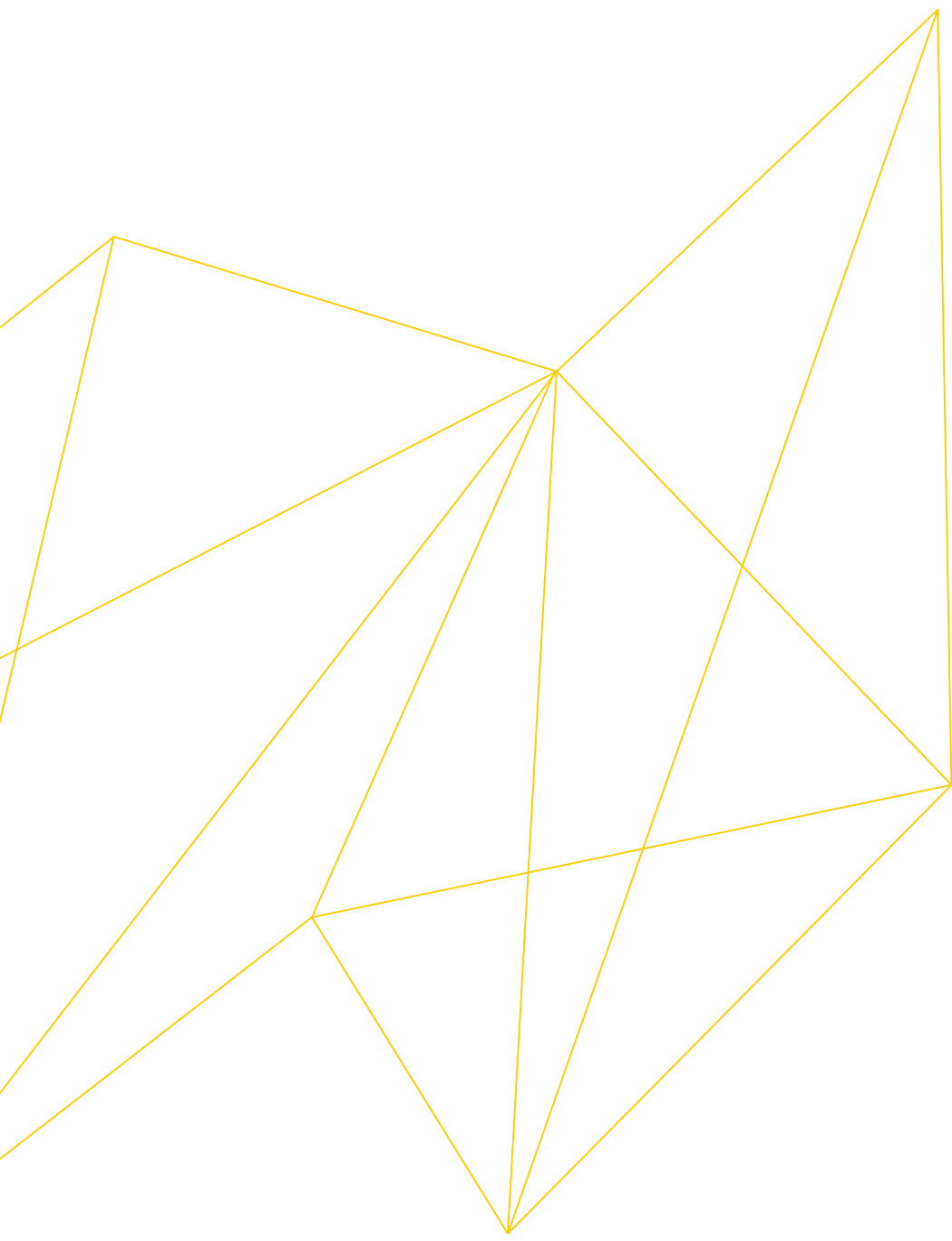
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## Use of resources and waste minimisation

### Storage decommissioning projects and long-life steel for gas transport

Waste reduction has been a significant challenge at VGS in recent years due to the decommissioning of the Buchholz and Kirchheilingen underground storage facilities. The redevelopment of industrial sites and their return to nature was a priority for VGS. The quantities of waste disposed of vary greatly across the project phases required for decommissioning and dismantling the underground storage facilities. For this reason, it was not possible to manage this issue using targets like recycling quotas.

For ONTRAS, the sustainable use of resources mainly means conserving steel, which is a key resource. This is made possible with strategic planning for secure and future-oriented development of a decarbonised grid. Continuous improvements in condition analysis and cathodic corrosion protection increases the service life of pipelines and valves and reduces the need for repairs. The possibility of converting existing natural gas pipelines from the ONTRAS network to hydrogen if they are technically and capacitively suitable will be utilised. This avoids the need for new buildings, saves resources and minimises the environmental impact. The current conversion of a 25-kilometre-long natural gas pipeline in the *Bad Lauchstädt Energy Park* serves as a blueprint for all natural gas pipelines that are scheduled for

conversion as part of ONTRAS' H<sub>2</sub> starter network – part of the national H<sub>2</sub> core network provided for in the Energy Industry Act.

### Strengthening the circular economy with biomass from BALANCE

By continuously producing biogas, BALANCE has been contributing to the provision of climate-neutral energy for several years; it is also facilitating the development of regional material and economic cycles.

Energy production happens behind the scenes: the plant's fermenters are fed with a substrate mixture consisting of plant materials such as green maize and whole-plant silage as well as residues such as dry chicken manure from surrounding farms. The biogas produced is fed into adjacent combined heat and power plants to generate electricity; the waste heat produced can then be fed into heating networks. Twelve BALANCE systems feed processed biomethane into the network of ONTRAS Gastransport GmbH.

The residues from the fermenters are also reused: the fermentation residues – the 80% or so of substrate inputs that are not converted into biogas – are later returned to the fields as organic fertiliser. Sustainable substrate management also involves



intensive exchanges with the respective communities and local farmers. The production of biogas strengthens rural areas and provides economic and ecological added value for farmers. Adding value in the region and fostering close local partnerships are key priorities for BALANCE.

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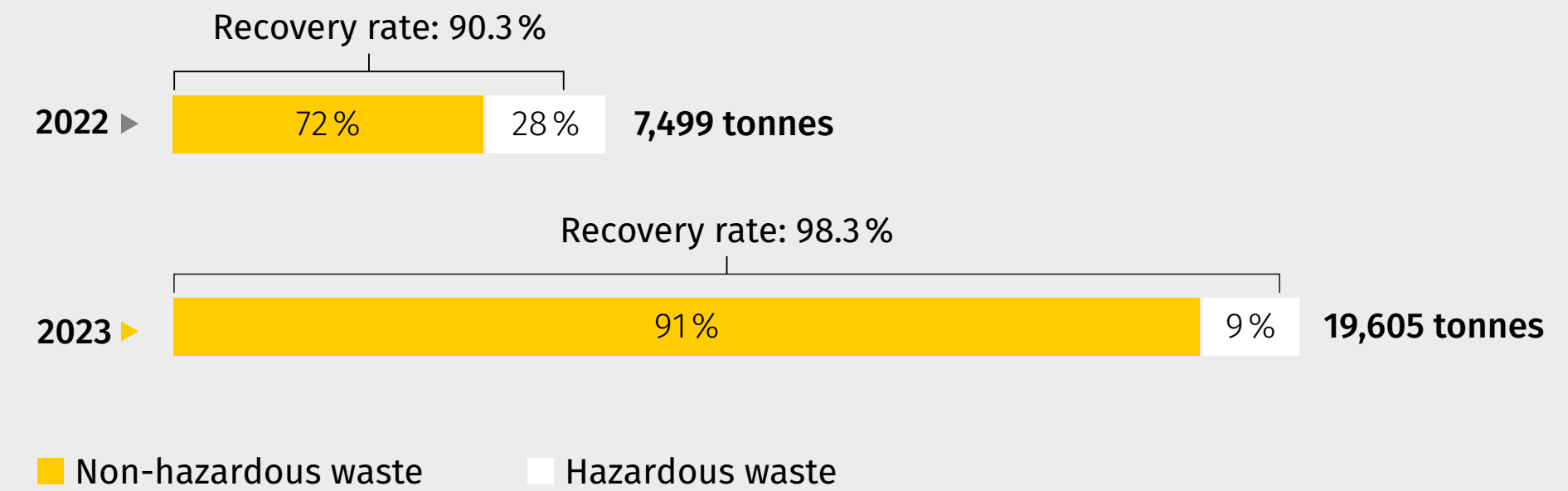
### Key figures

In 2023, a total of 19,605 tonnes of waste was registered at VNG. Of this amount, 1,689 tonnes were hazardous waste, with the remaining 17,916 tonnes being non-hazardous waste.

Compared to the 2022 figure of 7,499 tonnes, the total volume of waste in 2023 has increased significantly. This increase is mainly due to projects by VGS to decommission existing storage capacity, which have generated significantly more waste. However, most of this waste falls into the non-hazardous category. In contrast to the increase in the total volume of waste, the volume of hazardous waste was reduced. This is a positive development and underlines the efforts being made to ensure efficient waste management and protect the environment.

The considerable increase in the recycling rate in 2023 is also highly gratifying. This illustrates the progress towards a circular economy in which waste is recycled wherever possible and not simply disposed of.

### ► Waste volumes



in tonnes	2023	2022
<b>Total waste</b>	<b>19,605</b>	<b>7,499</b>
<b>Non-hazardous waste</b>	<b>17,916</b>	<b>5,427</b>
Recovery	17,774	5,166
Disposal	142	261
<b>Hazardous waste</b>	<b>1,689</b>	<b>2,072</b>
Recovery	1,500	1,606
Disposal	189	466
<b>Recycling rate (%)</b>	<b>98.3%</b>	<b>90.3%</b>

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Natural gas provides around a quarter of the energy consumed in Germany, meaning the German economy is heavily dependent on it. Around a third of households heat their homes with natural gas; 1.8 million commercial and industrial companies use the energy source to produce heat and electricity for their processes or they use natural gas directly as a raw material for their products, for example in the chemical industry.<sup>32</sup> Due to the fundamental importance of natural gas, a secure and reliable gas supply is a valuable asset, both in terms of a competitive economy and a functioning society. However, securing supply can actually also have negative effects along the added-value chain, as the natural gas required is imported from countries that may have a greater environmental impact or higher greenhouse gas emissions due to a lack of regulation. In addition, stricter regulatory requirements can lead to additional costs.

VNG supplies around 400 industrial customers, distributors and municipal utilities with natural gas and biomethane through VNG H&V – making it a key player in Germany’s gas supply. In this respect, VNG H&V is primarily dependent on the contracted gas supplies of its trading partners. Gas supply shortfalls have to be compensated for in the short term by cost-intensive replacement purchases on the market, which can have serious energy and economic consequences.



VNG therefore endeavours to be in a position to cover any supply gaps in the event of an emergency through a broad portfolio of suppliers and various trading points, thus making a positive contribution to security of supply. Furthermore, the underground gas storage facilities of VGS and the independent transmission system operator ONTRAS make an essential contribution to Germany’s gas infrastructure.

VNG is also dedicated to developing emission-neutral business models in the field of biogas as well as further decarbonised and climate-neutral gases to meet its responsibility of supplying customers with energy in the future. With a broad portfolio of technology options, VNG aims to pave the way for future security of supply and create positive effects along the gas added-value chain. However, the geopolitical risks relating to gas imports will remain in effect, even in a future climate-neutral gas market.

## OUR MANAGEMENT APPROACH

Diversity is VNG’s strength – by acting together, we are in a position to provide a broad portfolio of services that covers most of the gas added-value chain, and make a significant contribution to maintaining security of supply.

With a total pipeline network of approximately 7,700 kilometres, the modern and sophisticated ONTRAS gas network is an integral part of the German and larger European gas transport system. In addition to transporting gas over long distances, this network interconnects VGS gas storage facilities.

VGS has four underground gas storage facilities with a total storage capacity of 2.4 billion cubic metres. This makes VGS one of the largest gas storage operators in Germany. The large VGS storage capacities are

<sup>32</sup> The basic energy for Germany - gas; → [Link to the document.](#)

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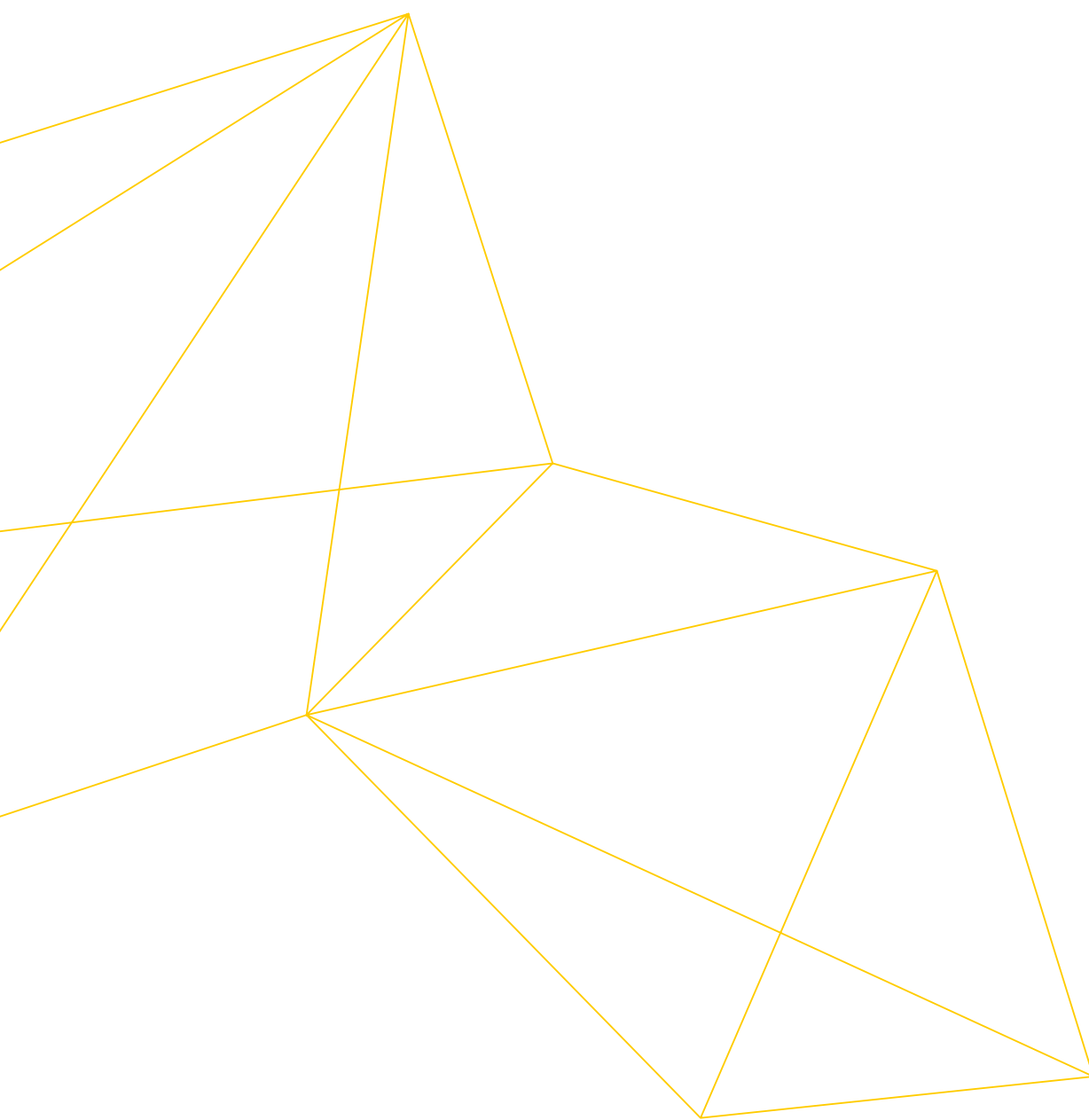
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primarily used to balance out seasonal and short-term fluctuations in gas demand. In the summer, when the general demand for gas decreases, the gas storage tanks can be filled. In winter, when demand is higher, the gas can then be withdrawn from the storage and delivered to end consumers, for example via the ONTRAS network. The large storage capacities, such as those of VGS, form the backbone of a secure and reliable gas supply, as do the transport pipelines of transmission system operators such as ONTRAS.

