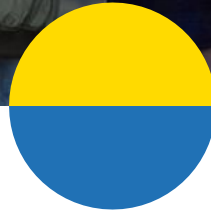


Human Rights Progress Report

2024



VATTENFALL

Introduction

The transition to a fossil-free society will involve significant changes in how energy is produced and consumed, which can have profound effects on communities and individuals. Acknowledging the social implications, Vattenfall places a strong focus on human rights. By doing so, Vattenfall aims to ensure that the benefits of this transition are shared broadly and fairly, and that no one is disproportionately burdened due to these changes.

Our approach to human rights is guided by international standards, 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, assess, and mitigate human rights risks.

In May 2024, the European council officially adopted the EU Corporate Sustainability Due Diligence Directive (CSDDD), requiring companies to conduct comprehensive due diligence on human rights and environmental impacts across their entire value chain. With this, our due diligence efforts and drive for continuous improvement become even more crucial.

This is our second stand-alone Human Rights Progress Report and addresses the communications aspect of the OECD due diligence framework. This report is in addition to our 2024 Annual & Sustainability Report, which is published in accordance with the EU Corporate Sustainability Reporting Directive (CSRD), covering parts of our human rights work.



A handwritten signature in black ink, reading "Annika Ramsköld".

Annika Ramsköld, Vice President Sustainability

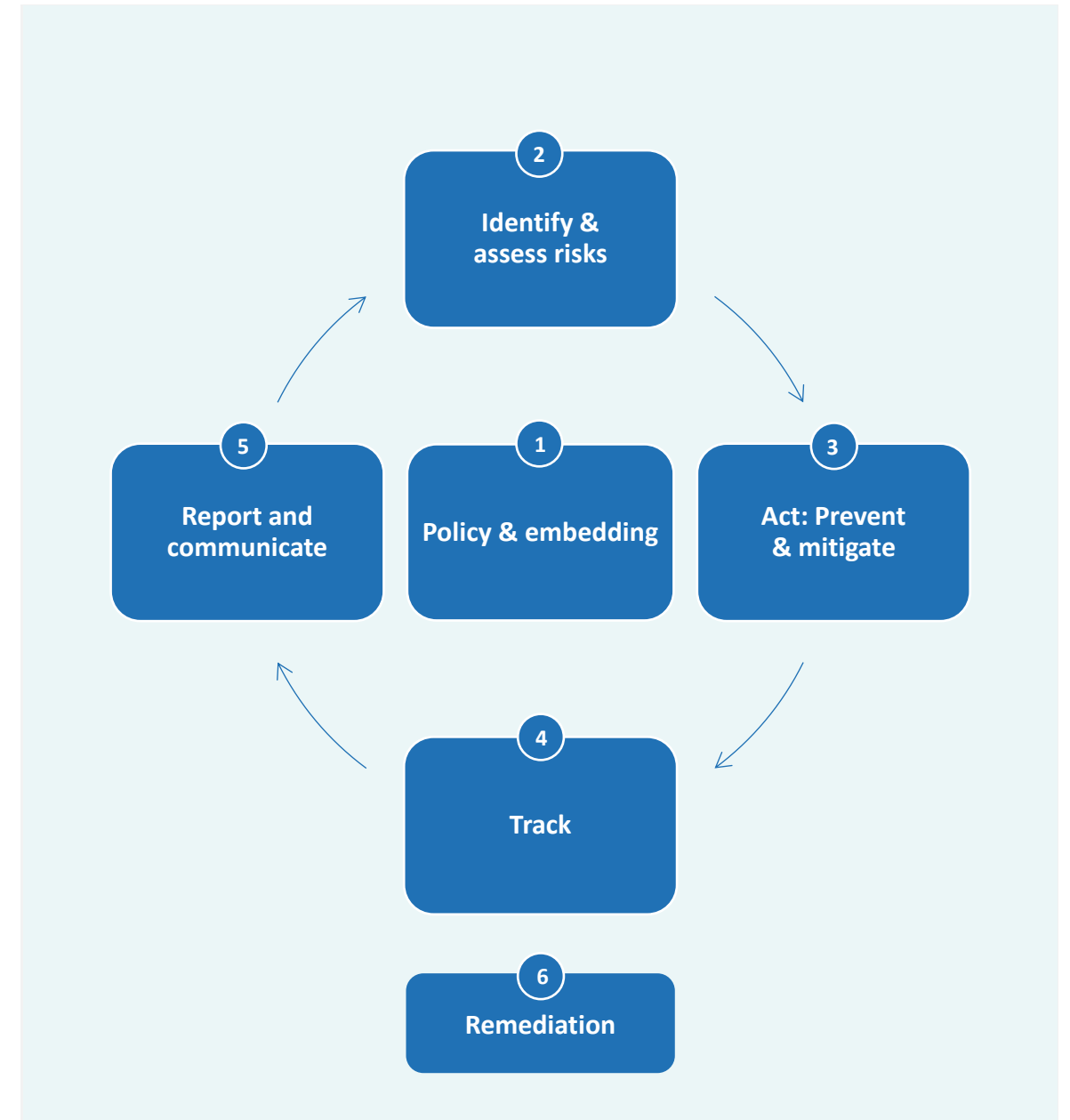
Vattenfall's approach to human rights

Vattenfall follows the OECD's six-step due diligence framework, which was formalized as law by the CSDDD in May 2024. The due diligence framework starts 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 for the company. The latest such in-depth assessment was conducted in 2021 and identified 16 human rights areas that are most relevant to Vattenfall. The specific findings for each area form the foundation for the next step in the framework, developing action plans to address these risks. At group level, Vattenfall published its Human Rights Action Plan, which focuses on nine prioritized human rights areas.

