



# Vattenfall's human rights progress report

2023



**VATTENFALL**

# Introduction

Vattenfall's goal is clear: we are determined to enable the fossil freedom that drives society forward. However, we see that an affordable and just transition will be crucial to ensure that the transition happens at the scope and speed needed to limit warming to 1.5°C. For Vattenfall, this means thinking beyond the technical and scientific challenges to also bring the social element of the transition into focus, which is why our work on human rights is so important.

Our human rights work is an integrated part of Vattenfall's sustainability efforts. Our approach to human rights is guided by international principles such as the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights. Vattenfall follows the OECD's six-step due diligence framework to identify, address, and mitigate human rights risks.

This report is our first stand-alone Human Rights Progress Report and addresses the communications aspect of the OECD due diligence framework.



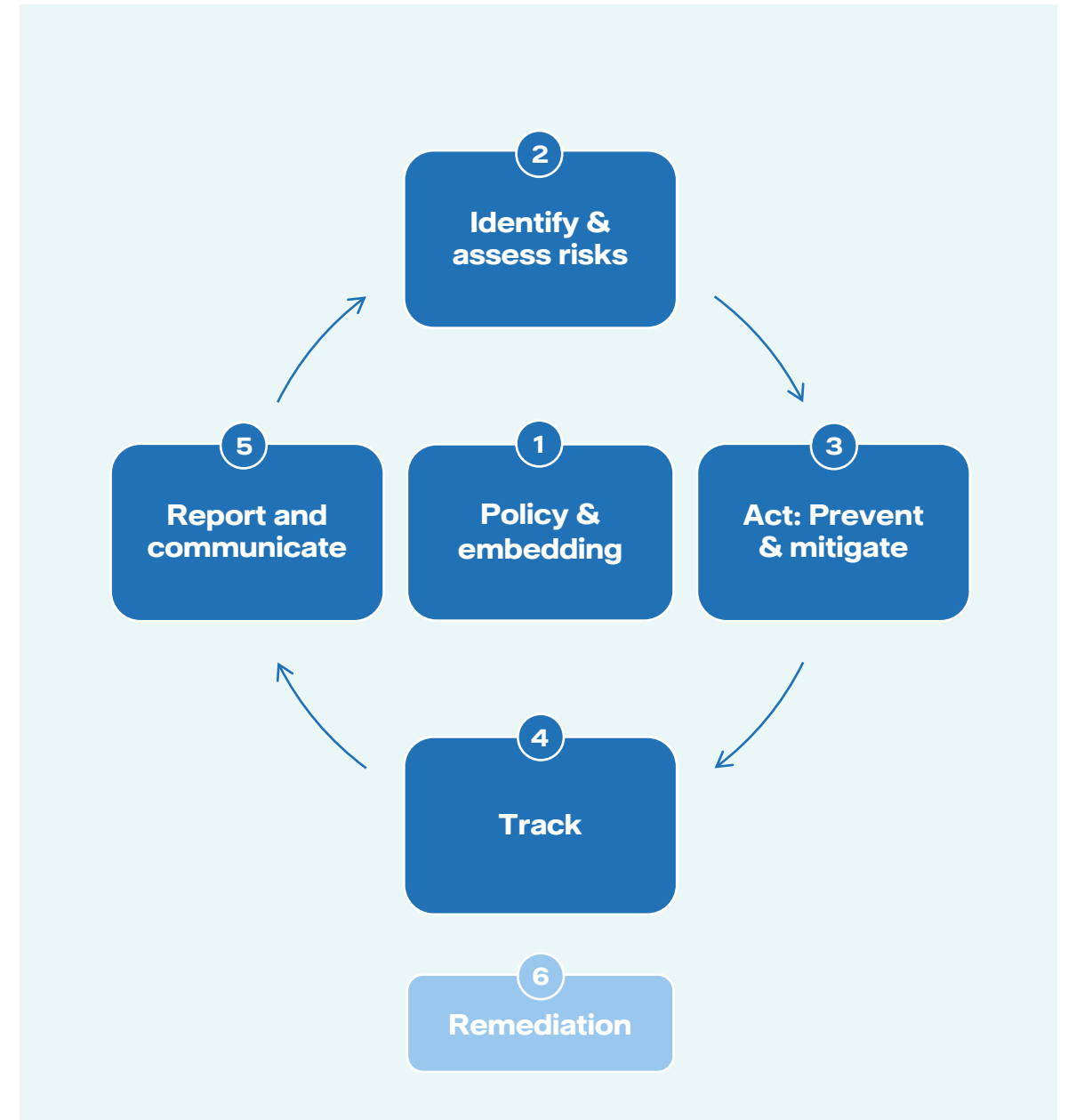
A handwritten signature in black ink that reads "Annika Ramsköld".

