



Vattenfall's human rights action plan

Laying the foundation for a just energy transition



VATTENFALL

Introduction

Vattenfall's goal is clear: we are determined to enable fossil-free living within one generation. 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.



Anna Borg
Anna Borg, CEO Vattenfall



Reader guide

This report will guide you through our human rights work, starting with our progress over the last few years, covering the most recent assessment, and describing our approach in the coming years.

1 Looking back

What did we achieve in the past four years? Reflections on our action plan '11 Steps to 2022'

2 Setting the stage

The objectives and methodology for our 2021 Human Rights Assessment covering risks and governance

3 Risks: results and ambitions

The 16 most relevant human rights issues for Vattenfall, including nine prioritised issues and our corresponding ambitions

4 Governance: results and ambitions

The benchmark of Vattenfall's governance systems against international guiding principles and our corresponding ambitions

5 Continuous improvement

Our plan to build on learnings as we track and report on our progress

6 Our journey forward

Looking back on the last four years

Vattenfall's action plan '11 Steps to 2022', based on the three pillars of the UN Guiding Principles for Business and Human Rights, was created in 2018 as our guide for improving our performance on human rights topics. We defined a number of targeted activities for each of the '11 Steps' and have summarised our progress against them in this document.

The '11 Steps' were broken down into actions on:

- Policy & embedding
- Human rights due diligence
- Grievance & remediation

Overall, we have made significant, though bumpy, progress. We have not achieved everything we set out to, in some cases because we ran out of time, shifted priorities or increased our ambitions, and in others, because the targeted activities were too prescriptive or too vague to really drive impact. This is a key learning for our next roadmap.



Policy & embedding

We define our commitment to the public, ensure that we build the internal expertise needed to uphold this commitment and update relevant processes to reflect it.

● Create a policy

- ⊕ Created a policy which is updated yearly

● Improve internal capacity

- ⊕ General and targeted trainings conducted yearly, including highly exposed functions
- ⊖ More employees should receive trainings

● Integrate human rights into internal processes affecting Vattenfall

- ⊕ Assessed maturity of processes, updating a number of them and identifying areas for further work
- ⊖ Human rights perspective can be more explicitly included in further risk assessment processes

● Update general due diligence processes

- ⊕ Introduced multiple new and more sophisticated assessment tools and standards, with action plans to address highest risks and priorities
- ⊖ Action plans are continuously updated and use of tools is refined, so this will never be completed

● Aims fully achieved ● Partially achieved ● Little/not achieved





Human rights due diligence

We conduct due diligence in order to identify, prevent, mitigate and account for how we address our adverse human rights impacts.

Develop action plans

- ⊕ Group-wide and individual business area or staff function action plans developed
- ⊖ Ownership and follow-up of action plans not always clear, and not all actions completed

Strengthen work with local communities

- ⊕ Integrated into business area strategies and is a topic of focus for internal and external networks in which we participate
- ⊖ Varied maturity in implementation across the business

Strengthen work with indigenous peoples

- ⊕ Published best practice guidelines and continued internal network for sharing successes and challenges
- ⊖ Additional key employees & contractors need trainings

Conduct targeted human rights impact assessments

- ⊕ Assessed multiple product and fuel supply chains, as well as supply chains for high-risk and conflict minerals

● Aims fully achieved
 ● Partially achieved
 ● Little/not achieved

Grievance & remediation

If we cause or contribute to an adverse human rights impact, we should provide mechanisms through which these impacts can be signalled to us, as well as engage in remedy.

● Evaluate whistleblowing systems

- + Conducted benchmark against UNGP eight effectiveness criteria, made improvements
- Remaining recommendations from benchmark need to be implemented

● Secure outreach of whistleblowing system to contractors or other external stakeholders

- + Improved accessibility online and translated into more languages linked to high-risk suppliers
- References could be included in even more locations

● Establish and align remediation processes and policies

- + Internal discussions conducted among the different business areas, processes in place
- Follow-up shows that alignment is not optimal, practical or possible for legal reasons in some cases

● Aims fully achieved ● Partially achieved ● Little/not achieved



Setting the stage

To ensure that our understanding of our potential human rights impacts is up to date, we engaged third-party experts to conduct a human rights assessment covering the full value chains across all our business areas. This assessment was an update of our 2016 Human Rights Assessment.



The experts were engaged to give us unbiased answers to two main questions:

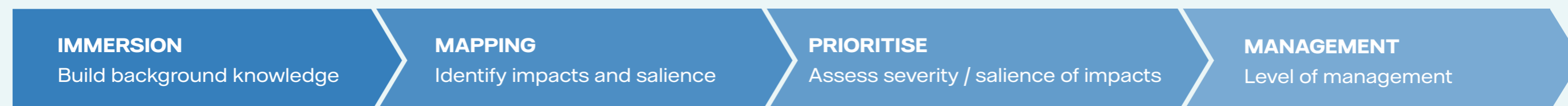
- 1** Where do we risk having adverse human rights impacts?
- 2** Are our current commitments and management systems adequate when compared to international standards?