Tracking progress on the action plans, step four, occurs internally and is coordinated centrally. To ensure we direct our efforts appropriately, we also conduct an annual human rights management review, assessing whether the prioritized human rights issues are still the salient issues for Vattenfall and if our governance is still effective. The learnings are used to further enhance our human rights work and are published in this report as well.

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

Step six, grievance and remediation, is handled by Vattenfall on a case-by-case basis.





Reader guide

This report will guide you through our progress on our Human Rights work in 2024, starting with the results of the 2021 human rights assessment, followed by short introduction about *progress reporting*. The next sections cover developments and challenges for 2024 in our governance and key human rights areas. We conclude the report with key take aways of the Annual Management Review, and our journey forward.

- 1 2021 Human rights assessment**
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- 5 Annual Management Review and our journey forward**
Page 25

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 2024 report (in accordance with CSRD and to be published March 27th)

- ### 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, monitor progress, and implement programs designed to enhance our capacity in areas with less robust management. Issues with relatively smaller impact or more effective management, are considered second priority. This prioritization may change in response to evolving circumstances, both internally and externally, which we monitor closely as part of our Annual Management Review. Any such changes will be reflected in this report.

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 ¹	◐	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

¹ Grievance mechanisms and access to remedy is covered in the governance section of the report.

Progress reporting 2024

A way to visualize progress

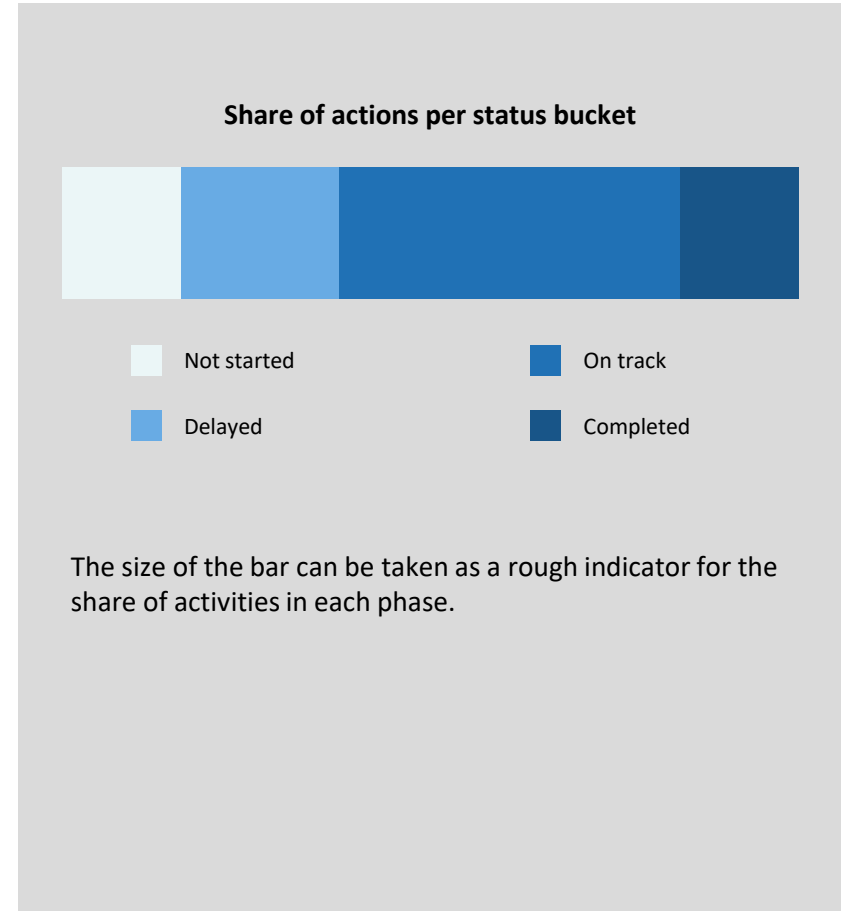
In our first Human Rights Progress Report in 2023, we reported our progress based on key activities, challenges, and next steps. This approach provides a comprehensive overview of our developments and continuous improvement related to governance and prioritized human rights issues.