Annika Ramsköld, Vice President Sustainability

# Vattenfall's approach to human rights

Vattenfall follows the OECD's six-step due diligence framework. This framework begins with the development of a [human rights policy](#) and the implementation of related processes. The second step involves identifying and assessing the most significant ('salient') risks, which Vattenfall did in its latest strategic [Human Rights assessment in 2021](#). This assessment identified 16 human rights areas that are most relevant to Vattenfall. The results were used to develop action plans to address these risks. These plans are monitored internally and coordinated centrally. Vattenfall has published its [Human Rights Action Plan](#), which focuses on nine prioritized human rights areas at the group level.

This **Human Rights Progress Report for 2023** addresses the fifth step in the OECD framework and provides an update on Vattenfall's progress in these prioritized areas, highlighting the company's efforts to mitigate its negative impact on human rights and promote positive outcomes for the people it affects.





# Reader guide

This report will guide you through our progress on our Human Rights work in 2023, starting with the results of the 2021 human rights assessment, covering progress on our governance and key human rights areas, and describing our approach and main outcome of our yearly review, checking whether our governance is still fit for purpose and whether our key human rights areas are still the right ones.

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# 2021 Human rights assessment - foundation for progress

In 2021, we conducted our latest strategic Human rights assessment which identified 16 most relevant (“salient”) issues for Vattenfall. These issues were split into primary and secondary based on severity, likelihood, and number of people impacted. Third-party experts also assessed how well Vattenfall manages each issue, from no management to strong management. Based on salience of the issue and level of management, Vattenfall prioritized **nine** human rights focus areas, with Health & Safety and Environment being managed very strongly. This report focuses on the remaining seven areas, with progress on Health & Safety and Environment being reported on [Vattenfall.com](https://www.vattenfall.com) and in the Annual & Sustainability 2023 report (to be published March 28<sup>th</sup>)

## Nine prioritised issues

1. Occupational health and safety
2. Environmental impact
3. Grievance and remedy
4. Indigenous peoples
5. Community engagement
6. Supplier and contractor labour conditions
7. Sourcing from high-risk countries
8. Just transition and responsible decommissioning
9. Human rights defenders

We continue to address all identified human rights topics through action plans, track progress, and execute programs to build capacity for issues with less strong management. Given the smaller impact and/or better management, these issues are second priority

Primary (high in severity and likelihood, and high relevance for business action)	Level of Management	Secondary (Moderate severity and medium likelihood, and relevance for business action)	Level of Management
Occupational health and safety		Business ethics	
Environmental impact		Freedom of association and collective bargaining	
Grievance mechanisms and access to remedy		Working conditions: working hours, wages and benefits	
Indigenous peoples		Privacy, data and cyber security	
Community engagement, livelihoods and cultural heritage		Non-discrimination and equality	
Supplier and contractor labour conditions, direct and indirect procurement		Land use, acquisition and resettlement	
Sourcing from conflict-affected or high-risk areas		Responsible use and development of technology	
Just transition and responsible decommissioning		Human rights defenders	

Strong management  
 Some management  
 Little management  
 No management

# Policy & embedding

## Our commitment

Our commitment to respecting human rights is outlined in our [Human Rights Policy](#), which is valid for all employees. The policy is reviewed yearly, and if relevant updated, following UNGP guidelines and in consultation with both internal and external stakeholders.

## Embedding human rights

In practice, the responsibility for driving human rights and sustainability performance and improvement initiatives, as well as complying with relevant policies and legislation, lies within each business area and staff function. The corporate Sustainability team acts as a support function and centre of expertise towards the whole group and can provide insights, guidance on prioritization and direction, and other forms of capacity building on sustainability issues, including on human rights. A training on human rights is available to all employees.

Human rights issues are discussed on an annual basis by the [Board of Directors](#) and [Executive Group Management](#). [Vattenfall's CEO](#) together with the Executive Group Management have the overall accountability for human rights within Vattenfall.



KPI's (2023)	Number
Stakeholders consulted for feedback on HuRi policy	15
Human rights trainings (procurement department)	199