Method of assessment

Risks

To determine which human rights risks are the most relevant for Vattenfall, the third-party experts used a four-step approach, which assessed the level of (potential) impact* on relevant human rights and how well Vattenfall manages these human rights.



Governance

To determine whether Vattenfall’s governance is adequate, the third-party experts conducted a benchmark of Vattenfall’s management systems against the OECD Guidelines and UN Guiding Principles on Business & Human Rights.

Overall results

The third-party experts conducted desktop research, reviewed 100+ Vattenfall documents, conducted internal and external expert interviews, and organised a stakeholder roundtable, which resulted in ...

16

... relevant human rights issues with ...

75+

... recommendations for improvement or monitoring, covering both risks and governance, which are being converted into specific actions within the relevant business areas and staff functions.

* Based on level of severity, likelihood and number of people affected.

See next pages for ambitions

Risks

Results

The first part of the assessment reviewed human rights risks and determined that there are 16 relevant (salient) issues for Vattenfall. Based on level of severity, likelihood and number of people impacted, the 16 issues are split into primary and secondary. The primary issues are most salient.

In addition to level of impact, the third-party experts assessed how well Vattenfall manages the specific human rights issues, from 'no management' to 'strong management'.

Vattenfall prioritised nine human rights issues based on their salience and level of management. We have formulated specific ambitions and continuous improvement areas for these issues going forward.

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 areas
8. Just transition and responsible decommissioning
9. Human rights defenders

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	◐	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

* We will continue to address the other seven issues, maintaining our focus on the issues with strong management, and continuing the execution of programs to build capacity for the issues with less strong management. However, given the combination of smaller impacts and/or better management, these issues are a secondary priority.

Ambitions per prioritised issue



Occupational health & safety

Health and safety is a fundamental human right. Vattenfall's operations are potentially dangerous, and we believe that accidents, incidents, injuries and work-related illnesses are preventable. It is extremely important that employee and contractor health and safety is managed in a systematic and proactive manner and that our culture reflects that harassment of any kind is unacceptable.

Our ambition:

Vattenfall puts world class health and safety as a strategic priority. Our ambition is to set the highest standards, never compromise, and have a strong culture of care for everyone working at, and for, Vattenfall.

We will focus on:

- Strengthening health & safety contractor management
- Increasing focus on management accountability and evolving the health & safety culture e.g., critical control management for high-consequence incidents
- Enhancing a healthy work environment e.g. leadership initiatives on mental health.



Environmental impact

A safe, clean, healthy and sustainable environment is imperative, not only to sustain the planet, but as a fundamental human right. Adequately managing and reducing the environmental impacts of a company's operations and value chains is fundamental to ensuring environmental human rights are not infringed.

Our ambition:

Vattenfall aims to be a leader within environmental sustainability. In accordance with our environmental policy, we commit to become climate-neutral, to protect nature and biodiversity and to use resources sustainably.

We will focus on:

- Reducing our CO₂ emissions in line with the 1.5°C scenario approved by the SBTi*
- Continuing to positively contribute to biodiversity through various projects where we implement enhancing measures and conduct biodiversity R&D
- Constantly striving to optimise resource use in our operations and in our value chain.

* Science Based Targets initiative



Grievance & remedy

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. Thus, it is fundamental that rightsholders have access to adequate, accessible and effective grievance mechanisms.

Our ambition:

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

We will focus on:

- Providing more tailored communications towards our different rightsholders regarding our available grievance mechanisms
- Enhancing communication on alternative forms of redress when the rightsholder is dissatisfied with the outcome of their report.

Ambitions per prioritised issue



Indigenous peoples

Indigenous peoples hold specific rights according to international human rights principles. In cases of inadequate community involvement and consultation, activities can have significant impact, resulting in undesired changes in standard of living. Activities related to the energy transition could impact indigenous peoples located in specific areas, e.g. in Sweden, home to the Sámi.

Our ambition:

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

We will focus on:

- Strengthening our governance and internal capacity to respect the rights of indigenous peoples
- Enhancing our transparency on our engagement and consultation practices
- Engaging proactively with indigenous peoples on ways to mitigate negative impacts and enhance positive impacts where possible.



Community engagement

Vattenfall's activities can impact livelihoods of the communities in which we operate, both negatively and positively. It is important to understand and integrate local priorities and concerns through meaningful engagement with local communities.

Our ambition:

Vattenfall wants to operate in an inclusive way that recognises communities' needs and interests, in order to minimise our negative impacts and maximise our positive impacts on the livelihoods of the communities in which we operate.