VNG’s goal, working together with ONTRAS, is to ensure the constant availability and operational readiness of its own gas infrastructure. For this purpose, modern methods of maintenance and servicing are applied and continuously developed.

In the trading sector, VNG succeeds in supplying natural gas securely and in line with contracts, primarily through gas procurement close to the sources of supply, reliable trading logistics and integrated portfolio and risk management. A broadly based gas procurement portfolio is a fundamental prerequisite in this regard. Building on the existing network and our many years of experience, the aim is to expand our proven supply partnerships with Norway and elsewhere, while also developing relationships with new suppliers. In addition to pipelined gas imports, the focus is also on LNG transactions.

As a major player in gas supply and an operator of critical infrastructure, VNG is subject to legal framework conditions for secure energy supply, such as the Energy Industry Act (“EnWG”) and the Energy Security Act (“EnSiG”). VNG also acts within the framework of the German government’s *Prevention Plan Gas and Gas Emergency Plan* in case of a supply crisis.

The VGS underground gas storage facilities are operated on the basis of the Federal Mining Act. The approving authority is the competent state mining office. Together with other German transmission system operators, ONTRAS was responsible for adapting the gas network to the changed transport requirements resulting from the elimination of Russian gas. At the same time, in the event of an imminent or actual gas shortage, the measures specified in the EU’s SOS Regulation should be applied to ensure a continued secure gas supply. Immissions control authorities and energy supervisory authorities are responsible for ensuring the reliable operation of the ONTRAS transmission system.

The companies have internal regulations and contingency plans which come into effect in the event of an incident with serious consequences for plant safety and security of supply and are coordinated with the relevant local authorities and emergency services.

These contingency plans provide for regular escalation up to company management and, if necessary, to the Group management. Communication and work processes at ONTRAS involve not only the executive team, but also the management of the crisis team, network operations, dispatching and capacity marketing of ONTRAS. Structures and measures are based on DVGW Code of Practice G 1002 (Organisation in the event of a crisis).

VGS is subject to the 12th Ordinance on the Implementation of the Federal Immissions Control Act (BImSchV), known as the Hazardous Incident Ordinance. As a result, it is required to evaluate its plant safety in safety reports and take technical and organisational precautions to avert danger and limit the conceivable effects of incidents as part of alarm and hazard prevention plans that are coordinated with the mining authorities at federal state level and the disaster control authorities of the respective local authorities. In order to ensure operational readiness in the event of an emergency, regular drills are carried out with fire brigades and disaster control authorities. An exercise of the STOREMAN<sup>33</sup> network took place in the cavern field of the underground gas storage facilities (UGS) Bernburg and Katharina in 2023. The 200-plus participants gained valuable insights for emergency organisation and crisis management.

<sup>33</sup> STOREMAN = Storage Emergency Management

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The annual plans for the maintenance and repair of the technical equipment are discussed and approved with the respective management. This is accompanied by a regular inspection of the technical safety management of the ONTRAS gas transport facilities and the VGS gas storage facilities by the DVGW. Key business departments for securing supply are directly linked to the respective management.

In line with unbundling requirements, the VNG Executive Board reports on the most important activities relating to security of supply at the regular Supervisory Board meetings.

Furthermore, VNG is also involved in various national and international committees and trade associations that promote the issue of ensuring security of supply.

The continuous dialogue of ONTRAS with the upstream and downstream network operators, the Trading Hub Europe (THE) in Germany, which is responsible for the market area, and with the European gas network operators is particularly noteworthy.

In addition, ONTRAS is a member of the *European Hydrogen Backbone* (EHB) initiative, which aims to promote security of supply in a future European hydrogen market. As one of the major German transmission system operators, ONTRAS is also playing a key role in the process of implementing a national H<sub>2</sub>-core network, which is to be anchored in the EnWG (Energy Industry Act) in the first half of 2024.

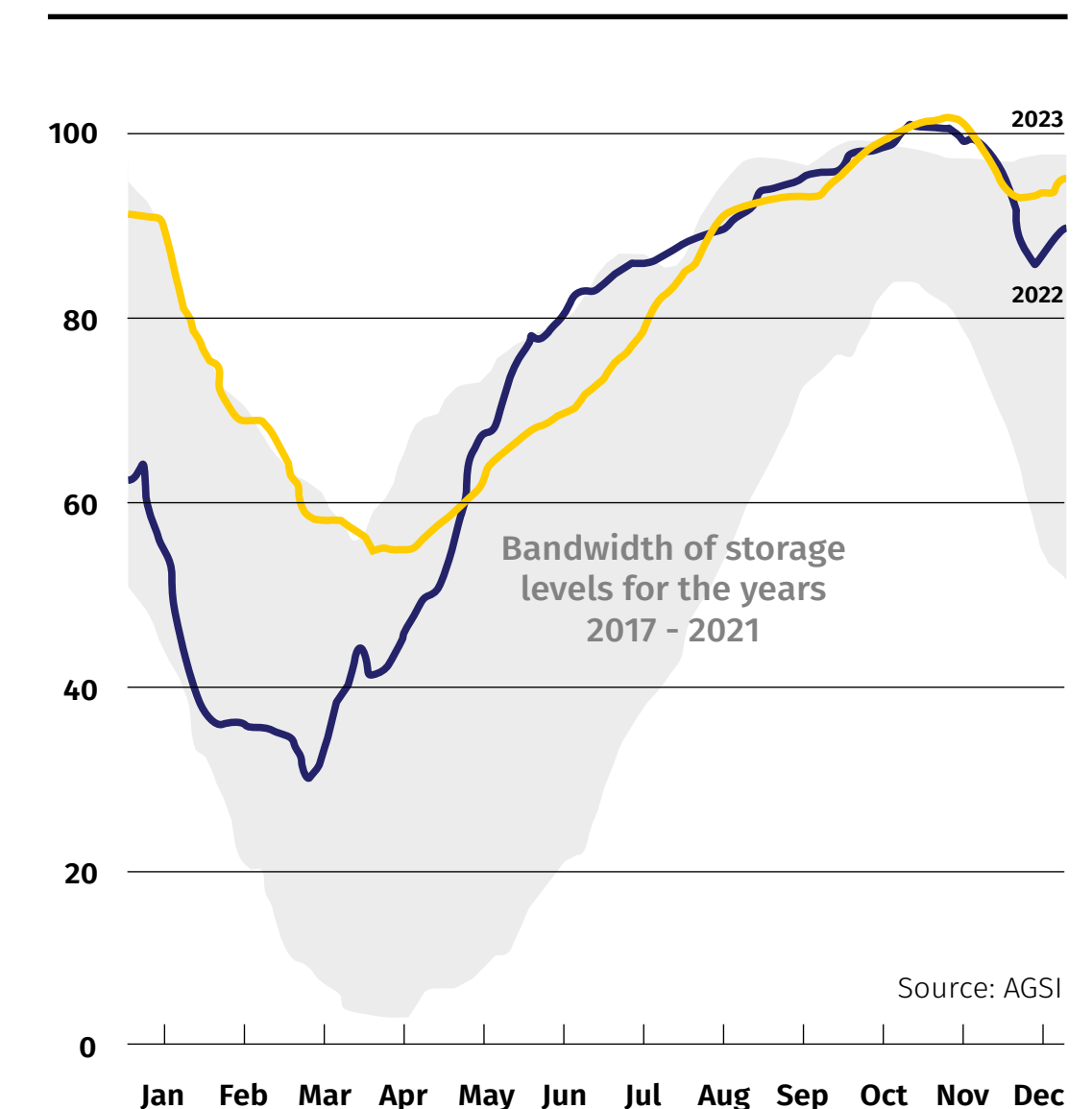
VGS is a member of the *Initiative Energien Speichern e.V.* (INES) and is actively involved in initiatives relating to the current and future security of the supply of natural gas and the transformation towards hydrogen storage.<sup>34</sup>

### PROGRESS AND ACTIVITIES IN 2023

Last year, VGS's underground natural gas storage facilities once again made a reliable contribution to the fulfilment of its security of supply mandate. All legal filling level requirements were exceeded; the 2023/24 heating season started with storage levels of over

100 percent in some cases. This overfulfilment was a result of the gas composition as well as physical and thermodynamic effects. On 1 April 2023 – at the end of the 2022/23 heating season – a storage fill level of 56 percent was achieved across VGS.

#### Development of VGS gas storage levels in %



Source: AGSI

<sup>34</sup> Other initiatives, memberships and working groups in which VNG participates are covered in → [Transparent communication and stakeholder dialogue](#)



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In retrospect, it can be stated that VNG fully fulfilled its mandate to ensure security of supply in the volatile and unstable year 2023.

For VNG, the increasing integration of decarbonised or climate-neutral gases in the energy system is not just a response to the desired decarbonisation; it also represents an essential step forwards for us as we strive to guarantee security of supply in Europe and Germany in the future. For this reason, VGS and also ONTRAS intend to make existing storage facilities and suitable gas pipelines available for the technological use of hydrogen (H<sub>2</sub> readiness) and to build new ones. VNG along with its partners is setting important milestones in this respect with wide-ranging innovation projects<sup>35</sup> such as the *Bad Lauchstädt Energy Park*. Another example is the HYPOS innovation project, which has begun work on a future hydrogen storage facility on schedule and will contribute to a secure, sustainable and economical energy supply. The future ONTRAS H<sub>2</sub> grid is an integral part of the EHB initiative. According to the plans, this initial network in Eastern Germany will be a good 900 kilometres long by 2032. ONTRAS already makes it possible to gradually add climate-neutral gases by feeding biogas into 23 plants and hydrogen or synthetic methane into the natural gas grid in two power-to-gas plants.



In addition, VNG H&V concluded a cooperation agreement with TE H2, a subsidiary of the French company TotalEnergies, in 2022. Since then, regular dialogue has taken place in order to further expand the partnership and move closer to the goal of a binding supply contract. Under this agreement, green ammonia will be imported from Chile so that it can then be sold on the German or wider European market from 2028 onwards.

Biogas is also coming into focus in light of current geopolitical developments. Since it can be produced and used regionally, it also reduces dependence on gas imports. VNG is committed to expanding its plant portfolio through its subsidiary BALANCE. The ambitious growth of the biogas sector is expected to stay steady over the coming years. In the meantime, BALANCE's 40 biogas facilities supply around 57,000 households with renewable electricity and 63,000

households with biomethane. In addition to helping VNG to ensure a reliable gas supply, these investments make the company a key employer, especially in rural areas. By involving regional service providers and suppliers, these investments support the local economy. Investment flows in projects along the green gas added-value chain will secure jobs at decentralised locations over the long term.

The year 2023 will also go down as a historic year in the history of VNG. On 27 November 2023, the first supply contract for green hydrogen in Germany was signed between *Bad Lauchstädt Energy Park* – represented by Uniper and VNG via the Joint Venture Elektrolyse Mitteldeutschland GmbH - and TotalEnergies Raffinerie Mitteldeutschland GmbH. This will actively drive forward the ramp-up of a decarbonised hydrogen economy. Deliveries are scheduled to begin in the second half of 2025.

<sup>35</sup> A detailed overview of the current project landscape can be found in → [chapter Research and development](#)

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### BAD LAUCHSTÄDT ENERGY PARK

#### Production, storage, transport and supply of the energy of tomorrow

The *Bad Lauchstädt Energy Park* is located between Teutschenthal and Bad Lauchstädt in the Saalekreis district of Saxony-Anhalt in the centre of the Central German mining district. The *Bad Lauchstädt Energy Park* is a production-scale real-world laboratory for the intelligent production of green hydrogen and its storage, transport, marketing and use. This “real-world laboratory for the energy transition” is testing the entire added-value chain of green hydrogen on an industrial scale for the first time. Sunfire’s 30 MW large-scale electrolysis plant uses renewable electricity from the nearby wind farm to produce green hydrogen. Temporarily stored in a salt cavern specially created for this purpose, the green hydrogen can be fed into the hydrogen supply network for the chemical industry in Central Germany via a converted 25 km gas pipeline and used for future urban mobility



solutions. The real-world laboratory contributes to research into tomorrow’s green hydrogen technologies, bringing them to market maturity – for a technologically strong and future-oriented hydrogen-based economy in the Central Germany region and successful intersectoral energy integration throughout the Federal Republic. The project is being realised by a consortium consisting of seven companies. These include Terrawatt Planungsgesellschaft mbH, Uniper Hydrogen GmbH, VNG Handel & Vertrieb GmbH,

VNG Gasspeicher GmbH, ONTRAS Gastransport GmbH, DBI – Gastechnologisches Institut gGmbH Freiberg and VNG AG.

The project was launched in September 2021; the planning and approval phase was concluded with a positive investment decision. The project has been under construction since June 2023. The commissioning of all sub-systems is scheduled for 2025.