# Policy & embedding

Focus area	Progress 2023	Challenges & Next steps
<p>Update our Human Rights Policy to further align with UNGP and OECD standards, by including additional commitments on our most salient risks</p>	<ul style="list-style-type: none"> <li>Published our updated Human Rights Policy which includes additional commitments that focus on our most salient risks, as well as details related to our due diligence and policy updating process.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to review our human rights policy on an annual basis to ensure that it stays aligned with relevant standards and reflects our most salient risks.</li> </ul>
<p>Ensure we fulfil the spirit of existing and upcoming human rights due diligence laws and go beyond minimum requirements by having positive impact</p>	<ul style="list-style-type: none"> <li>Benchmarked our compliance framework against the German Due Diligence law and strengthened our controls.</li> <li>Monitored implications of the EU CSDDD<sup>1</sup> and explored synergies between Vattenfall, partners and associations.</li> <li>Actively supported the Dutch IRBC<sup>2</sup> covenant in drafting the due diligence framework, aiming to go beyond legal compliance.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to monitor legal developments and adjust our processes and controls where needed aiming for having positive impact.</li> <li>Enhance our organisation's understanding, as well as that of our suppliers and associations, of due diligence and other legislation.</li> </ul>
<p>Secure closer involvement of Business areas and Staff Functions working on human rights and establish clearer ownership throughout Vattenfall for the ambitions set</p>	<ul style="list-style-type: none"> <li>Strengthened the involvement of Business Areas on human rights by breaking down the corporate human action plan into Business Area specific action plans where salient.</li> <li>Shortlisted human rights as one of the focus areas in the revised Procurement Strategy, on top of our regular compliance controls in procurement.</li> <li>Placed additional focus on issues related to migrant workers in our corporate H&amp;S approach towards contractors.</li> </ul>	<ul style="list-style-type: none"> <li>Follow-up and support the different Business Areas in executing their human rights action plans.</li> <li>Further detail human rights focus areas related to supply chains into concrete topics such as forced labour, overtime, or living wage, and implement concrete actions to deliver positive impact.</li> </ul>

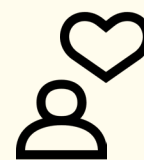
# Human rights due diligence

## Introduction

Vattenfall is committed to actively manage potential and actual negative impacts on human rights that may arise from our operations. This is important not only to meet the needs of rightsholders but also to understand and mitigate risks associated with the energy transition. Failing to understand these risks can negatively impact the transition.

## Conducting due diligence

Vattenfall believes robust risk assessment frameworks are essential for effective due diligence. As a result, we conduct both long-term- as well as operational, annual, and occasional assessments related to human rights. The results of these assessments form the basis for integrating requirements into decision-making processes and setting expectations for our own organisation, suppliers, and partners. Monitoring and tracking are natural parts of follow-up. However, determining actual and potential impacts remains a challenge.



KPI's (2023)	Number
Supplier screenings	4303
Supplier audits	92



# Human rights due diligence

Focus area	Progress 2023	Challenges & Next steps
<p>Strengthen our approach to assess and address impacts stemming from our transition to become fossil-free</p>	<ul style="list-style-type: none"> <li>• Advocated for Dutch IRBC Covenant to identify and work on value chain risks for Wind and Solar.</li> <li>• Joined German energy industry dialogues to understand and jointly mitigate risks.</li> <li>• Sponsored the Solar Stewardship Initiative and worked towards an industry-wide supply chain traceability framework.</li> </ul>	<ul style="list-style-type: none"> <li>• Participate in workgroup Supply Chain of Just Energy Transition initiative to understand and prevent negative impacts of the energy transition.</li> <li>• Coordinate two collective actions as part of Dutch IRBC Covenant to positively impact human rights related to mining and rare earth elements.</li> <li>• Continue to support sector level assessments of human rights through associations.</li> </ul>
<p>Increase integration of our human rights risks assessment methodologies in daily operations and decision-making processes</p>	<ul style="list-style-type: none"> <li>• Reviewed human rights risks assessment framework to understand effectiveness of processes.</li> <li>• Conducted annual risk assessment for Goods &amp; Services and Fuels suppliers, resulting in a heatmap.</li> <li>• Implemented Sustainability Supplier Risk Assessment Tool, enabling to allocate suppliers in different risk profiles and act accordingly.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen implementation of compliance controls on suppliers with lower spend.</li> </ul>
<p>Further embed conditions and expectations on the most salient human rights risks in supplier contracts or other written agreements with partners</p>	<ul style="list-style-type: none"> <li>• Integrated criteria for supply chain transparency, origin of components, and due diligence in specific tenders.</li> <li>• Implemented Partnership Principles to assess potential partners against our own policies and commitments.</li> <li>• Published a guide to Vattenfall Code of Conduct for Suppliers and Partners.</li> </ul>	<ul style="list-style-type: none"> <li>• Map prioritized supply chain human rights topics to product and service categories, for a more targeted engagement towards specific suppliers.</li> <li>• Continue to enhance focus on human rights by strengthening due diligence in Mergers &amp; Acquisitions in valuation and decision-making.</li> <li>• Revise Code of Conduct for Suppliers and Partners to reflect latest commitments and expectations.</li> </ul>

# Grievance & Remediation

## Our approach

Vattenfall is committed to provide appropriate forms of remedy in cases where Vattenfall has directly caused or contributed to negative human rights impacts. The type of remedy is determined on a case-by-case basis depending on the degree of severity and our connection to the impact.