For this year’s report, in addition to highlighting key activities, challenges, and next steps, we aim to present an overall sense of progress in our human rights work using the recommendations and formulated activities deriving from the 2021 Human Rights Assessment as the baseline for measurement. We monitor these activities and label the status of progress, from ‘not started’ to ‘completed’. By using a color-coding tool, we aim to visualize the progress of the various activities for each prioritized human rights issue and governance section. Over time, the portion of ‘completed’ activities should increase, while other categories should decrease.

Limitations

Human rights work evolves over time, which may necessitate adding new activities related to the 2021 recommendations. For example, we could complete the original recommendations, but in doing so, discover an additional five relevant activities as follow up. These would be included in the display on progress. However, in addition to the 2021 assessment, activities can be prompted by other sources such as the annual human rights management review and continuous improvement activities. These activities are *not* included in the color-coding tool. It is also important to note that not all activities have the same magnitude; being ‘on track’ for a substantial activity may require much more effort than finishing a smaller one.

Nonetheless, as our objective is to provide a general sense of progress rather than a scientific measurement, we acknowledge these limitations.



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 needed updated, following UNGP guidelines and in consultation with both internal and external stakeholders.

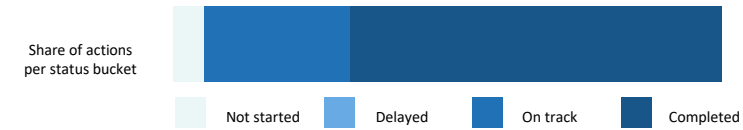
Embedding human rights

In practice, the responsibility for driving human rights, 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. An internal guideline describing roles and responsibilities linked to the OECD 6-step due diligence process, is available to all employees, in addition to a training on human rights.

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 (2024)	Number
Human rights trainings (procurement department)	210



Policy & embedding

Focus area

Progress 2024

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"> Using the annual human rights management review and the gap analyses against CSRD and CSDDD as inputs, we determined that no significant changes to the Human Rights Policy were necessary Created an internal guideline describing roles and responsibilities linked to the OECD 6-step due diligence process Updated the Code of Conduct for Suppliers and Partners to further align with regulatory updates and internal strategic focus areas 	<ul style="list-style-type: none"> Continue to monitor developments triggering adjustments to our Human Rights policy and commitments, including CSRD and CSDDD. As part of CSDDD assessment, investigate the need for a separate due diligence policy
<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"> Conducted a gap analysis against CSRD disclosure requirements, to understand main reporting gaps linked to our material topics as identified in the DMA¹ Conducted a first assessment of our human rights due diligence framework against the CSDDD and the EU Forced Labour regulation, respectively. First independent assessment was conducted on the signatories to the International Responsible Business Conduct (IRBC) Agreement for the Renewable Energy Sector, placing Vattenfall in 'top leader' category. 	<ul style="list-style-type: none"> Continue to monitor implementation of the CSDDD into local legislation Develop a program to further detail implications from the CSDDD and the EU Forced Labour regulation to enhance identified processes and include relevant parts of the business and staff function Align CSRD gap analysis and actions and CSDDD assessment to create synergies
<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"> Strengthened the involvement of Business Areas and other Staff Units in human rights by conducting the DMA¹ with representatives throughout the organization In response to additional focus on issues related to migrant workers, we contributed to the IRBC Agreement's initiative to develop a Toolbox for strengthening labor rights and worker welfare on renewable energy sites. The Toolbox equips users to identify, assess, prevent, and mitigate adverse impacts on workers and support remediation efforts. 	<ul style="list-style-type: none"> We aim to strengthen the involvement of BA's and SFs through execution of findings CSRD Gap analysis and CSDDD assessment Internal capacity to fulfill findings triggered by CSRD/CSDDD legislation remains a challenge We are planning to carry out pilots of the IRBC Agreement's toolbox.