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### A real pioneering role

By producing and supplying green hydrogen, the project is making a significant contribution to decarbonising the chemical industry and the energy supply in Germany. It also demonstrates a unique storage option for renewable energies, which is important for balancing out fluctuations in demand. In Eastern Germany, there is a potential demand of around 49 terawatt hours by 2050 from energy-intensive industries and the mobility sector.<sup>36</sup> The current annual hydrogen demand in Central Germany is around 3.6 billion cubic metres, which is currently covered by grey hydrogen.<sup>37</sup> The *Bad Lauchstädt Energy Park* is already having a very practical effect on CO<sub>2</sub> emissions during operation: The real-world laboratory produces 145 gigawatt hours of electricity per year with wind turbines, from which 26.9 million standard cubic metres of hydrogen are produced annually. This avoids the release of 28,000 tonnes of CO<sub>2</sub> per year that would otherwise be produced during the generation of grey hydrogen. The wind farm and the electrolyser have each received a licence in accordance with the Federal Immissions Control Act (BImSchG).

There is a huge demand for hydrogen in the entire chemical triangle in Central Germany, which is currently still being met by grey hydrogen produced from natural gas via the existing hydrogen pipeline from Leuna. Green hydrogen can also be fed into this pipeline via the gas pipeline to be converted to hydrogen in the project and thus made available to other customers. During the trial phase of the real-world laboratory, the first hydrogen will be delivered to the TotalEnergies refinery in Leuna. In the future, the hydrogen can also be transported to other regions via neighbouring infrastructures – IPCEI Green Octopus Central Germany and LHyVE – and the H<sub>2</sub> core network that will be created throughout Germany by 2032.

A total project volume of around 210 million euros is being invested in the future of the hydrogen region of Central Germany. As a “real-world laboratory for the energy transition”, the majority of the project modules are funded with around 34 million euros from federal funds under the 7th Energy Research Programme



of the BMWK. The seven consortium partners are also contributing just over 103 million euros to the real-world laboratory. Terrawatt Planungsgesellschaft mbH is investing an additional 73 million euros in the wind farm at Bad Lauchstädt Energy Park. This major investment is therefore a central component of a secure and sustainable energy supply in the Central Germany region.

<sup>36</sup> See Fraunhofer IEG: H<sub>2</sub>-Masterplan for Eastern Germany, 2021.

<sup>37</sup> HYPOS: Joint study on the hydrogen network in Central Germany, 2022 → [Link to the document.](#)

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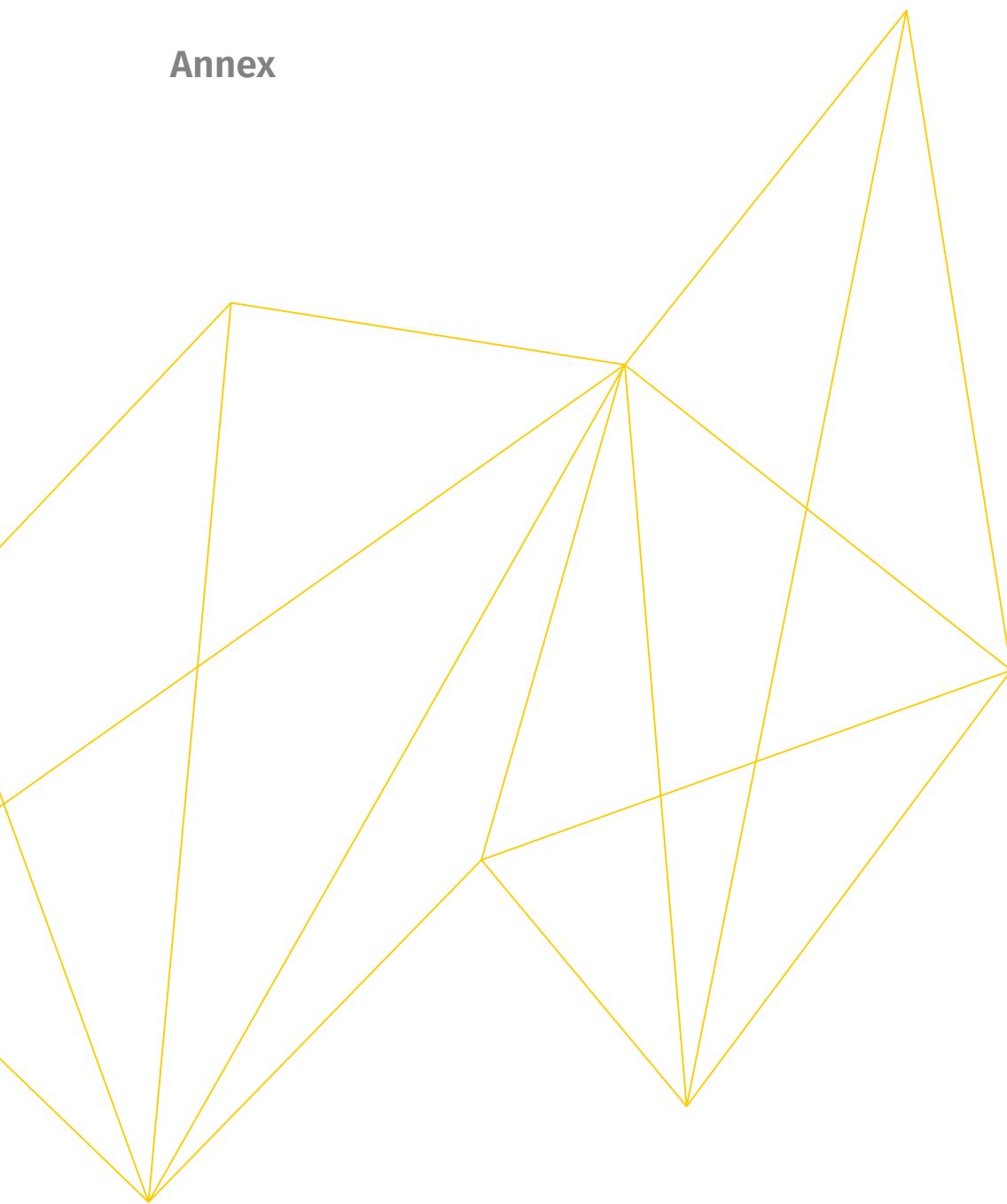
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# Occupational safety and health promotion

Occupational health and safety and health promotion are necessary prerequisites for the success of the VNG Group, because people are the most important asset for the economic and safe operation of systems and work processes. For this reason, and with a clear sense of responsibility for its employees, VNG has made the protection and promotion of employee health its number one aim as a company.

In addition to the risk of injuries from occupational accidents, there is a long-term risk of potential health hazards for employees due to spending long hours in a sedentary position and working on computers. Potential health and safety impacts affect both the company's own employees and those in the added-value chain. To prevent these risks, VNG has introduced a wide range of occupational health and safety initiatives and training programmes. In addition, some companies in the VNG Group have introduced the ISO 45001 management system for this purpose.

## OUR MANAGEMENT APPROACH

VNG aims to foster a modern, friendly and, above all, safe working environment for its employees. We want to prevent accidents and work-related illnesses while constantly improving our efforts in the area of health promotion and occupational safety for our employees.



These risks are countered by providing various offers and measures related to occupational safety and health promotion and by requiring employees to attend training sessions on these topics. The possibilities of mobile working are having a positive impact, as they help employees to maintain a healthy work-life balance.

Modern occupational safety equipment is provided for every company in the VNG Group in order to achieve the above objectives. Furthermore, various preventive benefits are offered by VNG companies, including health check-ups, vaccinations (for example flu vaccinations), subsidies for glasses for people working with screens, active short breaks as well as mobile physiotherapy on the company premises (paid for by employees) and supplementary company health insurance.

To ensure the safety of our employees, we hold regular training courses and carry out workplace, site and construction site inspections on an ongoing basis.

At VGS and ONTRAS, for example, these measures are incorporated into the integrated management systems in accordance with the requirements of ISO 9001, ISO 14001 and ISO 45001.

VNG's Code of Conduct sets out the principles which ensure the health and safety of our employees. It lays out how we expect our employees to fully comply with all applicable legislation while continuously striving to avoid negative effects of Group activities on health.

Constant improvements in the working environment and extensive preventive measures are used to for maintain the health, performance and job satisfaction of employees.

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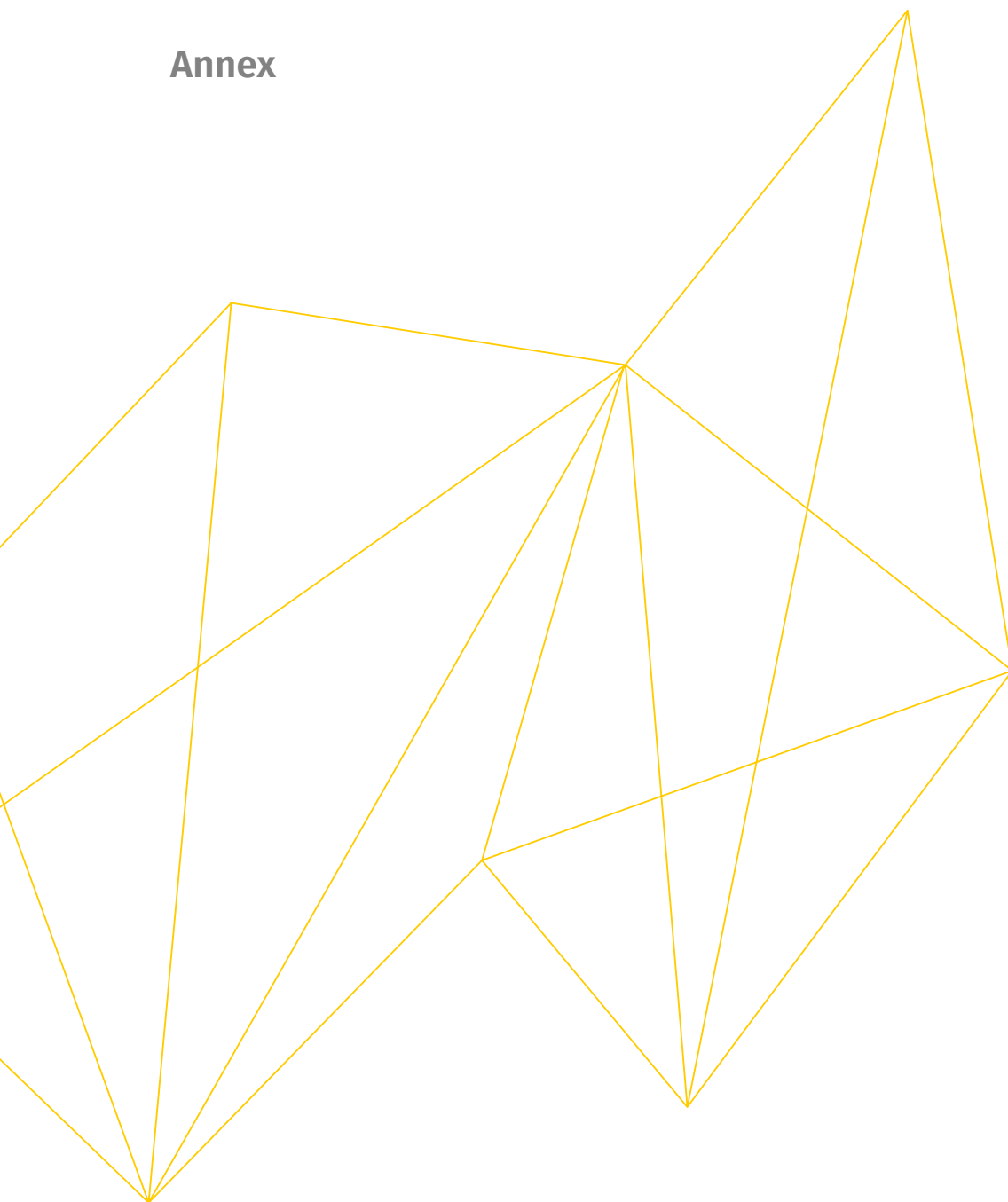
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## Occupational safety and health promotion

### Occupational safety and health promotion in the companies

In addition to the aforementioned VNG principles for health and safety, the individual companies have established internal policies and company agreements on occupational health and safety, preventive occupational medicine, non-smoker protection, company reintegration management and the COVID pandemic.

Each VNG company is responsible for managing these issues itself. This usually involves a Health-Safety-Environment (HSE) manager or an HSE organisational unit, which reports directly to the management of the respective company. In some cases, contracts exist with external service providers which provide support. Occupational health and safety committees are established in companies with more than 20 employees and meet on a regular basis. These committees includes representatives from management and the Works Council, the safety specialist, the company doctor, safety officers and HSE employees.

In addition to legal requirements, the companies operating gas systems are also subject to the DVGW rules and regulations, which form the basis for all activities in the gas and water industry. It includes

technical rules and provides certainty about our conduct and legal position. Last but not least, safe operation of the plants is also a prerequisite for the safety of our employees.

► VGS

As an operator of gas storage facilities, VGS is also subject to the Federal Mining Act and the Major Accidents Ordinance. VGS complies with all related obligations in the area of occupational health and safety and health promotion. Through their membership in the DVGW, companies that operate infrastructure, such as VGS, are in constant contact with other companies that operate gas infrastructure or gas storage facilities.

► BALANCE

BALANCE is a member of the German Biogas Association, which meets on a regular basis to discuss plant safety in working groups. For VNG, an important parameter for assessing occupational safety is LTIF (Lost Time Injury Frequency)<sup>38</sup>. In this context, a monthly accident report for the VNG Group is submitted to the Executive Board of VNG AG. The management of ONTRAS submits reports about accidents to its Supervisory Board on a regular basis, primarily in meetings, and provides key figures for VNG AG once a year.

The HSE contacts at VNG AG, VNG H&V, VGS and BALANCE meet for regular meetings to discuss current issues in the companies and ways of working together. Within the VNG Group, VNG AG acts as the interface to EnBW. Regular reports on the topics of occupational health and safety and health promotion are provided at the meetings of the Supervisory Board of VNG AG. These includes regular reports about accidents (LTIF).

► Ontras

The initiative *Achtsame.ONTRAS* [Mindful.ONTRAS] gives employees and external parties such as safety and health coordinators or construction companies an opportunity to work on topics related to accident prevention and safety culture.

ONTRAS is also a member of the Verband Sichere Transport- und Verteilnetze / KRITIS e.V. (VST) and the Centre of Safety Excellence (CSE), where it is actively involved in working on occupational safety issues.

### Management systems

For many years, VGS, ONTRAS and GDMcom GmbH have had certified integrated management systems that, in addition to the requirements of ISO 9001 for quality management and ISO 14001 for environmental management, also meet the requirements of the standard ISO 45001 (management systems for safety

<sup>38</sup> The LTIF indicator is used to measure the accident rate. It measures the frequency of accidents in relation to the number of hours worked.