## Ways to raise concerns

We provide multiple different channels for rightsholders to raise concerns. These include:

- Vattenfall’s web-based Whistleblowing Channel. This channel is open 24/7, 365 days a year and anyone reporting has the option to remain anonymous
- Directly to our Group Internal Audit department or our Whistleblowing coordinators
- Vattenfall’s external ombudspersons, which are independent from the Vattenfall Group
- For local communities, we also offer direct contact with project managers, stakeholder engagement managers or other staff, for example via phone or email

For more information about our whistleblowing process, please visit [our website](#).

### Whistleblowing process at Vattenfall

An individual submits a report to the Whistleblowing function, e.g., through the online Whistleblowing Channel.

The national Whistleblowing coordinator of Vattenfall confirms receipt of the report. If the reported concern requires investigation, an investigation team is appointed. Investigations are typically carried out by auditors from Vattenfall's Group Internal Audit, HR, Legal or Corporate Security & Resilience departments.

The auditors gather and analyse relevant information, e.g., by seizing documents and conducting interviews.

If misconduct or deficiencies are confirmed, relevant follow-up measures are taken, such as improvements to internal working procedures, steps governed by labour laws for individuals or termination of contracts.

KPI's (2023)	Number
Integrity - related incidents reported	91

# Grievance & Remediation

Focus area	Progress 2023	Challenges & Next steps
<p>Further increase alignment with the 8 UNGP's effectiveness criteria and improve grievance mechanisms where feasible</p>	<ul style="list-style-type: none"> <li>Assessed our whistleblowing system against the 8 UNGP<sup>1</sup> effectiveness criteria. The key gap identified was related to accessibility.</li> <li>Addressed key gaps by adding three new languages to the whistleblowing website which will be available early 2024, and adding the whistleblowing page to an additional, more accessible place, on our website</li> <li>For more info, see pages 14-15 in this report.</li> </ul>	<p>Continue to work on ensuring that rightsholders can access and trust our grievance mechanisms as our business evolves. A key challenge is reaching workers in our supply chain beyond first-tier suppliers, and we are exploring ways to enhance the visibility of our grievance mechanisms.</p>
<p>As our whistleblowing systems evolve to align with upcoming legislation, ensure our systems stay accessible and comprehensible</p>	<ul style="list-style-type: none"> <li>Implemented a dedicated public complaints procedure following the German Due Diligence law.</li> <li>Provided information linked to our Norwegian activities following the Transparency Act and provided detailed contact information for stakeholders.</li> <li>Emphasized the existence of our Corporate whistleblowing system in our revised Code of Conduct for Suppliers and Partners.</li> </ul>	<p>Continue to work on ensuring that rightsholders can access and trust our grievance mechanisms as our business evolves. A key challenge is reaching workers in our supply chain beyond first-tier suppliers, and we are exploring ways to enhance the visibility of our grievance mechanisms.</p>
<p>Improve data tracking of grievance reporting systems across our operations and geographies, to be able to identify, analyse and report on more aggregated data, including on remedy</p>	<ul style="list-style-type: none"> <li>Initiated a review of how reports that are made outside of our whistleblowing channel are reviewed and are currently exploring possibilities of analyzing reports on a more aggregated level.</li> </ul>	<p>Continue our work to identify if and how human rights related reports are made outside of our formal grievance mechanisms.</p>

# Community engagement

### Risk/Impact

Producing and distributing energy will inevitably impact local communities. Vattenfall’s most prominent impact stems from the development of new wind parks, solar farms and heat and electricity networks. Examples of impact could be disturbance from construction or changes in scenery in affected territories. However, by engaging stakeholders in a meaningful way we can mitigate negative impact and create value in the communities where we operate.

### Risk management

We comply with local regulatory standards regarding consultation and social impact assessments, and we also seek to go beyond minimum requirements, for example regarding supporting community-based initiatives and engaging local workforce and businesses. We strive to engage stakeholders as early as possible, while also providing them with context and stakeholder-appropriate channels to raise concerns during and after projects are completed, with a particular attention given to seldom heard or vulnerable groups.

### Ambition

Vattenfall wants to operate in an inclusive way that recognizes communities’ needs and interests in order to minimize our negative impacts and maximize our positive impacts on the livelihoods of the communities in which we operate.



# Community engagement

## Focus area

## Progress 2023

## Challenges & Next steps

Improving our ability to meaningfully engage with local communities on their needs and expectations

- Assessed our community engagement practices, including social impact assessments processes, against human rights frameworks and Just Transition principles.

One of the biggest challenges in community and stakeholder engagement is to balance the potentially contradicting interests and needs of our many different stakeholders.

Further developing our ability to identify and address our positive and negative impact on communities we operate in

- Launched an internal forum for community engagement professionals across the group, with the aim to standardize practices for meaningful engagement as well as share and learn from best practices.
- Participated in industry collaboration forums on community engagement (World Economic Forum Expert Working Group on "Engaging Local Communities and other Stakeholders for Clean Power" and BSR "Energy for a Just Transition").