1. Double Materiality Assessment is a methodology to identify material topics based on impact on people and planet, as well as financial impact on the company

Human rights due diligence

Introduction

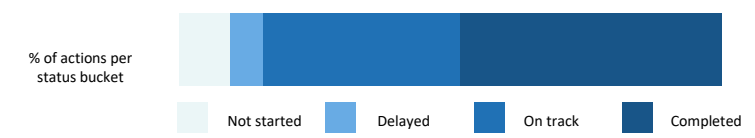
Vattenfall is committed to actively manage potential and actual negative impacts on human rights that may arise from our operations. This is important not only to meet the needs of rightsholders but also to understand and mitigate risks associated with the energy transition. Failing to understand these 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, assessing the impact of our actions poses a challenge, as establishing robust indicators to track long-term outcomes continues to be difficult.



KPI's (2024)	Number
Supplier screenings	4057
Supplier audits	97



Human rights due diligence

Focus area

Progress 2024

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"> • Strong contribution to IRBC Agreement related collective actions; a.o. enhanced due diligence on copper mining in Peru and worker welfare on our own sites • Active participation in two collective actions of the German Energy Sector Dialogue; impact of bauxite mining in Guinea and worker welfare 	<ul style="list-style-type: none"> • Continued efforts in the SSI to work towards a credible audit and traceability standard • Continued our efforts towards IRBC Agreement and German Energy Sector Dialogue and execute planned collective actions • Continue and potentially expand our collaborative approach addressing human rights; industry associations, practitioners' networks, Dutch Social Economic Council
<p>Increase integration of our human rights risks assessment methodologies in daily operations and decision-making processes</p>	<ul style="list-style-type: none"> • Continued to improve our supplier risk assessment tool by updating parameters, conducting an annual assessment on the portfolio for Goods and Services and traceable follow up of high-risk profiles • Conducted a pilot to verify the effectiveness of our risk management approach by drafting indicators for risk mitigation, internal compliance with controls and basic research of "missed risks" • Implemented a Group wide Functional Instruction for Counterparty Due Diligence 	<ul style="list-style-type: none"> • Execute on our efforts to include supply chain related human rights issues as standardized topic in the Business Plan process • Validate our current assessment and decision-making methodologies against the CSDDD requirements • Track compliance control adherence on Leadership's scorecards • Finalise additional category wide due diligence for at least 2 specific product categories
<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"> • Mapped prioritized supply chain human rights topics against product and service categories, so actions can be more targeted against risks and leverage ("matrix approach") • Sustainability included in all relevant M&A cases making use of our Partnership Principles • Built due diligence capacities of (SME) suppliers in a specific product category 	<ul style="list-style-type: none"> • Launch of the improved sustainability tender/contract requirements' repository • Leverage the matrix approach by working on targeted competence building, development of indicators, engaging with suppliers, prioritise enhanced assessments, competence building Sustainability Requirements Library • Enhance integration of human rights in M&A due diligence • Draft "SME support approach" to spur due diligence activities at specific suppliers

Grievance & Remediation

Our approach

The inability for rightsholders to lodge complaints and grievances can potentially lead to human rights impacts remaining unresolved. 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.

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.

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
- For local communities, we also offer direct contact with project managers, stakeholder engagement managers or other staff, for example via project web sites, phone or email

We assess our grievance mechanisms against the UNGP¹ 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.

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

Whistleblowing process at Vattenfall



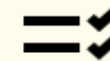
An individual submits a report to the Whistleblowing function, e.g., through the online Whistleblowing Channel.



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.



Grievance & Remediation

Focus area

Progress 2024

Challenges & next steps

Further increase alignment of grievance mechanism with the 8 UNGP's¹ effectiveness criteria, including enhancing transparency and accessibility, through tailored communication vis-à-vis rightsholders²

- Conducted an inventory of stakeholder engagement practices throughout the business areas, including aggregating information on types of operational level grievance mechanisms.
- Closed identified accessibility gaps (2023) by adding three new languages to the whistleblowing website.

In light of regulatory developments, numerous gap analyses have been conducted, confirming that challenges related to the accessibility and transparency of our grievance mechanisms and remediation processes remain highly relevant. We are committed to ensuring that rightsholders can access and trust our grievance mechanisms, and we strive to align with forthcoming sustainability legislation.