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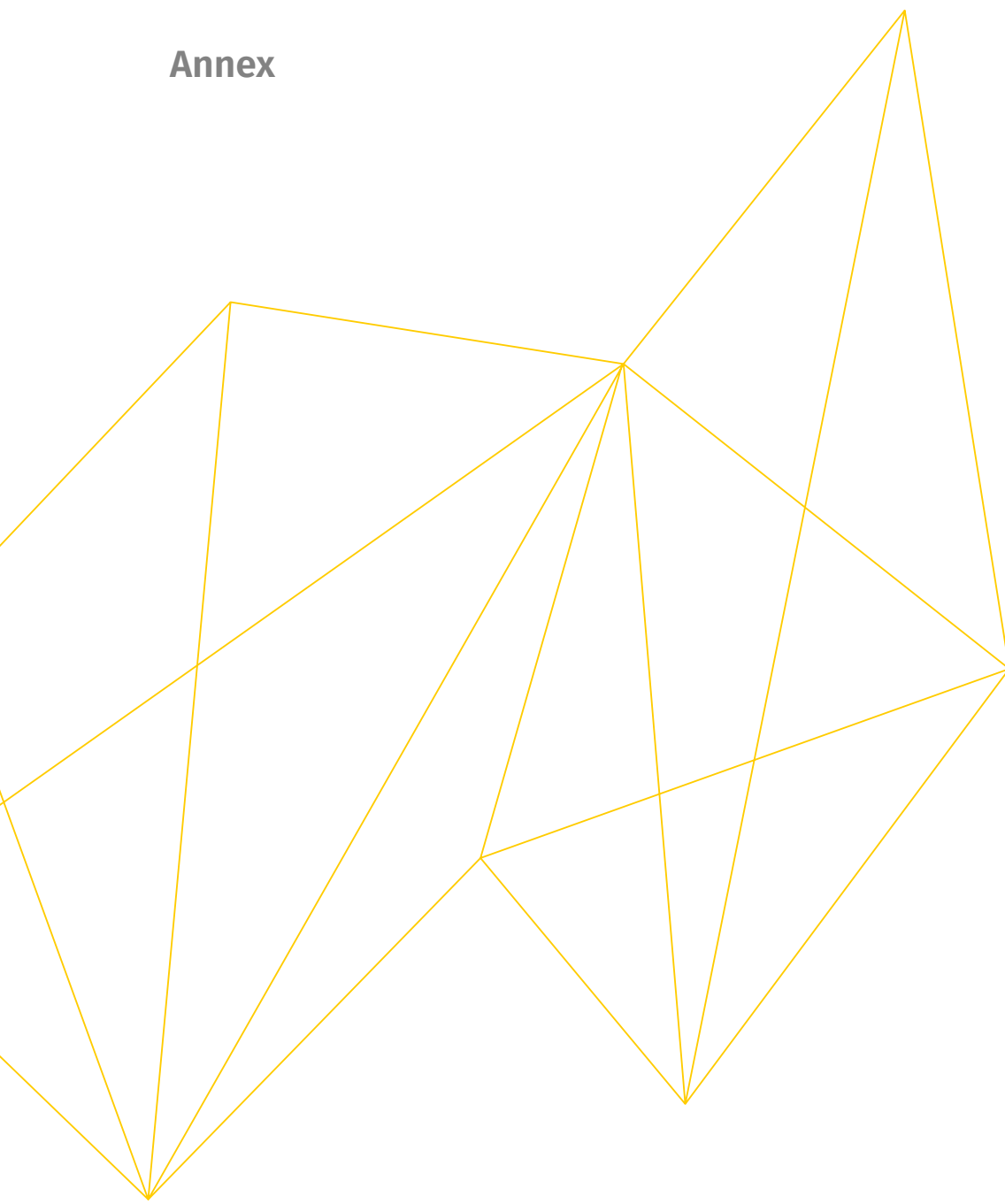
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## Occupational safety and health promotion

and health at work). In 2023, VGS underwent its third re-audit for certification of the integrated management system and was awarded a new certificate.

In addition to external audits, VGS and ONTRAS also carry out regular internal audits. As operators of gas infrastructure, the two companies have also been audited by DVGW experts in accordance with the requirements of DVGW Code of Practice G 1000 (Technical Safety Management).

All employees at VGS, ONTRAS and GDMcom are covered within the scope of the existing ISO 45001 certification of VNG’s consolidated companies. This represents around 42 percent of all employees of the VNG Group included in the scope of consolidation (as of 31 December 2023). BALANCE intends to achieve ISO 45001 certification in the coming years.

VNG AG, VNG H&V, VGS and ONTRAS have also been successfully certified by berufundfamilie Service GmbH.

### Hazards and accident reports

The companies assess the degree of risk involved in each case on the basis of regular risk assessments for various activities and workplaces. Potential hazards in the workplace are identified through visits, measurements and by analysing occupational

accidents and near misses. Taking these risks as a starting point, the preventive measures derived from these assessments include the provision of appropriate personal protective equipment, the development of operating instructions or additional safety instructions to ensure occupational safety.

Accidents are recorded using standardised processes which differ from company to company. These include the initial accident report and – depending on the nature of the accident – the accident analysis with the involvement of the respective safety specialists. The measures for the prevention of future accidents are defined, discussed and implemented with the responsible persons involved. The implemented measures are monitored, especially in the event of an occupational accident at a gas facility. The companies have a range of different internal regulations in place to govern this process. Employees are also encouraged to report unsafe situations within the framework of a well-established safety culture. At VGS and VNG AG, for example, this is anchored in the accident reporting guideline. If any unsafe situations or accidents occur, employees need not fear any negative repercussions. At a Group level, all workplace accidents and commuting accidents are reported to the Executive Board of VNG AG on a monthly basis.<sup>39</sup>

Our suppliers and service providers are selected on the basis of company-specific occupational health and safety criteria and subjected to a supplier assessment so that we can make sure that they meet the necessary standard. Service providers acting on behalf of VGS, for example, must confirm their specified safety requirements for companies in writing. We also evaluate the accident history of contracted service companies in the course of their activities for VGS. As part of the supplier assessments, VGS also evaluates the service providers’ compliance with safety and environmental standards after the service has been rendered.

### Healthcare

The German Act on Preventive Occupational Medicine (ArbMedVV) was implemented at VNG, VNG H&V and VGS together with the Works Council in the company agreement on occupational medicine. In addition to regular occupational health examinations to identify potential health hazards in the workplace, employees are also offered protective vaccinations and more extensive preventive examinations. An external occupational health service is commissioned to provide preventive occupational healthcare.

<sup>39</sup> Excluding ONTRAS and its subsidiaries.

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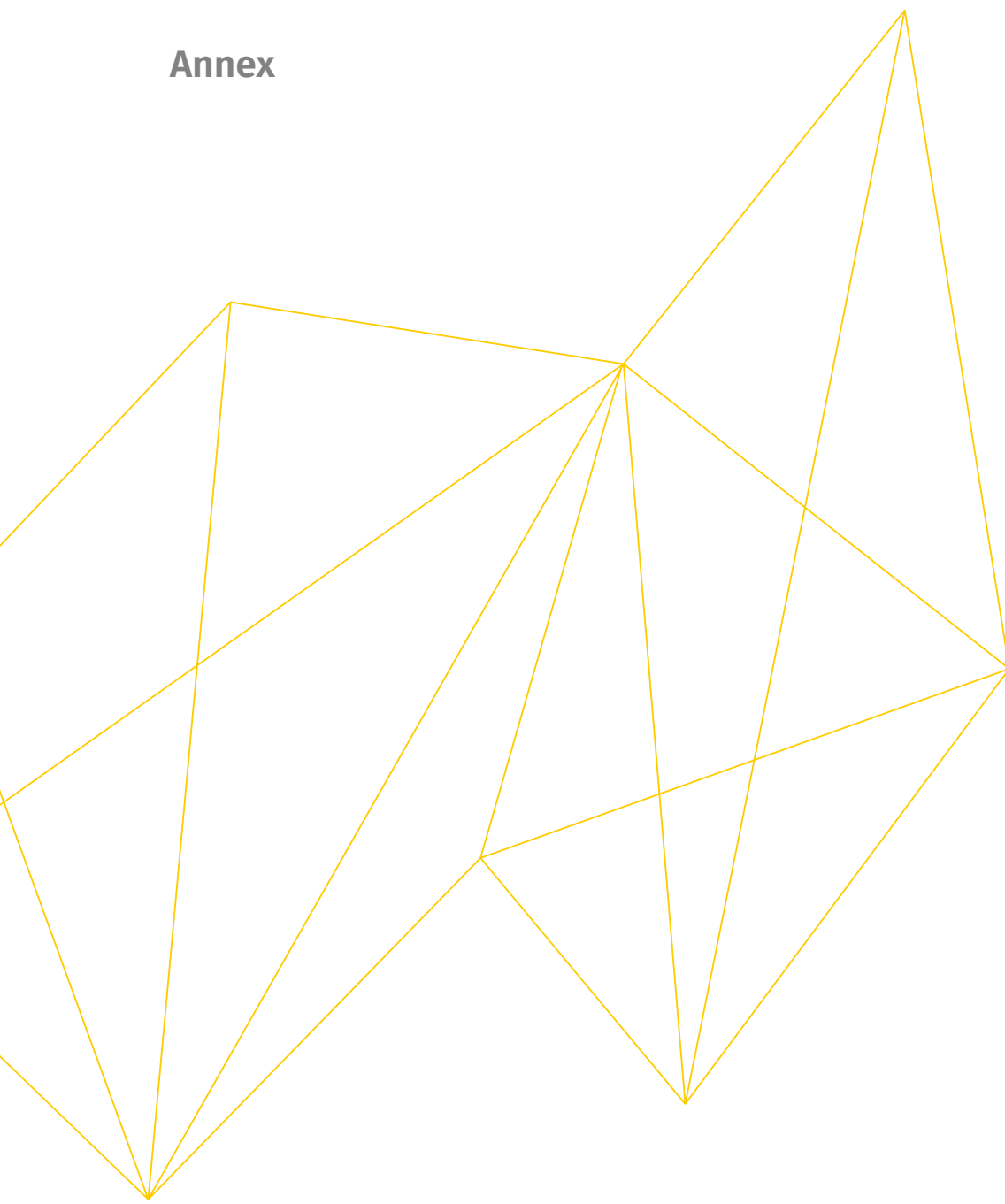
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## Occupational safety and health promotion

As part of the risk assessment for mental stress, the employees of the VNG Group are regularly asked about stress at their workplace.

### Participation of employees

Promoting the health of our employees is a top priority for VNG. The company's occupational health management system and numerous benefit programmes make an important contribution to keeping our employees healthy.

The involvement of employees in occupational health and safety and health promotion is facilitated by occupational health and safety committees at the respective companies and ensured with regular training. Employees are encouraged to bring problems and suggestions to the attention of the responsible individuals in their respective companies at any time. In order to maintain and improve the level of knowledge of the employees, annual as well as ad hoc training is provided – either online or face-to-face, depending on the subject matter. The content

primarily covers issues such as occupational health and safety and fire protection, as well as internal regulations. Special training is provided regarding the hazards associated with different jobs, particularly in the operating divisions. Appropriate emergency organisations are also trained to handle incidents which have a direct impact on the company and its operations, on persons, the environment or facilities. Drills are scheduled with external partners – including local fire departments, authorities and the police – to make sure that the emergency organisation is fit for purpose. Regular training sessions are held for assigned personnel, such as first responders and evacuation assistants.

In addition to mandatory training, the online training tool VNG Training Campus<sup>40</sup> offers a wide range of optional training options for employees, particularly on preventive health care and topics such as burnout, first aid, brain training and mental fitness, maternity cover, resilience, good sleep and stress management.

<sup>40</sup> The training offers of the VNG training campus are not available to the employees of ONTRAS and its subsidiaries in line with unbundling legislation. ONTRAS has its own training management platform in the form of the ONTRAS.Academy that ensures employees have access to training and development opportunities.





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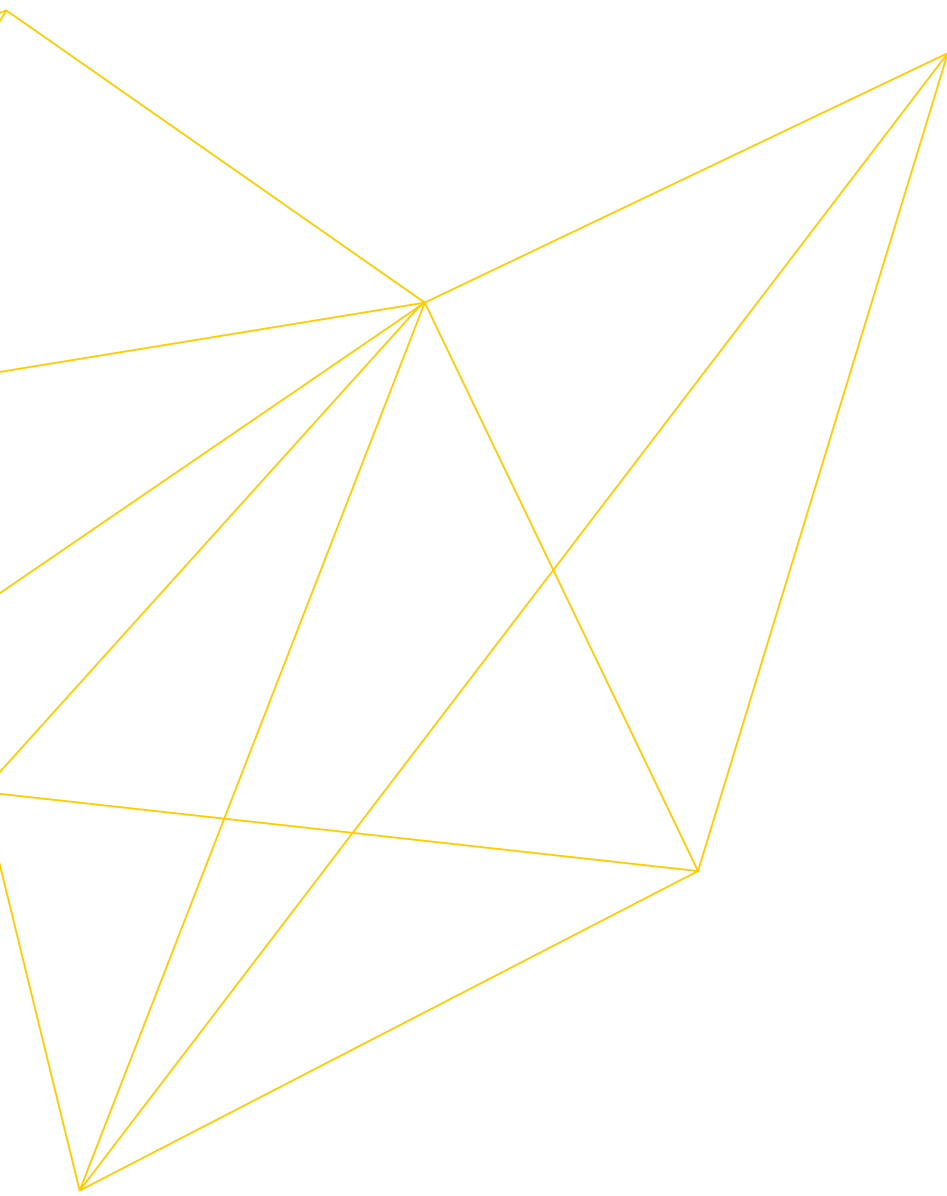
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# Occupational safety and health promotion

## PROGRESS AND ACTIVITIES IN 2023

Compliance with the standards is reviewed by the companies on a regular basis. LTIF is the main parameter used when assessing the effectiveness of occupational health and safety measures. VNG aims for the LTIF of the VNG Group to be the same as the previous year or better each year. This target was not achieved in 2023: at 2.4, the LTIF was significantly lower than in the previous year (0.4).