Conducting meaningful engagement is key to understanding these interests and needs, which is why we will continue to strengthen our governance on meaningful engagement by building on the assessments and work of internal and external forums on the topic.

Enhancing transparency on our engagement and addressing impacts

- Published Vattenfall's commitment to a just transition, which includes commitments related to local communities
- Published multiple examples of our engagement practices in 2023, see annual and sustainability report (to be published March 28<sup>th</sup>)

We will also continue to identify and communicate proof points and other ways to demonstrate how we live up to our newly published just transition commitments and create trust and credibility with our various stakeholders.

# Grievance & Remedy

## **Risk/Impact**

In addition to being part of Governance, 'Grievance & Remedy' has been identified as one of the nine prioritized human rights focus areas, as everyone has the right to remedy when their rights have been violated. The inability for rightsholders to lodge complaints and grievances can potentially lead to human rights impacts remaining unresolved. For Vattenfall to identify where we have caused or contributed to adverse human rights impacts, it is crucial that we have adequate, accessible and effective grievance mechanisms, where rightsholders can voice their concerns. Rightsholders with whom we engage include, but are not limited to own employees, workers in our supply chain, business partners and community members.

## **Risk management**

Vattenfall provides multiple ways for rightsholders to raise concerns. We assess our grievance mechanisms against the UNGP<sup>1</sup> effectiveness criteria to ensure that our processes are accessible and trusted. This includes identifying the location of our high-risk suppliers and providing our whistleblowing channel in the respective languages.

## **Ambition**

Vattenfall wants to ensure rightsholders feel that any grievances will be acknowledged and addressed in a suitable manner by securing our grievance mechanisms are known, accessible to and trusted by rightsholders.



# Grievance & Remedy

## Focus area

## Progress 2023

## Challenges & Next steps

Providing more tailored communications towards our different rightsholders regarding our available grievance mechanisms

- Assessed the national languages of Vattenfall's high- and medium risk suppliers, and based on the assessment, we are adding three additional languages to our whistleblowing channel: Norwegian, Italian and Spanish (available early 2024)

Continue to work on ensuring that rightsholders can access and trust our grievance mechanisms as our business evolves. A key challenge is reaching workers in our supply chain beyond first-tier suppliers, and we are exploring ways to enhance the visibility of our grievance mechanisms.

Enhancing communication on alternative forms of redress in case the rightsholder is dissatisfied with the outcome of their report

- Updated our whistleblowing guidance to explicitly state that grievances can be reported to competent authorities or EU bodies

Continue our work to identify if and how human rights related reports are made outside of our formal grievance mechanisms.

## Indigenous peoples

### Risk/Impact

Parts of Vattenfall's operations are located in Sápmi, an area in Northern Sweden inhabited by the Sámi people. The Sámi people are indigenous peoples and hold specific rights according to both Swedish law and international human rights principles. Vattenfall's impact on the Sámi could stem from construction, operation and maintenance of our assets, such as wind farms, hydropower plants and grid networks.

### Risk management

To prevent and mitigate negative impact on the Sámi people, including on reindeer husbandry which is a fundamental part of the Sámi culture, we have clearly defined stakeholder engagement processes in place. These processes vary depending on each project and the needs/preferences of the potentially affected community but are informed by Vattenfall's principles stated in [“Approach towards Indigenous peoples in Sweden”](#).

### Ambition

Vattenfall wants to secure that the cultural and heritage rights of indigenous peoples in the areas we operate are respected during the energy transition.







# Indigenous peoples

## Focus area

## Progress 2023

## Challenges & Next steps

Strengthening our governance and internal capacity to respect the rights of indigenous peoples

- Held two full-day workshops for employees working in business areas with potential impact on the Sámi focused on capacity building around human rights due diligence and FPIC (Free, Prior, & Informed Consent).
- Updated “*Approach towards indigenous peoples in Sweden*” to clarify and strengthen expectations on all employees.

Enhancing our transparency on our engagement and consultation practices

- Participated in dialogues with academia, human rights NGO and industry peers where we shared how Vattenfall works to prevent adverse impact on indigenous peoples.

Engaging proactively with indigenous peoples on ways to mitigate negative impacts and enhance positive impacts where possible

- Continued to offer early and, if preferred, frequent engagement with indigenous peoples in Sweden who are impacted by our operations. An example is with four Sámi villages located around our hydropower plant in the Luleå river, who we met to discuss any questions or concerns related to impact from our activities and identify mitigation measures.

To improve our ability to identify and mitigate negative impact from our operations, sufficient knowledge about the rights and culture of the Sámi among our staff is of utmost importance.