As our whistleblowing systems evolve to align with upcoming legislation, ensure our systems stay accessible and comprehensible

- Conducted a gap analysis of Vattenfall's grievance mechanisms and related governance against the European Sustainability Reporting Standards (CSRD)
- Performed an assessment of Vattenfall's human rights due diligence framework, including our grievance channel, against the European Corporate Sustainability Due Diligence Directive.
- A due diligence assessment within the framework of the IRBC Agreement, rendered that Vattenfall's grievance mechanism and remediation approach needs to be strengthened.

A significant challenge persists in accessing workers within our supply chain beyond the first-tier suppliers. We are actively exploring methods to improve the transparency and effectiveness of our grievance mechanisms.

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

- Building on conducted gap analysis and as part of our inventory of stakeholder engagement management, gathered additional information on operational level grievance reporting systems.

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

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.

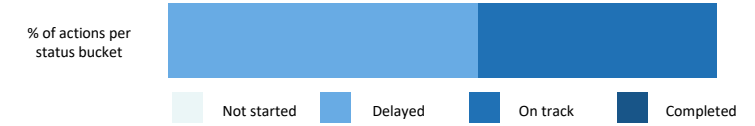
Risk management

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 2024

Challenges & next steps

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

- Assessed our community engagement practices to identify gaps to best practice. One of the conclusions is the need for a for a group-wide toolbox and a best-practices guide for community engagement.
- Initiated drafting of a Group level Community Engagement Guideline, to create minimum standards throughout Vattenfall for meaningful community engagement.

Effectively managing the varied and occasionally conflicting interests and needs of our diverse stakeholders continues to be a key challenge in community and stakeholder engagement.

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

- Engaged with local organizations to create social value, such as through job trainings and green employment opportunities for young people, displaced people, those with barriers to employment and all others based in our local communities.
- Included community engagement requirements in Heat tenders in UK and ensure that those are reported on to Vattenfall, with the aim of cascading positive impact.
- Going beyond legal requirements, Vattenfall facilitated information meetings with local banks and potential co-owners, in Denmark, to enhance decision-making for individual shareholders, particularly residents near the wind farms, and expand local ownership.

We collaborate with local organizations to build knowledge and experience, continually enhancing our engagement efforts. By sharing best practices internally, we deepen our understanding of the diverse impacts on affected communities and their needs, allowing us to effectively approach and meet these requirements.

Enhancing transparency on our engagement and addressing impacts

- Improved transparency in different markets through various initiatives such as creating video content to answer frequently asked questions connected to Heat (NL) and developed a Virtual Reality tool for schools (UK) through which students can explore the inside of a wind turbine.
- Published a separate financial report for Heat (NL), a first of its kind in the Dutch energy sector, in response to questions about affordability and transparency of heat tariffs.

We are enhancing internal governance structures and engagement processes by developing Group Guidelines for community engagement. Additionally, we aim to identify and communicate our proof points to foster greater transparency and trust among our diverse stakeholders.

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.

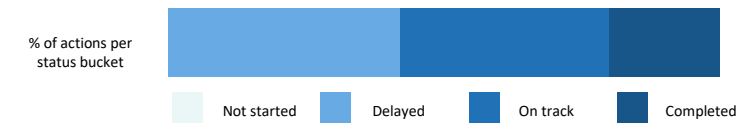
Risk management

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 2024

Challenges & next steps

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

- Held a full-day workshop for employees working in business areas with potential impact on the Sámi, focusing on processes and forms of remediation.
- Carried out internal training sessions on human rights due diligence in the context of indigenous peoples, as well as gathered input on how to further enhance our due diligence capacity.
- Initiated drafting of a Group level Community Engagement Guideline, including aspects of how the rights of indigenous peoples are respected in our community engagement practices.

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 continues to be of utmost importance.

Enhancing our transparency on our engagement and consultation practices

- Participated in dialogues with Swedish governmental representatives from the "Truth Commission for the Sami People", human rights NGO:s and Sami representatives where we shared how Vattenfall works with community engagement and our efforts to prevent adverse impact on indigenous peoples.

We have worked to implement and improve our internal training on this topic. A crucial further step in implementation is to tailor our training material to relevant target groups within the different business areas.

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. Vattenfall's efforts to contribute to a mutually beneficial dialogue with affected Sami communities, is reflected in an example where Vattenfall has offered to assist, in cooperation with landowners, in creating better conditions for reindeer grazing.

As part of our work with developing Group level Guidelines for community engagement, interviews have also been held with relevant stakeholder managers to map community engagement practices across the business areas, including processes specific to engagement with indigenous peoples.