	2023	2022
<b>LTIF (Lost Time Injury Frequency)<sup>41</sup></b>	<b>2.4</b>	<b>0.4</b>

Despite extensive efforts and progress to establish and further develop a safety culture in the growing Biogas division, VNG recorded an increase in occupational accidents in 2023.

The number of minor accidents remained at the previous year's level. Accidents on the way to and from work have remained at a constant low level. An analysis of the safety culture at several companies was carried out in recent years with the help of an external service provider. The measures derived from

the findings brought about significant improvements – both in the understanding of the need for occupational health and safety, and in how it is organised. New elements, particularly at operating companies, include the introduction of pre-job safety briefings and the implementation of behaviour-based safety inspections. Despite the progress made in the division, the accident figures show that there is still room for improvement, particularly in the area of work preparation.

At VGS, the quality of the management systems and organisational structures is of central importance. Since obtaining certification for its Integrated Quality, Environmental, Safety, and Health Management System in the 2014 financial year, the company has undergone annual evaluations. These not only affirm the high quality of its work processes and the effectiveness of its Integrated Management System but also recognise an ongoing commitment to continuous improvement. During the third re-audit, VGS was able to prove that its integrated management system fulfils the requirements of ISO 9001, ISO 14001 and ISO 45001.

The measures already introduced in the past to further develop the safety culture at BALANCE were continued to ensure continuous improvement. To promote high productivity and safety standards, the

majority of the plants were assessed using the 6S Lean method, a systematic approach to improving the workplace. The aim is to create standardised and orderly workplace to conserve resources (for example, minimising unnecessary time spent searching), to improve workplaces in terms of ergonomics and safety, to avoid productivity losses due to injuries and work-related illnesses and to minimise the risk of accidents. In addition, safety communication with the decentralised plants has been intensified. Accident investigations are carried out with those affected on site and communicated to the public as part of the monthly “Learning from accidents” report. Further awareness-raising in the workforce took place via short safety briefings based on identified accident blackspots or seasonal hazards.

At the end of 2023, managers were trained on the topic of “Managers - Responsibility in Occupational Health and Safety”; a reporting tool was subsequently developed. With this, the managers responsible for the biogas facilities can independently document occupational health and safety measures that have been initiated or implemented and report them to the HSE department/management. These include inspections, improving order and cleanliness and eliminating sources of danger.

<sup>41</sup> Number of accidents with downtime (1 day or more) per 1 million working hours.

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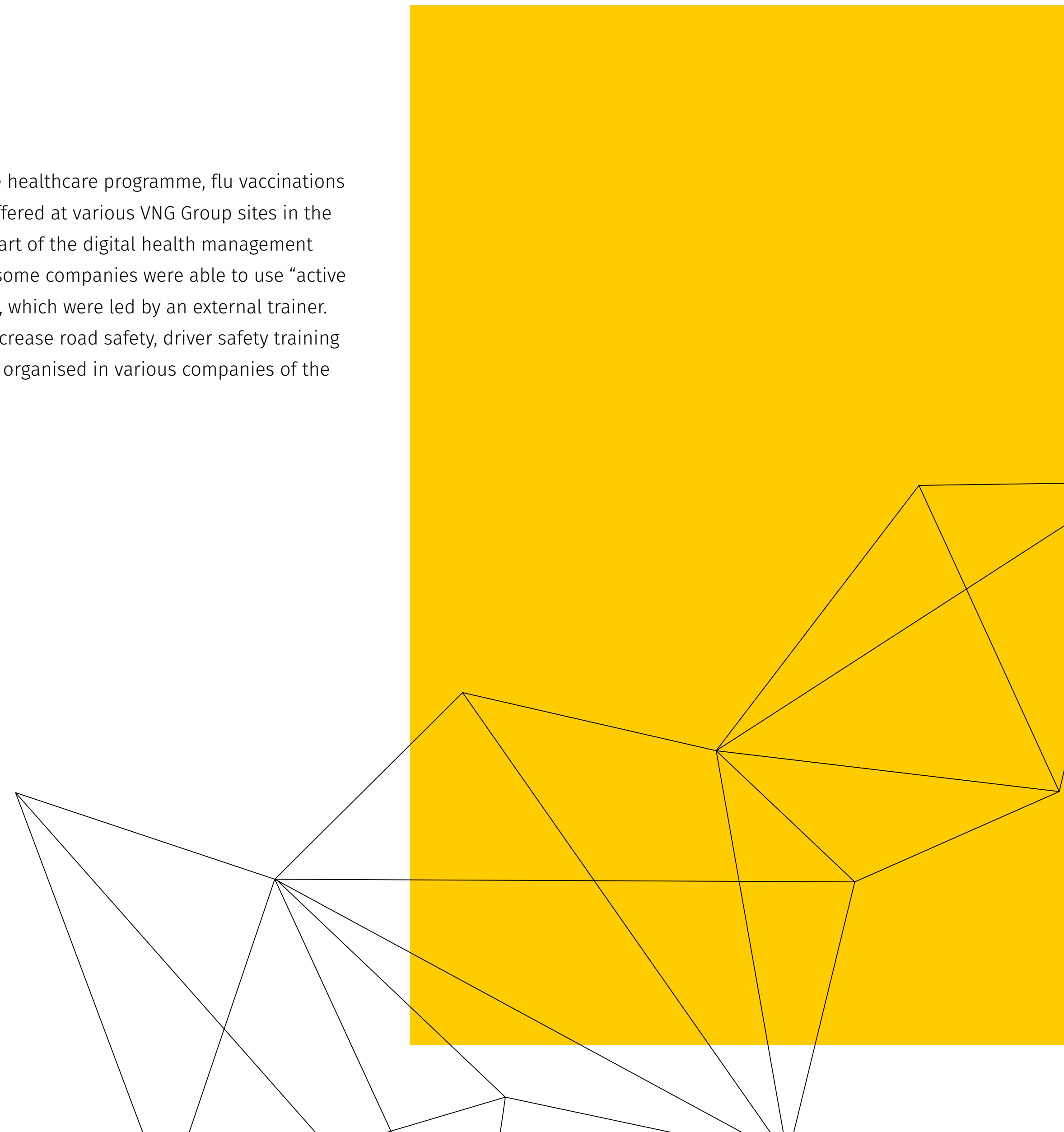
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## Occupational safety and health promotion

ONTRAS intensified its cooperation with its building contractors within the context of the initiative *Achtsame.ONTRAS* [Mindful.ONTRAS] with the aim of increasing occupational safety on construction sites and continuously improving the safety culture. A construction site regulation was developed that applies to all ONTRAS construction sites. It sets a standard for occupational safety and standardises safety documentation on construction sites. In order to constantly raise awareness among service providers, there is also a continuous exchange on occupational health and safety, including in the form of an annual safety conference.

To intensify the intra-company transfer of knowledge, a Group-wide exchange of experience on the topic of occupational safety was held again in 2023 with HSE representatives from various companies in the VNG Group. Safety inspections of biogas facilities were also carried out by the Executive Board of VNG AG. As the number of infections declined during the coronavirus pandemic and the official requirements relevant to the company no longer applied, the existing measures to protect employees from coronavirus were completely cancelled in spring 2023.

As part of the healthcare programme, flu vaccinations were again offered at various VNG Group sites in the autumn. As part of the digital health management programme, some companies were able to use “active short breaks”, which were led by an external trainer. In order to increase road safety, driver safety training courses were organised in various companies of the VNG Group.



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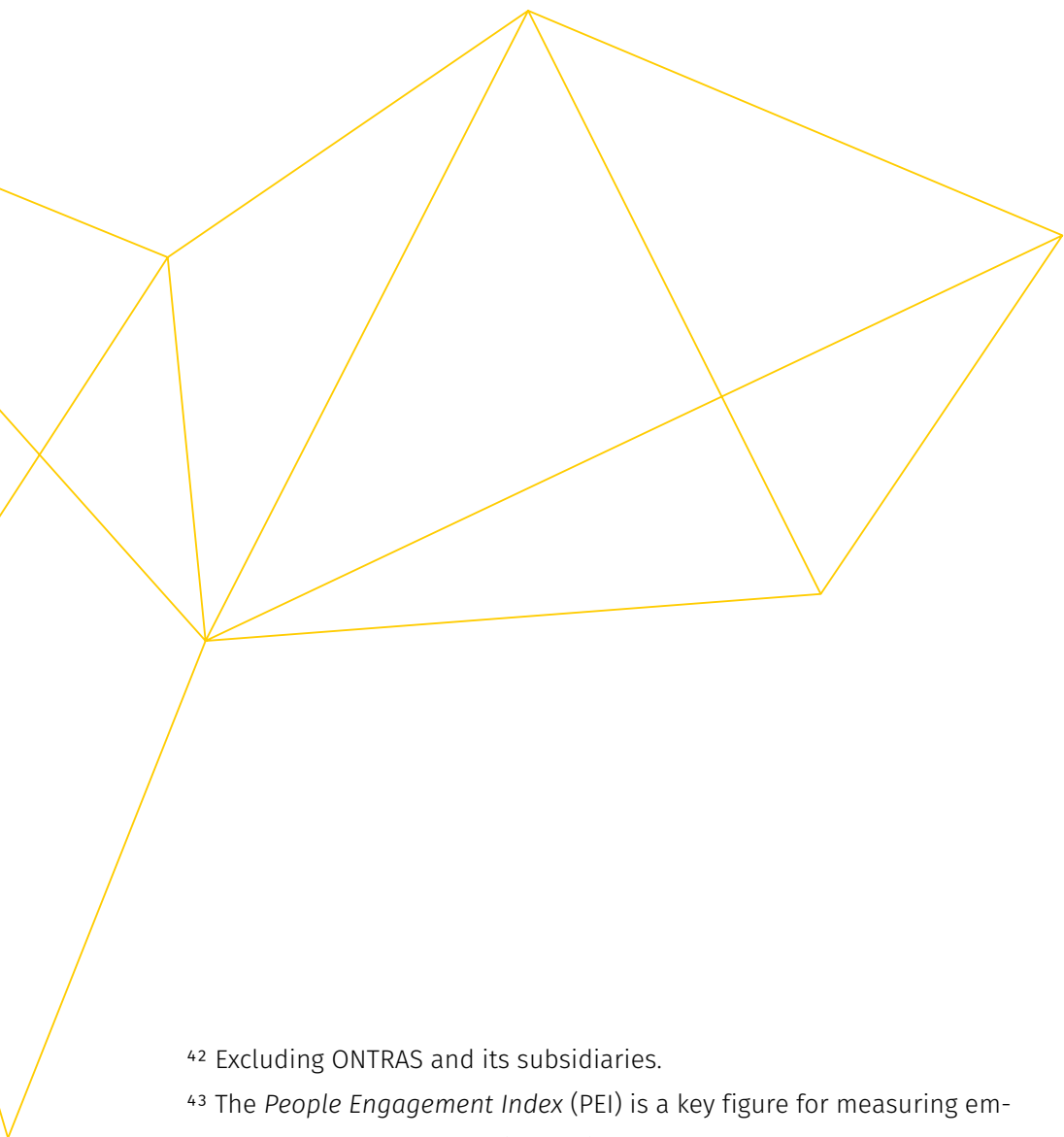
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## Employee development

In times of increasing automation and digitalisation, the knowledge and personal skills of employees play a crucial role in our ability to remain competitive, customer-oriented and attractive to young talent. Ongoing education and training opportunities ensure that the skills and abilities of employees are kept up to date so that the VNG Group can continue to develop on a financially sound basis and secure or gain market share by launching innovative products and services. This applies all the more in the context of the strategy to gradually decarbonise the business of VNG and its subsidiaries.

Continuous learning and personal development are multi-faceted processes that can take place on a large or small scale. In addition to providing VNG with the know-how it needs to adapt to current innovations and allowing employees to realise their ambitions, a commitment to a positive culture of learning and constant development are the best way to prepare for an uncertain future. The key word here is empowerment for individuals in different roles as well as teams and the overall organisation.

VNG provides in-service training opportunities which significantly support the personal, professional and methodological development of its employees. In addition to this entrepreneurial view, the VNG Group's

in-service training programmes offer each employee individual development opportunities that can be tailored precisely to the work environment or personal strengths and areas needing development. These offers can have a real positive effect for VNG and make a vital contribution to employee satisfaction and loyalty.

### OUR MANAGEMENT APPROACH

#### Overarching organisation and responsibilities

Responsibilities for training and development activities are assigned to the Human Resources & Organisation of VNG AG<sup>42</sup>, which has a service provider function within the VNG Group. Within the HR department, Human Resources and Organisational Development is responsible for coordinating, implementing and evaluating training and development activities. Training measures are planned and implemented in close coordination with the HR business partners and the contact persons in the divisions and subsidiaries. Due to unbundling regulations, staff development at ONTRAS is handled by a separate HR department and implemented with independent development concepts.

The Executive Board of VNG AG and the management of the Group companies are informed about strategic

training projects and programmes and are involved in their design. Regular town hall meetings, quarterly Group-wide management dialogues and the weekly Executive Board meetings exist as platforms to share information and reach decisions. Annual employee surveys in the individual companies measure the success of this management approach. In order to achieve good statistical validity, the aim is to achieve a high level of participation in the employee surveys.