We have worked to implement a new internal training on this topic, and a crucial step in implementation is to involve representatives from the Sámi community to influence and validate the training content. Multiple representatives were invited, but as we have not yet been able to identify any representatives who would like to participate, we will continue our efforts in 2024. In the meantime, we have engaged with academia and received valuable input.



# Supplier & contractor labour conditions

## Risk/Impact

Vattenfall recognises that labour conditions and challenges vary between countries, sectors and supply chains. Work carried out both at our own sites and throughout our supply chain can pose risks related to labour conditions. As such, Vattenfall aims to ensure that workers' rights are respected and that they are treated fairly.

## Risk management

To manage risks associated with labour conditions, Vattenfall uses several tools, including the Supplier Risk Assessment Tool (SRAT) Light, audits, and screenings. SRAT Light identifies and assesses supplier's and contractor's sustainability risk(s) and defines a suitable response. In addition, Vattenfall conducts audits against our Code of Conduct for Suppliers and Partners, where topics related to labour conditions at sites are reviewed. We also perform screenings of potential and current suppliers and contractors to identify risks. These tools help Vattenfall identify and mitigate actual and potential risks related to labour conditions. Additionally, Vattenfall includes requirements related to labour conditions in tenders and engages with suppliers and contractors on this topic.

## Ambition

Vattenfall aims to engage with suppliers and other stakeholders to raise labour condition standards in our supply chains to ensure that they are fair.



# Supplier & contractor labour conditions

## Focus area

## Progress 2023

## Challenges & Next steps

Enhance our risks assessments by conducting category specific risk assessments and follow up enhanced screening of suppliers

- Conducted risk assessments on several product categories, including solar and batteries, specifically reviewing the forced labour risk(s) in the supply chain.
- Fully implemented the supplier risk assessment tool SRAT Light, which identifies and assesses labour condition risk(s) in connection to suppliers and contractors and provides a risk response (e.g., audits, other engagement activities).

To address the current and potential challenges connected to supplier and labour conditions linked to our operations and activities, we are continuously improving our risk management tools and assessments to address these issues. This includes conducting detailed risk assessments and updating tender requirements related to labour conditions.

Increase engagement with key internal and external stakeholders specifically around labour conditions

- Conducted internal dialogues with e.g., health & safety on migrant workers on Vattenfall's sites.
- Engaged with business units Wind and Heat to discuss risk prevention at sites in connection to migrant workers and developed employee requirements accordingly.
- Conducted external dialogues with suppliers through share & learnings and training sessions.

We have launched several initiatives to address labour conditions, including projects related to forced labour, migrant workers, wages, overtime, and health & safety. We will continue our efforts in these areas and others that are relevant.

Continue to strengthening requirements towards suppliers connected to labour conditions

- Identified a social impact KPI within contractor health & safety to be piloted in 2024
- Conducted research on living wage in the supply chain to review possibility of implementing this in our supply chains.
- Updated the nuclear fuels audit checklist by including the social dimension.

We recognize the importance of collaboration, both internally and externally, in addressing labour conditions among our suppliers and contractors. Therefore, we will continue our work to engage with relevant stakeholders to drive progress and continue to improve supplier and contractor labour conditions.

# Sourcing from high-risk areas

### Risk/Impact

Vattenfall’s operations are not located in conflict-affected or high-risk countries. However, we procure fuels, products, and technologies which come directly from conflict-affected or high-risk areas, or which contain components or minerals originating from these areas. Our transition to fossil freedom will increase our need for technologies such as wind turbines, solar panels, and battery storage, which contain materials largely mined in high-risk areas. These include, for example, cobalt mined in Congo, copper from Peru, REEs from China or aluminum from Guinea

### Risk management

We manage the risks of sourcing from high-risk areas by assessing our first-tier suppliers based on their country and product category. We conduct controls such as audits and investigations and implement corrective action plans for suppliers operating in high-risk countries or industries. For risks beyond our first-tier suppliers, we collaborate with our suppliers and partners or engage in multi-stakeholder dialogue. Transparency remains a challenge for high-risk areas deeper in our supply chain.

### Ambition

Vattenfall’s ambition is to proactively manage and minimize potential impact connected to sourcing from conflict affected and high-risk areas in order to support a responsible energy transition.



# Sourcing from high-risk areas

## Focus area

## Progress 2023

## Challenges & Next steps

Enhance upstream supply chain transparency and understand impact on people and planet

- Mapped current and expected high risk material use until 2030.
- Assessed material related supply chain risk, including security of supply, environmental and human rights risks.
- Prioritized relevant materials in terms of volumes and risk.
- Integrated criteria around origin of materials in selected tenders.

Collaborate with our suppliers on ways to mitigate risks, like design optimization, substitution or recycling

- Initiated development of material strategies for prioritized materials.
- Engaged with strategic suppliers to address the identified risks and transparency.
- Started working on circularity aspiration and roadmap for circularity.