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 workers are treated fairly.

Risk management

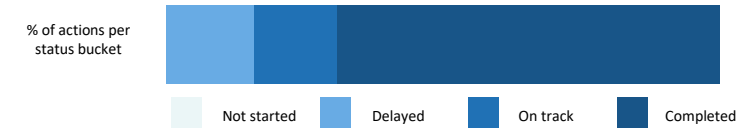
To manage risks associated with labour conditions, Vattenfall uses several tools, including the Supplier Risk Assessment Tool (SRAT) Light, audits, and screenings. SRAT Light identifies and assesses supplier's and contractor's sustainability risk(s) and defines a suitable response. In addition, Vattenfall conducts audits against our Code of Conduct for Suppliers and Partners, where topics related to labour conditions on 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.

Collaboration is essential to have a greater impact, which is why we participate in various industry initiatives and engage with different stakeholders, including suppliers and contractors, exchanging best practices and expertise.

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 2024

Challenges & next steps

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

- Developed a category matrix, reviewing amongst others human rights risks and impacts related to products and services that Vattenfall purchases, aiming to map the sustainability focus areas of relevance to each category to increase awareness internally and guide Vattenfall's work
- Conducted research on "Worker's Voice" to understand the concept and the feasibility of implementing this.
- Researched several supply chain transparency software solutions that will further support Vattenfall in identifying risks, such as human rights related risks, and increase transparency in different supply chain tiers.

Due to the ever-changing nature of supplier and contractor labour conditions, we must regularly assess and improve our risk identification- and management processes. For the upcoming year(s), we plan to implement a new process to engage with value chain workers regarding labour conditions, increase transparency beyond Tier-1, and continue our participation in different multi-stakeholder initiatives.

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

- Participated in several industry initiatives, such as the German Energy Sector Dialogue and the IRBC Agreement, aiming to strengthen labour rights and enhance worker welfare on sites.
- Continued the dialogues internally and externally around supplier & contractor labour conditions to increase awareness, share learnings and map risks connected to e.g., health & safety, wages, working hours and forced labour.

We continue to focus on various aspects of supplier and contractor labour conditions. Specifically, our efforts will be centered around addressing topics related to forced labour, wages, working hours, health & safety, and if needed, we might adapt our focus in the future.

Continue to strengthening requirements towards suppliers connected to labour conditions

- Continued our efforts to implement a living wage. For instance, our Code of Conduct for Suppliers and Partners now includes a soft living wage requirement and in a tender in Bristol, we made it mandatory for suppliers and contractors to pay a real living wage.
- Developed a new internal toolbox, aiming to further support buyers in integrating amongst others human rights related requirements in tenders.

Our engagement with both internal and external stakeholders will continue. As an example, we plan to engage with category managers next year to discuss the risks and impacts related to labour conditions that have been identified in the category matrix. This engagement will heighten awareness of the risks and impacts related to various focus areas, and appropriate actions will be determined accordingly.

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, Rare Earth Elements (REEs) from China or aluminum from Guinea.

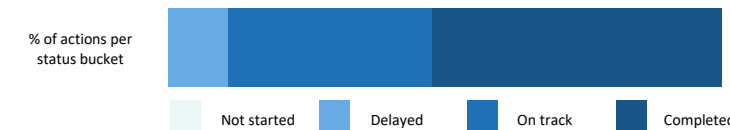
Risk management

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.