In the 2023 reporting year, the participation rate increased from 67 percent (2022) to 76 percent. The most important indicator determined by the surveys is the People Engagement Index (PEI)<sup>43</sup> – for VNG AG, VNG H&V, for BALANCE and VGS – or the Employee Commitment Index (MCI)<sup>44</sup> for ONTRAS. The PEI for the Group as a whole (excluding ONTRAS) remains at a high level (2023: PEI = 80; 2022: PEI = 81) and is thus above the global benchmark (2023: PEI = 74). With this result, the annual employee survey reflects the high level of employee satisfaction. In recent years, ONTRAS and its subsidiaries have been among the top ten percent of all companies surveyed in Germany, with an employee commitment index of over 70.

When designing its business practices, VNG takes into account all applicable laws, regulations and rules on training and further education in the interests of

<sup>42</sup> Excluding ONTRAS and its subsidiaries.

<sup>43</sup> The *People Engagement Index* (PEI) is a key figure for measuring employee loyalty and commitment in a company.

<sup>44</sup> The MCI is a measure of the degree to which employees are committed to the company and is made up of seven questions (overall satisfaction, reapplication, recommendation, identification, motivational climate, competitiveness and future viability).

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responsible, legally compliant business practices. Vocational training is subject to the Vocational Training Act (“BBlG”) as amended. Issues related to the co-determination of occupational training measures are handled on the basis of the Works Constitution Act (“BetrVG”). The corporate governance statement pursuant to § 289f HGB (German Commercial Code) sets out the company’s intentions regarding personnel development measures aimed at increasing the proportion of women in management positions. This goal is also taken into account in the personnel development projects, for example by providing additional counselling and personal development coaching services for women.

### Actively shaping personal development

Training and development opportunities also strengthen employee loyalty and make VNG a more attractive employer. Taking these interrelationships into account, the VNG Group has implemented an extensive range of measures and investments in recent years to foster a learning culture. These include the ability to learn remotely through the expansion of e-learning offerings and the design of blended learning formats.

The competencies considered critical to success from a talent management and strategic human resources planning perspective are also defined for VNG AG, VNG H&V, BALANCE and VGS. These represent a key focus

area of the training and development strategy and are reflected in the essential training offerings. These include skills such as digital literacy (in particular AI and data science), project management and self-organisation, as well as soft skills, such as openness to change, a sense of responsibility, efficiency, cooperation and ability to express enthusiasm.

VNG AG’s human resources and organisational development efforts help the employees of VNG AG, VNG H&V, BALANCE and VGS to actively shape their personal development in a tailored manner. Learning and development are part of VNG’s corporate DNA. Managers at every level of the hierarchy play an important role by advising their teams about the development opportunities which are available and the competencies and skills on which they should focus. In the long term, VNG aims to ensure that its managers act as talent managers so that strategic personnel development goals can be even more closely linked to operational requirements. To enable VNG managers to fulfil this task, the HR department has developed the Leadership Excellence 2030\* management development programme. The instruments provided include models, tools and sample scenarios that have a very high practical relevance and enable managers to actively increase the performance and motivation of their teams as role models and successfully manage the



<sup>45</sup> See also → [Side Story: Leadership programmes](#).

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implementation of the VNG 2030\* Group strategy.<sup>45</sup> In addition to this offer for managers, VNG also makes use of EnBW programmes such as FPlus, CareerCompass and MoveOn.

ONTRAS is pursuing a similar course in its management approach, with the added feature of exchanging with other gas transmission system operators (transmission system operators – TSO) like example Terranets BW and TransnetBW. ONTRAS also clearly emphasises the need for continuous professional development; it forms an integral part of its corporate values: “We are learning and developing”. Implicit in this claim is the attitude and willingness to try things out and acquire knowledge together across disciplinary boundaries.

Special attention is also paid to young professionals at VNG, i.e. the trainees, apprentices and dual students. This target group is supported by a special onboarding programme, mentoring and further training opportunities. Over the past few years, the group of young professionals has become a key component of the recruitment strategy. In the reporting year, the selection process for young professionals was revised and adapted to reflect the changing requirements of this target group. The Traineeship 2.0 project made trainee positions within VNG AG and individual subsidiaries

more attractive by improving the onboarding process, expanding the mentoring programme and providing additional seminar offerings.<sup>46</sup>

### Strengthening the VNG-wide learning culture

Throughout 2023, a particular focus was placed on the further expansion of the training and workshop programmes for VNG AG, VNG H&V, BALANCE and VGSfor BALANCE and VGS.<sup>47</sup> The new in-house training programme comprised more than 40 courses. In addition, there were 15 workshops specially tailored to the needs of the respective department, which were prepared and implemented by the HR department. In this case, too, increased internal and often event-related communication helped: it led to a significant increase in the number of participants and the number of training courses requested.

VNG has invested in training management software solutions to make access to training and development opportunities straightforward and efficient. It is working closely with EnBW, which has set trend-setting standards with its *Lernwerk* Learning Experience Platform (LXP). The planned acquisition of this LXP will facilitate improvements in skills and competence management, which in turn will result in a customised range of development opportunities. A new approach

to seminar management has improved the attendee experience – from a straightforward seminar booking process through to automated certificate creation workflows. Increasing digitalisation also makes it easier to determine the success of education and training programmes. In the future, key indicators such as training hours per employee or training costs per area will be directly available from software databases. Digitised training feedback also facilitates ongoing quality control and the evaluation of external service providers.

New forms of work such as remote working in hybrid or virtual teams require new competencies, particularly in the field of information and communication technology and in its application. In order to strengthen the company’s transformation capacity, there is special focus on abilities and skills of particular interest. As part of the *Digital Journey* transformation project, VNG AG developed the training concepts which were needed to make this happen and established cross-divisional competence centres. These centres use internal seminars to pass on their expertise in areas like the Microsoft Power Platform to VNG employees.<sup>48</sup>

The employees of VNG<sup>49</sup> have access to a wide range of training and development opportunities which can be requested from Human Resources via the

<sup>45</sup> See also → [Side Story: Leadership programmes](#).

<sup>46</sup> ONTRAS and its subsidiaries have their own trainee programme.

<sup>47</sup> The training offers of the *VNG training campus* are not available to the employees of ONTRAS and its subsidiaries in line with unbundling legislation. ONTRAS has its own training management platform in the form of the *ONTRAS.Academy* that ensures employees have access to training and development opportunities.

<sup>48</sup> Excluding ONTRAS and its subsidiaries.

<sup>49</sup> Excluding ONTRAS and its subsidiaries.

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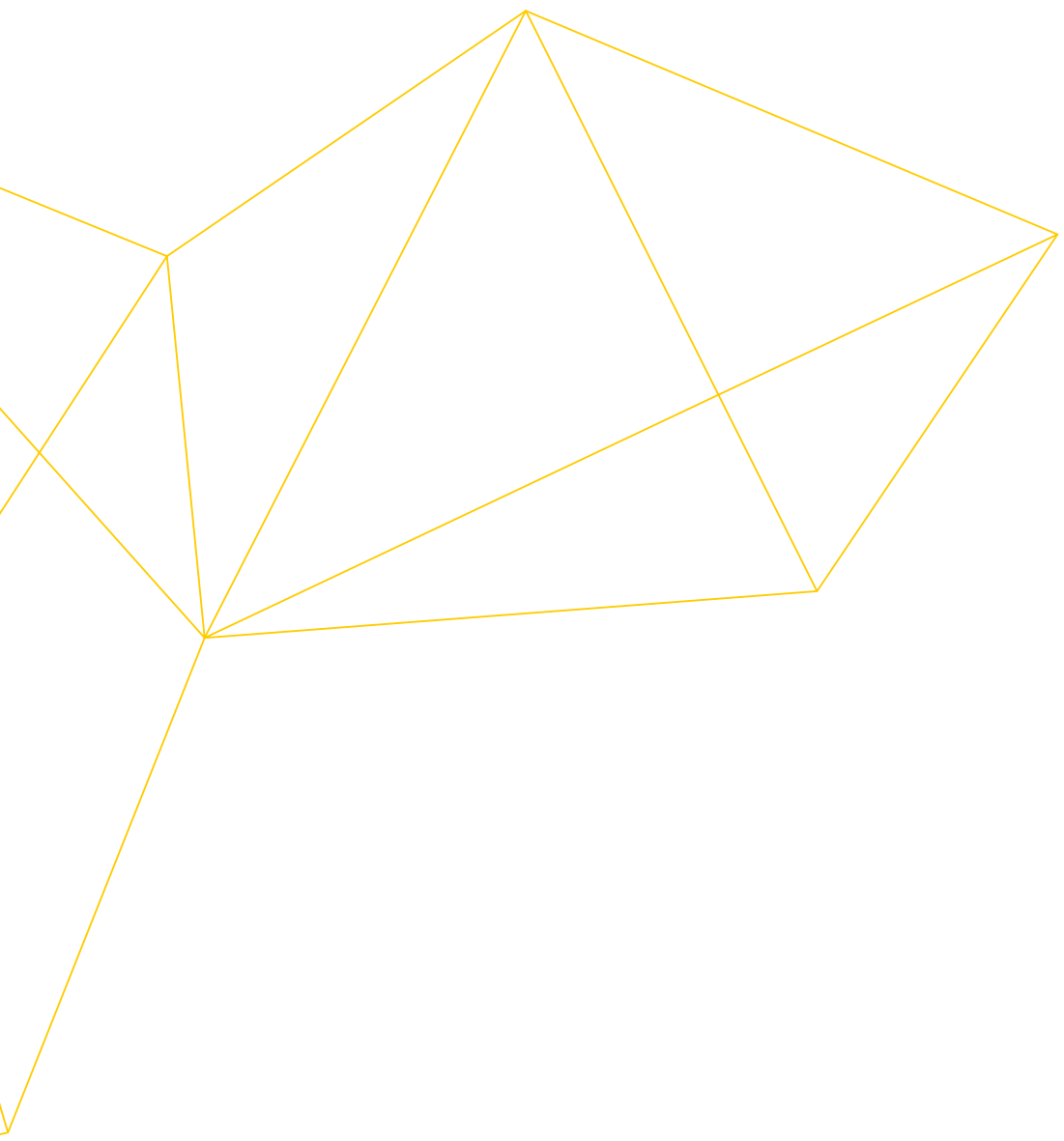
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company intranet. This programme offers a wide range of professional, methodological and personal training courses, workshops, coaching offers and seminars. The competence centres referred to above offer training in project and process management and innovation methods. The Innovation Methods competence centre has developed a complementary modular training programme.

ONTRAS and its subsidiaries are taking a similar approach by strengthening internal training opportunities that draw on expertise within the organisation. In-house training programmes offered by employees have become well-established over the past few years.

VNG AG, VNG H&V, VGS and their joint works council also have a strong interest in maintaining the ability of their employees to work for as long as possible and ensuring the transfer of knowledge when they retire. To this end, various HR policy measures have been established, which together aim to take into account both the needs of employees in view of their impending retirement and the objectives of employers with regard to appreciation, maintaining employability, intergenerational fairness and predictability. The corresponding support measures were regulated in a company agreement in 2023.



### Partnerships and networks

Regular exchanges take place with those responsible for training and development at EnBW and its other shareholdings (e.g. Energiedienst, Düsseldorf municipal utilities) via the strategic HR network and other forums. Focal points for HR measures in this area are agreed, trends are assessed and strategic initiatives are discussed. Meetings are held regularly at half-yearly intervals.

In addition, the entire VNG Group has long-standing ties with universities in the Central Germany region, including renowned, internationally oriented academic institutions such as the HHL Leipzig Graduate School of Management. Several employees of VNG AG's

Human Resources department are also members of human resources associations, societies and networks. These include the German Association for Personnel Management (DGFP) and the Federal Association of Personnel Managers (BPM). These competence networks ensure the ongoing improvement of VNG's internal personnel development and training concepts measures. ONTRAS is also a member of the BPM.

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### PROGRESS AND ACTIVITIES IN 2023

Various quantitative and qualitative measurement methods are used to assess whether the strategic HR initiatives, training programmes and HR development offerings are having a sustainable impact on the relevant target areas. These include annual employee surveys and customer satisfaction surveys. The latter determine the satisfaction of internal stakeholders or clients of the HR department. The annual *EnMAB* employee survey found that 72 percent of those surveyed within the VNG Group<sup>50</sup> agree with the statement “I have good training and development opportunities” in 2023 (2022: 70 percent). Structured *EnMAB* follow-up measures enable areas and departments that identify a need for action to define the points on which they need to focus.

At the individual level, annual performance reviews serve to align expectations between managers and employees. The agreements are documented and serve as the basis for a development plan and a detailed agreement on objectives.

Suggestions and wishes from employees can be addressed anonymously by including comments in the *EnMAB* employee survey, during the *EnMAB* follow-up measures that take place at a team level, or in the

annual employee appraisal interviews. In addition to these channels, it is also possible to submit questions, either by name or anonymously, to the management and specialist departments at teamVNG events. Similarly, works meetings have established themselves as a communication channel for facilitating exchange between management and employees.

ONTRAS and its subsidiaries have a separate Annual Training Planning process for the annual requirement planning of training and further education measures. This process also documents the training and education measures which are completed.

The year 2023 was characterised by the restructuring of the HR and organisational development portfolio. With the publication of the update to the VNG 2030+ Group strategy, strategic organisational development also moved more into the focus of the HR department and the organisation as a whole. In the context of several major projects, it is important to establish the right governance and management model, build up the necessary competences and skills, and provide appropriate support for the change processes. The HR department has taken these requirements into account and significantly expanded the range of advice on organisational development. One focus of HR development in 2023 was also on specialised

training for managers related to resilience training and coaching. The human resources management approach made it possible to adapt our services, concepts, and personnel/organisational development offerings to changing conditions. As in the previous year, a management conference in September 2023 again facilitated a personal exchange between VNG managers. In addition to extensive networking opportunities, the conference also offered the chance to discuss current leadership and transformation topics in workshops and panel discussions. These networking and exchange formats will be continued and expanded to empower managers to promote employee development and talent management.

In addition to the aforementioned initiatives and projects, two projects should be highlighted that will have a direct impact on employee development. The Next Work project was launched in May 2021 to trial the working methods and technologies of the future. Under the leitmotif “Agile, sustainable and flexible, we are shaping an attractive future – together with our employees, customers and partners”, VNG is evaluating four different areas: people, space, technology and services – in preparation for the new working environment that will come into effect in 2027. In 2023, the first measures from the Next Work project were implemented in the current VNG main building;

<sup>50</sup> Excluding ONTRAS and its subsidiaries.