Drive momentum on the topic by influencing industry collaborations' sustainability agenda's

- Participated in the Dutch IRBC Covenant to enhance supply chain transparency and align due diligence practices in the Wind industry.
- Participated in Solar Stewardship Initiative on industry-wide chain of custody.
- Participated in the Aluminum working group of the German Energy Industry Dialogue focusing on mitigation actions to human rights issues of bauxite mining
- Participated in the World Nuclear Association ESG working group

The supply of the right materials, products and technologies, from the right source, produced, processed and mined under the right conditions, is critical to us. We will continue to address risks associated with sourcing from high-risk countries. In the year ahead, we will continue to develop material strategies for prioritized materials and implement them in sourcing processes and further enhance upstream supply chain transparency.



# Just transition & responsible decommissioning

## Risk/Impact

Addressing the climate crisis requires a massive shift across systems in the ways we operate, physically, economically, and socially to reach net-zero greenhouse gas emissions by 2050. The transition to net zero will have impacts on employees, local communities, customers, and industries throughout global value chains. For example, communities may be impacted because of building new fossil-free energy projects, consumers may face accessibility or affordability challenges which hamper their ability to participate in the transition, while employees could be impacted by the transformation or closure of fossil-based assets.

## Risk management

Given the broad scope of the concept of “just transition” and the various types of potential impacts and impacted stakeholders, there are a multitude of risk management tools in place, many of which are listed for the other prioritised focus areas. In addition to these, we have formed a project group aimed at exploring the risks and opportunities of the transition, using just transition as a “lens” to identify additional value we can create as a company.

## Ambition

Vattenfall will enhance its role in delivering a just transition by formalizing our efforts and further embedding the aims of the just transition into the way we operate and make decisions.



# ✦ Just transition & responsible decommissioning

Focus area	Progress 2023	Challenges & Next steps
<p>Continuously reviewing and prioritizing stakeholders in our value chain based on the severity of potential impact and our leverage</p>	<ul style="list-style-type: none"> <li>Assessed transition-specific impacts and stakeholders, as well as our connection to the impacts, and prioritized local communities, employees, and customers.</li> <li>Expanded discussions on impacts and stakeholders, particularly with a focus on suppliers, including as part of ongoing external collaborations (see below).</li> </ul>	<p>“Just transition” is very much an umbrella term, encompassing many different aspects and impacts which require continuous monitoring and prioritization, the challenges and next steps for which are described in the other sections in this report.</p> <p>As we navigate this shifting landscape, we will focus on delivering proof points for each of our ambitions, much of which can be achieved by spreading best practice from one part of the organisation into the rest of it.</p>
<p>Strengthening internal policies, processes, and external disclosure</p>	<ul style="list-style-type: none"> <li><a href="#">Published ambitions</a> towards key impacted stakeholders, addressing the potential impacts we may have on them in the course of our transition.</li> <li>Implemented continuous improvement activities, for example integration of just transition considerations in the screening of certain key counterparties.</li> </ul>	
<p>Engaging in external collaborations to improve our awareness of best practice and our ability to create positive impact</p>	<ul style="list-style-type: none"> <li>Actively engaged in the BSR group <a href="#">Energy for a Just Transition</a>, including participating in the development of a toolkit companies can use for their own just transition planning.</li> </ul>	

# Human rights defenders

### Risk/Impact

The risk for human rights defenders is highest in countries where internal armed conflict or severe civil unrest exists, or which are characterized by political instability or repression. Vattenfall does not have operations in such countries; however, we are aware that certain fuels, products, and technologies we source are coming from or are processed in high-risk areas. Vattenfall recognizes that human rights defenders are important partners in identifying risks in our value chain. As the safety of human rights defenders is deteriorating, it is a focus area even though we have limited leverage.

### Risk management

To manage the risk to human rights defenders in our supply chain, we assess first-tier supplier risk based on the manufacturing or service provisioning country and the product category. When the assessment indicates a potential risk for human rights defenders at our first-tier suppliers or deeper in the supply chain, we initiate case by case dialogues with our supplier to address our concerns and understand how they manage the risks.

### Ambition

Vattenfall wants to actively contribute to safeguard the lives and safety of human rights defenders connected to our value chains.





# ⚖️ Human rights defenders

## Focus area

## Progress 2023

## Challenges & Next steps

Increase our understanding of human rights risks to defenders connected to our value chains and our ability to address these risks

Engage with suppliers and partners to identify and implement actions that support protecting the rights and lives of human rights defenders

Continue to strengthening policies and requirements in line with our increased knowledge and best practices

- In connection to identifying high risk minerals in our supply chain, increased our understanding of rightsholders, defenders and other stakeholders.
- Developed questionnaire and held dialogues to increase awareness with selected suppliers operating in countries or industries that carry risks for human rights defenders.