We will focus on:

- Improving our ability to meaningfully engage with local communities on their needs and expectations
- Further developing our ability to identify and address our positive and negative impact on communities in which we operate
- Enhancing transparency on our engagement and addressing impacts.



Supplier & contractor labour conditions

The obligation to respect human rights extends beyond company boundaries. Company operations and activities impact workers throughout the value chain. Labour conditions and challenges differ between countries and suppliers, and given the nature of today's supply chains, there is a risk that Vattenfall's operations and activities are linked or contributing to these challenges.

Our 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.

We will focus on:

- Enhancing our risk assessments and follow-up, e.g. enhanced screening of suppliers and conduct category-specific risk assessments
- Increasing engagement with key internal and external stakeholders specifically around labour conditions
- Continue to strengthen requirements towards suppliers connected to labour conditions.

Ambitions per prioritised issue



Sourcing from high-risk areas

Vattenfall's operations are not located in conflict-affected or high-risk countries. However, the energy transition will drive demand for fuels, products and technologies which may come directly from conflict-affected or high-risk areas, or which contain components or minerals originating in these areas. There is a possibility that value chains of fuels or products that Vattenfall sources are in these areas.

Our ambition:

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

We will focus on:

- Enhancing upstream supply chain transparency and understanding impact on people and planet
- Collaborating with our suppliers on ways to mitigate risks, like design optimisation, substitution or recycling
- Driving momentum on the topic by influencing the sustainability agendas of our industry collaborations.



Just transition & responsible decommissioning

Addressing the climate crisis requires a massive shift physical, economic, and social systems.. The transition to net-zero will have impacts on employees, local communities, customers and industries throughout global value chains, and a just transition aims to secure that its impacts and benefits are fairly distributed, and no one is left behind.

Our ambition:

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

We will focus on:

- Continuously reviewing and prioritising stakeholders in our value chain, based on the severity of potential impact and our leverage
- Strengthening internal policies, processes and external disclosure
- Engaging in external collaborations to improve our awareness of best practice and our ability to create positive impact.



Human rights defenders

Vattenfall does not currently have operations in countries which are considered high-risk for human rights defenders. However, we are aware that certain products that we source could be coming from or processed through high-risk areas. Vattenfall recognises that human rights defenders are important partners in identifying risks in our value chain and that their safety is deteriorating, thus making it a focus area even though we have limited leverage.

Our ambition:

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

We will focus on:

- Increasing our understanding of human rights risks to defenders connected to our value chains and our ability to address these risks
- Engaging with suppliers and partners to identify and implement actions that support the protection of the rights and lives of human rights defenders
- Continuing to strengthen policies and requirements in line with our increased knowledge and best practices.

Governance

Results and ambitions

Vattenfall follows international frameworks such as OECD and UNGP* as our standard of reference. To ensure that we continuously improve in the light of these standards, we had our governance frameworks assessed. The assessment reflected the three pillars of human rights governance (Policy and embedding, Human rights due diligence, and Grievance and remediation).

Like many companies, Vattenfall is partially aligned with the frameworks; we have many foundational elements in place, but still have room for improvement.

A robust governance framework is a pre-condition to identify and mitigate human rights risks, drive continuous improvement and deliver on our ambitions. It is also the stepping stone for our improvement initiatives on our journey to fully align ourselves with recognised standards and best practices.



Policy & embedding

We will focus on:

- Updating our Human Rights Policy to further align with UNGP and OECD standards by including additional commitments on our most salient risks
- Ensuring we fulfil the spirit of existing and upcoming human rights due diligence laws and go beyond minimum requirements by having positive impact
- Securing closer involvement of business areas and staff functions working on human rights and establishing clearer ownership throughout Vattenfall for the ambitions set.



Human rights due diligence

We will focus on:

- Strengthening our approach to assess and address impacts stemming from our transition to become fossil-free
- Increasing integration of our human rights risk assessment methodologies in daily operations and decision-making processes
- Further embedding conditions and expectations on the most salient human rights risks in supplier contracts or other written agreements with partners.