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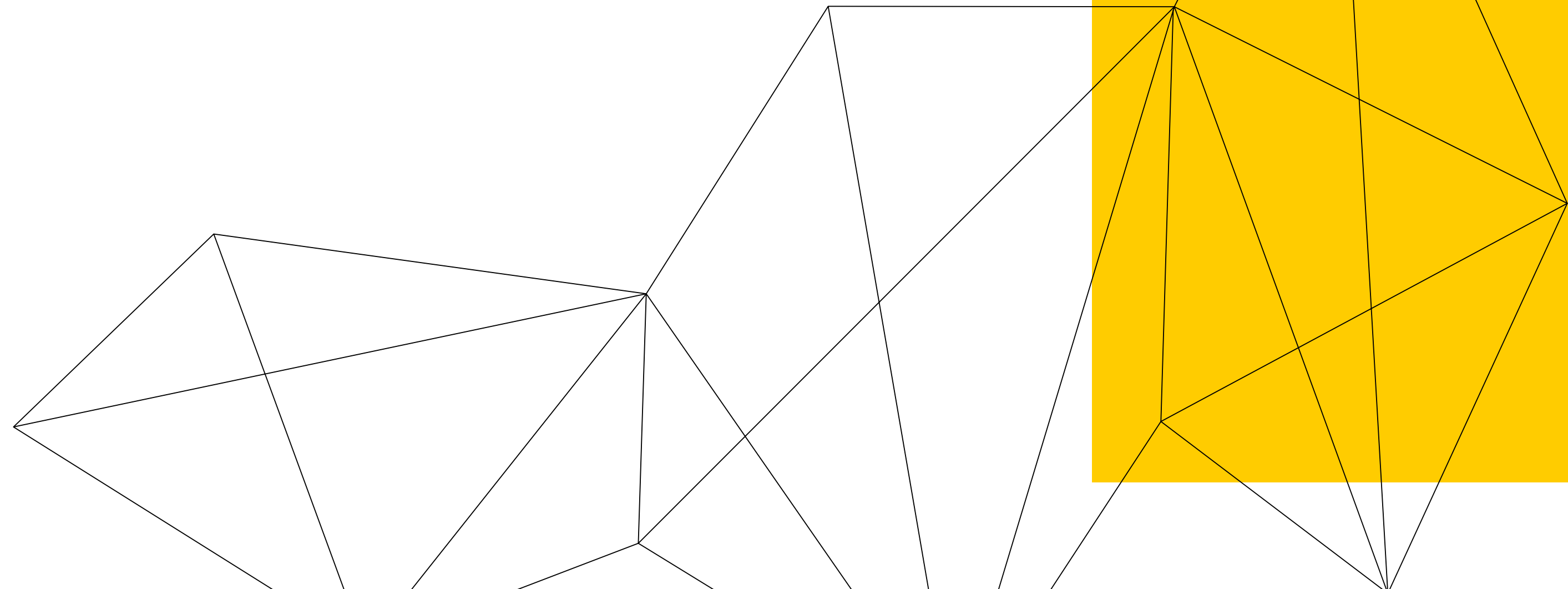
## Employee development

these include a “Work Lounge”, which invites people to try out activity-based working, and the purchase of height-adjustable desks to improve workplace ergonomics at the office workstation and to test alternating workstation concepts on a smaller scale. The aim is to continue adapt the corporate culture to the new working models in a way that is appropriate for all employee groups. Next Work provides information events, workshops and advice about how to redesign work environments.

In 2020, VNG launched the *Neuland* programme (Terra Incognita programme) to drive transformation and innovation by pooling resources across the Group in cross-functional teams on an ad hoc basis. In 2023, two

campus teams worked on ground-breaking innovation and transformation-related issues. During the reporting period, they were able to complete work on innovative solutions for municipal heat planning and on the development of a set of key competencies and pass them on to line functions.

Overall, it can be stated that the established management approach has also proven its viability and effectiveness in 2023. Success factors such as transparent communication of learning and development opportunities, wide-ranging communication channels and an effective follow-up to the employee survey have contributed to this.





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## Employee development

### SIDE STORY

#### LEADERSHIP PROGRAMMES

##### Development and inspiration for VNG management

VNG is making itself fit for the strategic challenges of the future. We are doing everything we can to develop solutions for a climate-neutral future using green gases and thus further accelerate the transformation of our company and our energy system towards decarbonised gases. In this transformation, which we have set out in the VNG 2030\* Group strategy, VNG as an organisation must also undergo far-reaching changes and adapt its capabilities, capacities, management models and processes. We therefore place great emphasis on the further training of our employees and the development of our managers.



The first VNG managers have received their certificate for the LEx 2030\* programme.

##### New management development programme launched

Our managers in particular are crucial to the company's success, employee motivation and VNG's ability to innovate. We developed and introduced the Leadership Excellence Programme (LEx 2030\*) in 2023 to give them a common mindset for the transformation and to enable peer advice and more networking. It is intended for managers at all hierarchical levels in all VNG companies.<sup>51</sup> We also offer

selected young talents various opportunities for further development through the programme. We teach methods, skills and values for everyday management that help people work responsibly and efficiently, drive change within the company, promote collaboration and have a motivating effect. The programme also includes accompanying network meetings and a personal development plan.

<sup>51</sup> Excluding ONTRAS and its subsidiaries.

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### SIDE STORY

In the first round, ten managers from the companies VNG AG, VNG H&V, VGS and BALANCE took part in LEx 2030+ in 2023. Due to their different positions, specialisms, age groups and needs, they found the exchange of experiences to be correspondingly valuable. Two further programme runs with a total of 28 managers are planned for 2024.

#### Training and workshop programmes for managers

In addition to LEx 2030+, we have also expanded our training and workshop programmes for managers. Over 20 internal online seminars as well as numerous other face-to-face courses on leadership roles and strategic management topics are part of the basic programme at VNG. In terms of content, the focus is currently on the topics of remote leadership, digitalisation, cultural change and mindfulness and stress management.

#### LEADERSHIP

We understand leadership to mean the ability to take responsibility for ambitious goals, actively shape change and successfully lead a team, utilise its potential and deal with challenges.

#### EXCELLENCE

“Excellence” means striving for top performance and consistently improving our organisation.

#### 2030+

Our Group strategy VNG 2030+ is geared towards developing competitive advantages and positioning ourselves for a dynamic business world. Our management programme is therefore also based on the Group strategy.



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## Diversity and equal opportunities

VNG is aware of the potential negative impact on people and society that can result from disregarding diversity and equal opportunities in its own business activities. As an international group of companies active throughout Europe, VNG is particularly committed to equal opportunities and diversity.



The VNG Group’s Code of Conduct states: “We respect and encourage individuality, creative potential, diversity and equal opportunities.” Fairness and respect play a vital role in preventing discrimination against people and groups within the company. Above all, VNG also seeks to maximise the compatibility of work and private life; indirectly, this also increases its own attractiveness as an employer. We also foster a highly professional and discrimination-free working environment.

As a major company based in Eastern Germany, VNG also sees itself as an important stakeholder in social dialogues, including in particular equal opportunities and diversity. VNG aims to act as a role model for other companies and institutions in this regard.

### OUR MANAGEMENT APPROACH

VNG’s corporate culture is based on values such as partnership, openness and responsibility which form the basis for the corporate mission statement and the VNG Code of Conduct. VNG promotes and demands equal opportunities, non-discrimination, inclusion and diversity. The applicable legal regulations are monitored by a dedicated compliance organisation. The Compliance Officers, Inclusion Officers and Human Resources department ensure compliance with external and internal requirements. Equal

Opportunity Officers have been appointed in the respective companies and are obliged to investigate any complaint they receive in line with all applicable legal requirements – especially those related to data protection and compliance – while respecting the personal rights of the complainant. Equal Opportunity Officers inform the appropriate HR department about their findings and assist in developing proposals or measures to improve the situation that gave rise to the complaint.

We provide new employees with the information that they need during the onboarding process. The rules for fairness and equity in the working environment are dealt with on a regular basis in a training programme that is mandatory for all employees and covers the main features of the General Equal Treatment Act (AGG).<sup>52</sup>

In a spirit of partnership and constructive cooperation, we take on board the suggestions and comments of employee representatives related to equal treatment, participation and inclusion. Internal policies on social support and remuneration frequently take the form of works agreements between the Works Council and the employer, and follow the defined principles of equal treatment. In addition, VNG is working intensively on an even broader holistic approach to Diversity, Equity

<sup>52</sup> Excluding ONTRAS and its subsidiaries.

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## Diversity and equal opportunities

and Inclusion in order to build on its reputation as a modern employer both internally and externally.

ONTRAS and its subsidiaries pursue an independent approach to equal opportunities and diversity, the primary aim of which is to strengthen the corporate culture which is already in place.

Based on the law on equal participation of women and men in management positions in the private sector and in the public service and based on VNG's own values, the Executive Board of VNG AG had set the following targets for VNG AG to be achieved in 2023: women should occupy at least 10 percent of positions on the first management level, and 30 percent of positions on the second management level. Both targets were achieved in 2023: the proportion of women in the first management tier was 12 percent and 35.3 percent in the second management tier (as of 31 December 2023). The table opposite shows the company's relevant social indicators.<sup>53</sup>

The Executive Board supports the increase in the proportion of women in management positions and is in favour of expanding VNG's own management development programmes for women. It also aims to ensure that women make up a sufficient proportion of the talent pools at senior management levels by

implementing measures like coaching or mentoring programmes. The Executive Board provides the Supervisory Board of VNG AG with regular updates about the progress that has been made in identifying and developing potential female candidates for Executive Board positions.

VNG AG, VNG H&V, VGS and ONTRAS have been certified as family-friendly employers since 2009. VNG enables its employees to achieve a good work-life balance through a wide range of measures and takes care to ensure that its HR policies are appropriate for employees with families and at different phases in their life. Special attention is paid to HR policies implemented by companies and business units focus on measures to support women looking to take the next step in their careers. VNG is planning to expand the tools used for this purpose, such as personnel development measures, relationship networks and mentoring schemes for all management levels. VNG is also involved in EnBW's women's network so that it can learn about its initiatives, projects and best practices.

in persons	2023	2022
<b>Total employees<sup>54</sup></b>	<b>1,688/1,624</b>	<b>1,578/1,433</b>
<b>Gender structure</b>		
o/w male	995	885
o/w female	629	548
o/w diverse	0	-
<b>Age structure</b>		
Up to 25	42	35
26-35	345	297
36-45	598	534
46-55	373	312
Over 55	266	255
<b>Proportion of women in management positions<sup>55</sup></b>		
first tier (%)	12.0	17.2
second tier (%)	35.3	28.8
third tier (%)	19.0	28.6

<sup>53</sup> Excluding ONTRAS and its subsidiaries.

<sup>54</sup> Total number of employees with and without working students (in brackets).

<sup>55</sup> First management level: Division Manager/Authorised Representative; second management level: Department Head; third level: Team Leader.

## Diversity and equal opportunities

### PROGRESS AND ACTIVITIES IN 2023

In 2023, VNG AG, VNG H&V, VGS and ONTRAS were recertified by the external service provider berufundfamilie Service GmbH, which checks the “family-conscious and life phase-conscious HR policy” of companies. The audit confirmed that VNG was successfully implementing this human resources policy by:

- facilitating flexible and mobile working as well as part-time working for all employee categories
- providing extensive support to help employees balance their work and private lives through the mediation and advisory services of the family service
- raising awareness of family issues among managers and embedding them into the management mission statement and in special workshops for managers.

The company management was informed about the results of the audit. Recertification is planned for 2025.

The *EnMAB* 2023 employee survey of VNG AG, VNG H&V, BALANCE and VGS revealed that 67 percent of respondents agreed with statement “I experience



equal opportunities for all in the EnBW Group or an associated company”. This put the VNG Group<sup>56</sup> below the external benchmark (74 percent). The statement “I am treated with dignity and respect” received the second highest agreement rate of the entire survey; 85 percent of respondents agreed with the statement compared to the external benchmark of 80 percent. The *EnMAB* follow-up workshops are addressing these results at both a team and divisional level, and joint goals and measures are being developed. This was an opportunity to intensify the exchange with EnBW and to learn about their approach to their equal opportunities and diversity strategy.

The establishment of the sustainability organisation has also brought greater attention and visibility to the issue of equal opportunities and diversity. VNG AG’s

Human Resources department has identified this issue as a strategic field of action going forward. A project team is currently developing goals and measures under the title “Diversity, Equity & Inclusion (DEI)” to raise awareness of diversity and inclusion among employees and managers. The plan is to establish a DEI community, create understanding for the issue throughout VNG, expand communication activities and set up an exchange platform within the Group. Information and training offerings are in the design phase, with some already available. The project initiative is also expected to create significant impetus for calibrating the management approach. In order to ensure the visibility and reach of this topic within the VNG Group, it has been designated as one of the six strategic objectives of the HR department since 2023 under the heading “Diversity, equity and inclusion”.

<sup>56</sup> Excluding ONTRAS and its subsidiaries.

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## GRI Index

**Declaration of use:** VNG prepared the information provided in this GRI content index for the period 1 January – 31 December 2023 in accordance with the GRI Standards.