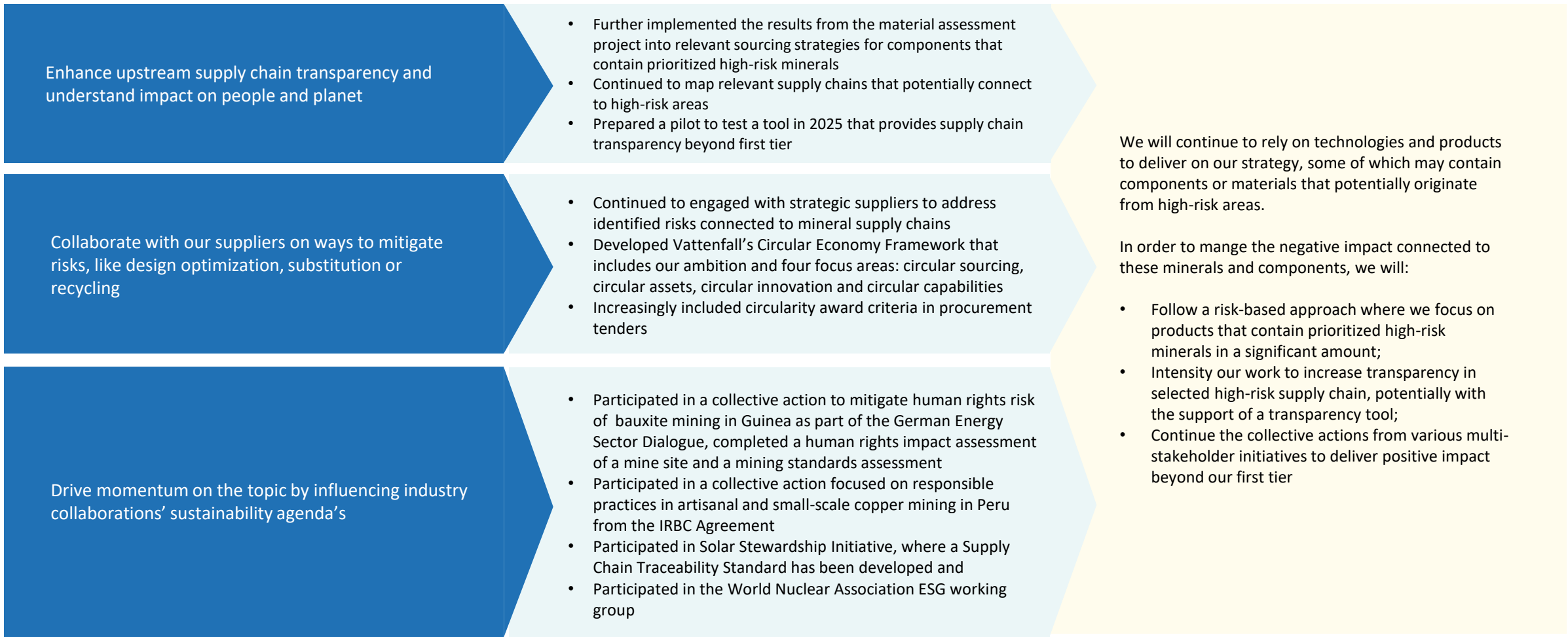


Sourcing from high-risk areas

Focus area

Progress 2024

Challenges & next steps



✦ 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.

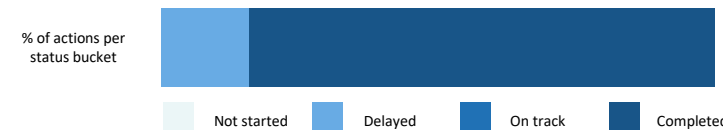
Risk management

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 2024

Challenges & next steps

Continuously reviewing and prioritizing 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

- Given an assessed lack of severe or imminent risk on the “Just transition & responsible decommissioning” issue, scarce resources, coupled with the facts that we made a large step forward in 2023 and needed to dedicate additional resources to other areas, we made the decision to deprioritize the focus areas in 2024
- Nonetheless, additional progress has been made for the three prioritised stakeholder groups (local communities, employees, and customers):
 - Supported over 20,000 customers in financial need with their bills.
 - Reviewed public-private partnership opportunities to help vulnerable households permanently reduce their energy consumption, bills, and carbon intensity for the long term.
 - Secured that we pay full-time employees a living wage and included language in our Code of Conduct for Suppliers & Partners to encourage them to do the same.
 - For local communities, see slide 14 for examples

We will take stock of our Just Transition proof points, exigent needs and risks, and recalibrate our Just Transition work accordingly. We will continue to collect proof points from throughout the group and strive to further spread examples of best practice.

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.

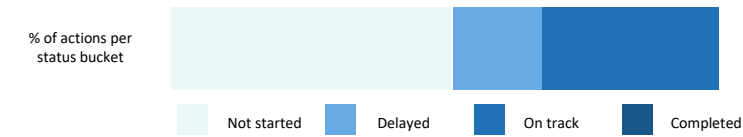
Risk management

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 2024

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

- Continued to increase internal understanding of locations and supply chains that are most likely to carry risk for human rights defenders, rights-holders and other stakeholders, mostly in connection to high-risk mineral supply chains
- Engaged with selected suppliers to increase awareness for the risk to human rights defenders with suppliers operating in countries or industries that carry risks for human rights defenders.
- As part of our participation in the German Energy Sector Dialogue, joined action focusing on bauxite mining, collectively engaged with human rights defenders and civil society from Guinea to understand the impact of mining on the rightsholder and their needs for further engagement

While protecting human rights defenders is still a priority, the issue is too broad, and we therefore see a need to narrow the scope and focus where the risks are highest and where we should have an impact.