Grievance & remediation

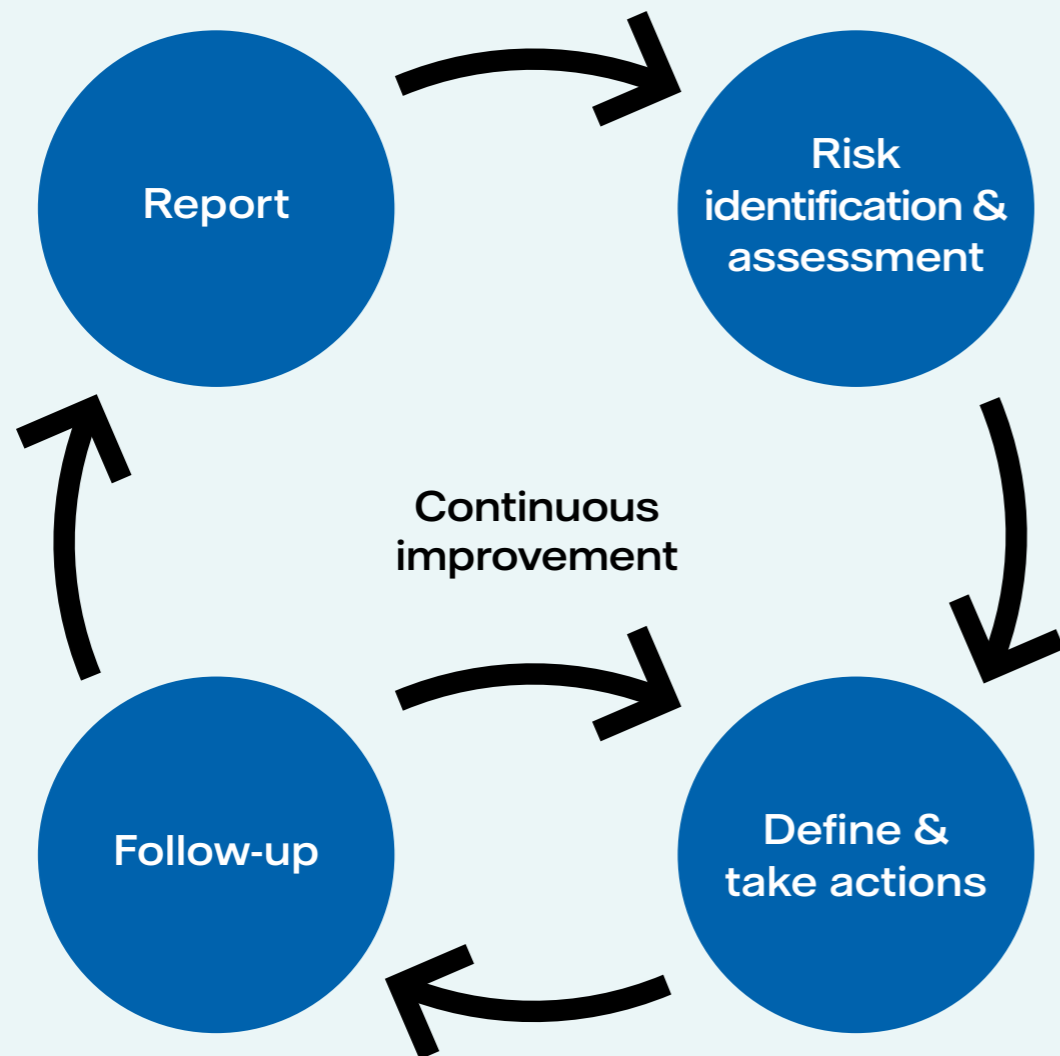
We will focus on:

- Further increasing alignment with the UNGP eight effectiveness criteria and improving grievance mechanisms where feasible
- Ensuring our whistleblowing systems stay accessible and comprehensible as they evolve to align with upcoming legislation
- Improving data tracking of grievance reporting systems across our operations and geographies to be able to analyse and report on more aggregated data, including remedy.

* OECD Guidelines for Multinational Enterprises and UN Guiding Principles for Business and Human Rights

Continuous improvement

Working with human rights is about continuously improving. Vattenfall's approach mirrors international frameworks and guides us to use the learnings from completed actions as the foundation for raising our ambitions and taking the next step forward.



Risk identification & assessment

- Ongoing: Assess counterparties, projects, investments, etc, as they come up
- Annual: Assessment of products and services offered, geographies, business lines and supply chain portfolio to identify any material changes
- Every three to five years: Full assessment by third-party.

Define & take actions

- Aim to set time-bound, measurable actions tailored to the type of risk.

Follow-up

- Measure progress and identify follow-up actions as needed.

Report

- Transparently convey progress made, challenges faced, and to the extent possible, efficacy and impact of measures taken
- Annually in the annual and sustainability report, with supplementary information reported regularly on the website.

Our journey forward

The path to a completely decarbonised society will inevitably have human rights impacts, as the transition will affect employees, consumers, local communities and other rightsholders throughout the value chain. Dealing with this increasing complexity and securing that the social aspects of the transition are addressed are key to the success of the transition.

This is part of our journey and will be driven not least by our employees, but also in collaboration with our other stakeholders.

You can follow our journey both **online**, as well as in our **Annual and Sustainability Report**.

→ **[Vattenfall.com](https://www.vattenfall.com)**

→ **[Annual and Sustainability Report](#)**