**GRI 1 used:** GRI 1: Underlying standards 2021

GRI STANDARD	SPECIFICATION	CLASSIFICATION
<b>GENERAL INFORMATION</b>		
GRI 2: General information 2021	2-1 Organisational profile	→ <a href="#">VNG at a glance</a>
	2-2 Entities included in the organisation’s sustainability reporting	→ <a href="#">VNG at a glance</a>
	2-3 Reporting period, reporting frequency and contact point	→ <a href="#">VNG at a glance</a> → <a href="#">Publication details</a>
	2-4 Correction or restatement of information	<i>No correction or restatement of information</i>
	2-5 External audit	→ <a href="#">VNG at a glance</a>
	2-6 Activities, added-value chain and other business relationships	→ <a href="#">VNG at a glance</a>
	2-7 Employees	→ <a href="#">Diversity and equal opportunities</a>
	2-9 Governance structure and composition	→ <a href="#">Sustainability at VNG</a>
	2-13 Delegation of responsibility for impact management	→ <a href="#">Sustainability at VNG</a> → <a href="#">Compliance</a> → <a href="#">Occupational safety and health promotion</a> → <a href="#">Diversity and equal opportunities</a>
	2-14 Role of the highest governance body in sustainability reporting	→ <a href="#">Sustainability at VNG</a>
	2-15 Conflicts of interest	→ <a href="#">Compliance</a>
	2-16 Communication of critical concerns	→ <a href="#">Compliance</a>
	2-22 Declaration of application of the sustainable development strategy	→ <a href="#">Introduction</a>

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GRI STANDARD	SPECIFICATION	CLASSIFICATION
GRI 2: General information 2021	2-23 Declaration of commitment to principles and behaviour	→ <a href="#">Compliance</a>
	2-24 Inclusion of the declarations of commitment to principles and behaviour	→ <a href="#">Compliance</a>
	2-25 Procedure for eliminating negative effects	→ <a href="#">Compliance</a>
	2-26 Procedure for obtaining advice and reporting concerns	→ <a href="#">Compliance</a>
	2-27 Compliance with laws and regulations	→ <a href="#">Compliance</a>
	2-28 Membership of associations and special interest groups	→ <a href="#">Transparent communication and stakeholder dialogue</a>
	2-29 Approach to stakeholder engagement	→ <a href="#">Transparent communication and stakeholder dialogue</a>
<b>MATERIAL TOPICS</b>		
GRI 3: Key topics in 2021	3-1 Process to determine material topics	→ <a href="#">Sustainability at VNG</a>
	3-2 List of material topics	→ <a href="#">Sustainability at VNG</a>
<b>Economic performance</b>		
GRI 3: Key topics in 2021	3-3 Management of material topics	→ <a href="#">Annual Report VNG AG 2023</a> → <a href="#">GHG emissions</a>
	GRI 202: Economic performance 2016	→ <a href="#">Annual report VNG AG 2023, p. 65 et seqq.</a> → <a href="#">GHG emissions</a>



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GRI STANDARD	SPECIFICATION	CLASSIFICATION
<b>Indirect economic effects</b>		
GRI 3: Key topics in 2021	3-3 Management of material topics	→ <a href="#">VNG at a glance</a>
GRI 203: Indirect economic effects in 2016	203-2 Significant indirect economic impacts	→ <a href="#">VNG at a glance</a>
<b>Procurement practices</b>		
GRI 3: Key topics in 2021	3-3 Management of material topics	→ <a href="#">Procurement</a>
<b>Anti-corruption</b>		
GRI 3: Key topics in 2021	3-3 Management of material topics	→ <a href="#">Compliance</a>
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	→ <a href="#">Compliance</a>
	205-3 Confirmed incidents of corruption and actions taken	→ <a href="#">Compliance</a>
<b>Emissions</b>		
GRI 3: Key topics in 2021	3-3 Management of material topics	→ <a href="#">GHG emissions</a>
	305-1 Direct GHG emissions (Scope 1)	→ <a href="#">GHG emissions</a>
	GRI 305: Emissions 2016	305-2 Indirect energy-related GHG emissions (Scope 2)
305-3 Other energy-related GHG emissions (Scope 3)		→ <a href="#">GHG emissions</a>

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GRI STANDARD	SPECIFICATION	CLASSIFICATION
<b>Waste</b>		
GRI 3: Key topics in 2021	3-3 Management of material topics	→ <a href="#">Use of resources and waste minimisation</a>
	306-1 Waste generated and significant waste-related impacts	→ <a href="#">Use of resources and waste minimisation</a>
	306-2 Management of significant waste-related impacts	→ <a href="#">Use of resources and waste minimisation</a>
GRI 306: Waste 2020	306-3 Waste generated	→ <a href="#">Use of resources and waste minimisation</a>
	306-4 Waste diverted from disposal	→ <a href="#">Use of resources and waste minimisation</a>
	306-5 Waste directed to disposal	→ <a href="#">Use of resources and waste minimisation</a>
<b>Health and safety in the workplace</b>		
GRI 3: Key topics in 2021	3-3 Management of material topics	→ <a href="#">Occupational safety and health promotion</a>
	403-1 Management system for health and safety at work	→ <a href="#">Occupational safety and health promotion</a>
	403-2 Hazard identification, risk assessment, and incident investigation	→ <a href="#">Occupational safety and health promotion</a>
	403-3 Occupational health services	→ <a href="#">Occupational safety and health promotion</a>
	403-4 Worker participation, consultation and communication on occupational health and safety	→ <a href="#">Occupational safety and health promotion</a>
GRI 403: Occupational health and safety 2018	403-5 Employee training on health and safety in the workplace	→ <a href="#">Occupational safety and health promotion</a>
	403-6 Promotion of employee health	→ <a href="#">Occupational safety and health promotion</a>
	403-8 Employees covered by an occupational health and safety management system	→ <a href="#">Occupational safety and health promotion</a>
	403-9 Work-related injuries	→ <a href="#">Occupational safety and health promotion</a>
	403-10 Work-related illnesses	→ <a href="#">Occupational safety and health promotion</a>

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GRI STANDARD	SPECIFICATION	CLASSIFICATION
<b>Training and further education</b>		
GRI 3: Key topics in 2021	3-3 Management of material topics	→ <a href="#">Employee development</a>
GRI 405: Diversity and equal opportunities 2016	404-2 Programs for upgrading employee skills and transition assistance programmes	→ <a href="#">Employee development</a>
<b>Diversity and equal opportunities</b>		
GRI 3: Key topics in 2021	3-3 Management of material topics	→ <a href="#">Diversity and equal opportunities</a>
GRI 405: Diversity and equal opportunities 2016	405-1 Diversity of governance bodies and employees	→ <a href="#">Diversity and equal opportunities</a>
<b>Non-discrimination</b>		
GRI 3: Key topics in 2021	3-3 Management of material topics	→ <a href="#">Diversity and equal opportunities</a>
<b>Local communities</b>		
GRI 3: Key topics in 2021	3-3 Management of material topics	→ <a href="#">Transparent communication and stakeholder dialogue</a>
<b>Political influence</b>		
GRI 3: Key topics in 2021	3-3 Management of material topics	→ <a href="#">Transparent communication and stakeholder dialogue</a>
GRI 415: Political influence in 2016	415-1 Political contributions	→ <a href="#">Transparent communication and stakeholder dialogue</a>

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GRI STANDARD	SPECIFICATION	CLASSIFICATION
<b>ADDITIONAL COMPANY-SPECIFIC MATERIAL TOPICS</b>		
<b>Digitalisation</b>		
GRI 3: Key topics in 2021	3-3 Management of material topics	→ <a href="#">Digitalisation</a>
<b>Research and development</b>		
GRI 3: Key topics in 2021	3-3 Management of material topics	→ <a href="#">Research and development</a>
<b>Assuring security of supply</b>		
GRI 3: Key topics in 2021	3-3 Management of material topics	→ <a href="#">Security of supply</a>

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AGG	General Equal Treatment Act	DGFP	German Society for Personnel Management
AI	Artificial intelligence	DVGW	German Technical and Scientific Association for Gas and Water
AIA	Artificial Intelligence Act of the EU	EEG	Renewable Energies Act
ArbMedVV	Act on Preventive Occupational Medicine	EHB	European Hydrogen Backbone
BAFA	Federal Office of Economics and Export Control	EMAS	Eco Management and Audit Scheme
BBE	National Network for Civic Engagement	EnMAB	Employee survey of the VNG Group
BBIG	Vocational Training Act	EnSiG	Energy Security Act
BDEW	German Association of Energy and Water Industries	EnWG	Energy Industry Act
BEHG	Fuel Emissions Trading Act	EWI	Institute of Energy Economics at the University of Cologne
BImSchG	Federal Immissions Control Act	Fraunhofer IEG	Fraunhofer Research Institution for Energy Infrastructures and Geothermal Energy
BImSchV	Ordinance on the Implementation of the Federal Immissions Control Act	Fraunhofer IKTS	Fraunhofer Institute for Ceramic Technologies and Systems
BMBF	Federal Ministry of Education and Research	Fraunhofer ISI	Fraunhofer Institute for Systems and Innovation Research
BMWK	Federal Ministry of Economics and Climate Protection	G 1000 DVGW	Code of Practice (Technical Safety Management)
BPM	Federal Association of Personnel Managers	G 1002 DVGW	Requirements “Safety in gas and hydrogen supply; organisation and management in the event of a crisis”
CC	Competence Centre	G 493 DVGW	Qualification criteria for planners and manufacturers of gas pressure regulating and metering systems and biogas feed-in systems
CCAC	Climate and Clean Air Coalition	GDPR	General Data Protection Regulation
CCS	Carbon Capture and Storage	GHG-BGF	Greenhouse gas emissions – biogas facility
CCU	Carbon Capture and Utilisation	GRI	Global Reporting Initiative
CMS	Compliance Management System	HinSchG	Whistleblower Protection Act
CSE	Centre of Safety Excellence	HSE	Health, Safety and Environment
CSR	Corporate Social Responsibility	HTWK	University of Applied Sciences for Technology, Economics and Culture, Leipzig
DBFZ	German Biomass Research Centre	HYPOS	Hydrogen Power Storage & Solutions Eastern Germany
DEHSt	German Emissions Trading Authority		
DEI	Diversity, Equity & Inclusion		

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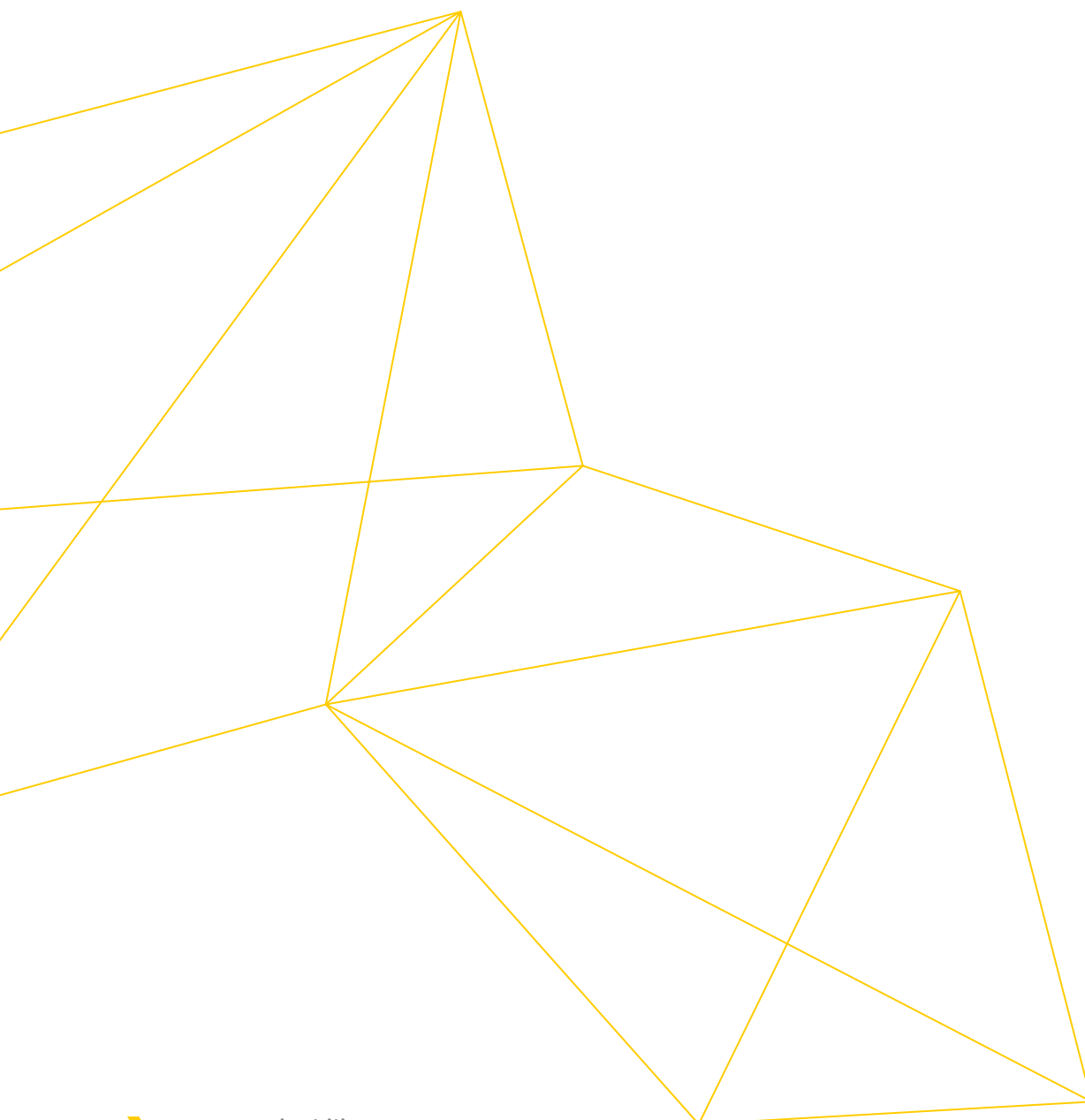
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IIA	Institute of Internal Auditors	REDcert	Certification system for sustainable biomass
INES	Energy Storage Initiative	REMIT	EU regulation on the integrity and transparency of the wholesale energy market.
ISMS	Information security management system	SBTi	Science Based Targets initiative
ISO 14001	Environmental management system standard	SektVO	Sector Regulation
ISO 16247-1	Energy audit	SURE	Sustainable Resources Verification Scheme
ISO 27001	Standard for IT security management systems	SzA	System for attack detection within the scope of the ISMS
ISO 27002	Standard for various control mechanisms for IT security	TDWI	International platform on topics such as data, business intelligence and analytics
ISO 27019	Standard for the further development of security measures for the protection of energy supply systems	THE	Trading Hub Europe
ISO 45001	Occupational health and safety management system standard	TSO	Transmission System Operator
ISO 50001	Quality management system standard	UBI	Company acting in the interest of the public
ISO 9001	Quality management system standard	UGS	Underground gas storage facilities
KrWG	Recycling Management Act	VdW	“Verbundnetz der Wärme” [Network of Warmth Initiative]
KYC	Know Your Customer	VST	Association for Secure Transport and Distribution Networks / KRITIS
LkSG	Supply Chain Due Diligence Act		
LNG	Liquid Natural Gas		
LTIF	Lost Time Injury Frequency		
LXP	Learning Experience Platform		
MCI	Employee Commitment Index		
NABIS	National Biomass Strategy.		
NIS2	Policy to ensure a high level of network and information security		
OGMP 2.0	Oil and Gas Methane Partnership		
PEI	People Engagement Index		
R & D	Research & Development		



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Starting with the materiality analysis, Stakeholder Reporting facilitated the entire process of preparing the Sustainability Report of VNG AG. This also includes checking the content of the Report for conformity with the standards of the Global Reporting Initiative (GRI).

### **Realisation**

MARKOV&MARKOV | [www.markov-markov.de](http://www.markov-markov.de)

### **Photos**

Torsten Proß, Jeibmann Fotografik (Cover, pages: 3, 4, 21, 25, 28, 42, 48, 56, 57, 62, 65, 66, 72, 76, 78), Erik Kemnitz (pages: 9, 22), Christian Hüller (page: 30), Philipp Kirschner (page: 32), Freepik (pages: 33, 34, 36, 39, 41, 69), Adobe Stock - Shawn Hempel (page: 45), Shutterstock - Stock\_Wichel (page: 46), Anika Dollmeyer (pages: 55, 64), Tom Schulze (page: 67), VNG AG (pages: 81, 82), Max Niemann (pages: 83, 85)





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