That said, we're still committed to creating a clear and consistent approach to safeguard their rights and further implementing this approach throughout our supply chain.

We're also seeking to enhance transparency within our supply chain and assess how it affects human rights defenders. Through the development of guidance for our business units, we aim to help them identify and mitigate risks to human rights defenders.

Reflecting on our human rights work

Introduction

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

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

Methodology of Vattenfall's annual assessment

We conducted the assessment from three different perspectives:

1. *Issue lens*: internal experts evaluated changes to the salience and/or scope of the 16¹ 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, they provided advice on the continued salience of the 16 human rights issues and insight into emerging topics, if any.

The annual assessment identified several areas for improvement, which we will incorporate into our human rights initiatives for the coming year and beyond. Furthermore, the evaluation of our due diligence framework, conducted as part of the IRBC Agreement, highlighted areas where we can enhance our due diligence practices. Finally, we recognized the necessity of defining how our annual review can support the requirements arising from CSRD and CSDDD, particularly regarding indicators.



Continuing our human rights efforts

The annual assessment indicated that the current approach to human rights is adequate. However, several areas for improvement were identified. The following points are highlighted based on the OECD framework.

2 Identify and assess risks

Based on the annual review, three primary conclusions have been identified:

1. The existing list and prioritization of human rights issues remain relevant for Vattenfall. A shift in prioritization may occur following our next in-depth human rights assessment, which is scheduled for 2026.
2. Grievance mechanisms and access to remedies should be treated as governance elements only, aligning with OECD and CSDDD references, rather than a human rights 'issue'.
3. The level of management for the prioritized issues is generally adequate. Nevertheless, as some actions are marked as 'not started' or 'delayed', additional efforts are needed in those areas.

The main areas identified through the annual review, and influenced by new legislation, where Vattenfall can enhance its risk framework are as follows:

- Develop clearer criteria for prioritizing supply chain risk mapping and downstream activities.
- Explore performance indicators to be used for adequacy of assessments and effectiveness of measures.
- Develop more consistent stakeholder engagement as part of risk assessments.
- Recalibrate and align the existing risk management approach for each human rights issue.

3/4 Act: prevent, mitigate and track

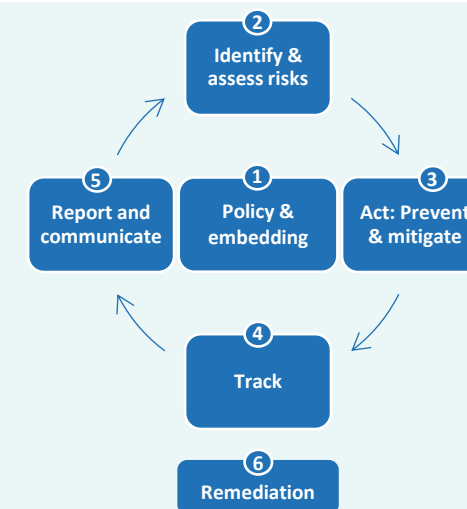
Referring to our 2021 Human Rights action plan, we are generally on track with our key actions. This year, we have initiated efforts to visualize overall progress against the 2021 Human Rights Impact Assessment¹. Based on the annual review, we will:

- Further develop 'Labour conditions in supply chain' by drafting ambition levels and targeted action plans for Health & Safety, Working Time, Forced Labour, Living Wage, and High-Risk Minerals in supply chains.
- Formulate Group-level Community Engagement Guidelines to establish minimum standards throughout Vattenfall for meaningful community engagement.
- Follow up of identified human rights risks connected to most important procurement product categories. E.g. targeted trainings, external capacity building and sector collaborations.
- Identify prioritized human rights issues to develop indicators for monitoring progress in a more quantifiable manner.

5

Report and communicate

This is our second stand-alone Human Rights Progress Report and addresses the communications aspect of the OECD due diligence framework. This report is in addition to our 2024 Annual & Sustainability Report, which is published in accordance with the Corporate Sustainability Reporting Directive (CSRD), covering parts of our human rights work. We continue to seek synergies with the CSRD and CSDDD, spurring on our human rights work.



" We maintained the momentum in our human rights work and should continue at this pace to meet our commitments. Focus will also be on finding the intersection of our human rights efforts, our annual report, and upcoming legislation. I see opportunities for synergies that will enhance our human rights initiatives"

Annika Ramsköld