Our focus remains on the protection of human rights defenders, although we have not been able to work on this topic as much as we initially planned for.

Our objective is to develop a clear commitment and establish a consistent approach to safeguard the rights of human rights defenders and cascade this approach in our supply chain.

We aim to increase transparency in our supply chain and evaluate its impact also on human rights defenders. By developing guidance to our business units, we can help them identify risk to human rights defenders with the aim to reduce these risks.

# Reflecting on our human rights work

## Introduction

To keep up with the rapidly shifting landscape of emerging issues, heightened business impact, stakeholder expectations, and legal developments in the human rights area, we conduct an annual assessment of our approach towards human rights, in addition to the strategic assessment conducted every three to five years.

As Vattenfall itself is also constantly evolving, it is important to assess our human rights context and efforts annually to be able to best prioritise future action and resources.

## Methodology of Vattenfall's annual assessment

We conducted the assessment in three different parts:

1. *Issue lens*: internal experts evaluated changes to the salience and/or scope of the 16<sup>1</sup> identified human rights issues. They also reviewed the suitability of the methodologies used to assess and mitigate related risks in light of these changes.
2. *Business lens*: business stakeholders assessed changes to e.g., their organisations, geographies, product ranges and supply chains. Business stakeholders and human rights experts discussed how these affect the human rights risks that we face and whether we need to change our practices.
3. *External lens*: a third-party expert reviewed the results of parts 1 and 2 to understand the shifts in our business. Based on this and their view on external trends, provided advice on the continued salience of the 16 human rights issues and insight into emerging topics, if any.

This annual assessment resulted in several improvement areas, which we will include in our human rights work for next year and years to come.



# Continuing our human rights efforts

Our annual assessment showed that our approach to human rights is adequate. However, we identified several opportunities to increase our effectiveness. Using the OECD framework as a reference, we would like to highlight the following points.

## 2 Identify and assess risks

Based on the annual assessment, there are two primary conclusions:

1. The existing list and prioritization<sup>1</sup> of human rights issues remains relevant for Vattenfall. However, based on the rapid digitalisation of the business, “responsible use of technology” is a topic which will likely need increased focus.
2. Our level of management of these issues is generally adequate and improving as a result of our action plans, even if not uniformly.

Nonetheless, we can strengthen our ability to identify, assess, and manage relevant risks by focusing on the following:

- Securing earlier involvement in new business developments and partnerships, enabling more careful evaluation of potential human rights risks.
- Ensuring sustainability controls are also adequately applied on suppliers in high-risk categories with lower spend.
- Broadening our set of risk indicators by integrating aspects that are not always captured by our tools, such as media and research sources.

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## Act: prevent, mitigate and track

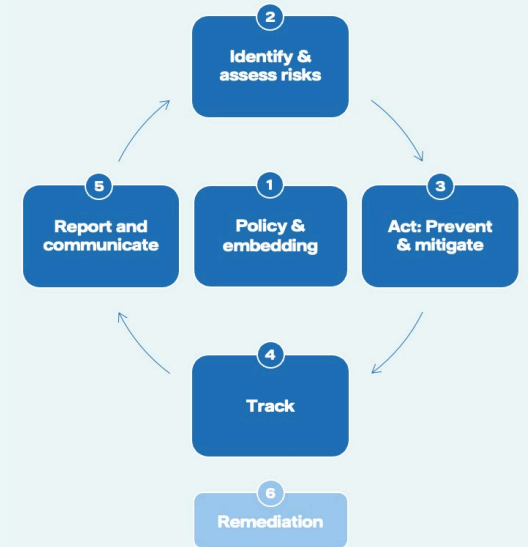
Looking at our published 2022 Human Rights action plan, we are generally on track with our key actions. However, we need to place additional focus on the following:

- Defining ‘*Labour conditions in supply chain*’ in more detail to enable the formulation of more targeted actions.
- Deepening our understanding of some of the topics, like human rights defenders, to be able to develop relevant actions.
- Further increasing transparency in selected high-risk supply chains, to gain the insight required to be more impactful with our actions.
- Developing methods to measure our impact and effectiveness, as it remains a challenge to understand our ‘real’ impact on human rights, especially for issues further down in our value chains.

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## Report and communicate

With this first stand-alone Human Rights Progress Report, we address our commitments to both conduct our annual assessment and report on our progress in 2023. Our Annual Sustainability Report 2023 includes further information. The Corporate Sustainability Reporting Directive introduces new, challenging requirements, but we will seek synergies between these requirements and our existing reporting channels.



*‘We have made significant progress in our human rights efforts, and it is important that we maintain our momentum and continue to reflect on our progress going forward’*

Annika Ramsköld