



INTRODUCTION FROM MAGNUS HALL, CEO AND PRESIDENT OF VATTENFALL AB

This is Vattenfall's yearly statement on slavery and human trafficking following the introduction of the Modern Slavery Act 2015 (the "Act"). We are proud of the steps we have already taken, and we are committed to continuous improvement of our practices to identify and combat slavery and human trafficking throughout our value chain.

ABOUT VATTENFALL

Vattenfall AB is the parent company of the Vattenfall Group (the "Group") and is 100% owned by the Swedish state. The Group owns and operates a diverse range of energy businesses and is involved in the generation, distribution and sales of electricity and heat. It is one of Europe's largest generators of electricity and heat. Further details can be found at www.vattenfall.com.

ORGANIZATION STRUCTURE AND SUPPLY CHAINS

The Group's activities are divided into six different business areas: Generation, Heat, Wind, Markets, Distribution, and Customers & Solutions. Responsibility for modern slavery and respecting human rights lies with the heads of the business areas and staff functions.

Supply chains for the six business areas are consolidated into four different streams:

1. Goods & Services, with approximately 30,000 suppliers primarily from Sweden, the Netherlands, and Germany;
2. Commodity Fuels, which primarily sources coal and biomass, with approximately 30 suppliers. Russia, the USA, and Colombia are primary sources of coal, while Estonia, Latvia, and the USA are primary sources of biomass;
3. Nuclear Fuel, with approximately 10 suppliers in Australia, Canada, Kazakhstan, Namibia and Russia;
4. Heat Fuels, which primarily sources biomass and waste, with approximately 120 suppliers. Sources are primarily from the local country of operation

OUR POLICIES

Vattenfall is a signatory of UN Global Compact and recognizes that business has responsibility to respect all internationally recognized human rights with reference to the international bill of human rights. Our Human Rights Policy is the foundation of our work, and is approved by the Board of Directors. It is based on The Universal Declaration of Human Rights, The International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, The OECD guidelines for Multinational Enterprises, United Nations Global Compact and UN Guiding principles for Business and Human Rights. In respect to modern slavery, the Human Rights Policy states our aim to:

Prohibit discrimination, modern slavery, child labour, forced labour and trafficked labour.

Furthermore, Vattenfall has a number of policies governing its and its suppliers' behaviour. Internally, the Code of Conduct and Integrity defines policies for conducting business with integrity in the context of Vattenfall's four principles: Open, Positive, Active, and Safety.

With regards to our “Positive” principle, the Code of Conduct and Integrity states:

We do not tolerate bribery nor any other form of corruption ...Our procurement processes are fair, transparent and responsible, and we only work with those who share our commitment to doing business in an appropriate and ethical manner.

And linked to our “Active” principle, it stipulates:

It is every employee’s responsibility to report anything that does not seem appropriate or safe. Examples include: ...the possible infringing of a person’s human rights, potential damage to people, the environment or the business.

The Code of Conduct and Integrity also establishes a whistle blowing system available to employees, consultants, contractors and suppliers, to report serious irregularities concerning Vattenfall.

The Group’s Code of Conduct for Suppliers defines our basic requirements in the area of human rights and working conditions, the environment and business integrity. It addresses modern slavery. Embedded in the Code of Conduct for Suppliers are specific clauses regarding Freedom of Association and Collective Bargaining; Forced Labour; Child Labour and Young Workers; Non-discrimination; Health and Safety; and Wages and Benefits.

All the aforementioned policies were developed following multiple rounds of internal and external stakeholder feedback and are publicly available at <https://group.vattenfall.com/who-we-are/sustainability/policies-and-management>.

RISKS AND RISK ASSESSMENT

An independent Human Rights Impact and Risk Screening conducted in 2016 showed that our highest risks of causing or contributing to adverse human rights impacts are through our supply chain in high risk countries. This remains the case today, particularly as we slowly increase our sourcing from Asia, where severe overtime is a primary risk. Risks connected to our own operation are mainly related to subcontractors, local communities and indigenous peoples, as well as privacy (personal data and information). Our audits and risk assessments have identified a few cases of forced labour over the past two years but generally show that modern slavery and the various forms it takes are not high-probability risks in our supply chains or operations. Nevertheless, we continue to apply strict procedures to ensure any cases are identified and managed.

We systematically identify, assess and manage human rights risks and impacts through due diligence processes which cover our own operations as well as sourcing and purchasing. In line with the UN’s Sustainable Development Goal 17, Partnership for the Goals, we also actively participate in industry initiatives such as Bettercoal and the WindEurope Sustainability Work Group which strengthen our ability to identify, manage, and remedy human rights risks.

We aim for continuous improvement. In some cases, adverse human rights impacts cannot be avoided, and we work to remedy those impacts caused or contributed to by Vattenfall’s operations.

DUE DILIGENCE PROCEDURES

The Group purchases a wide range of goods, services, and fuels, with varying risk profiles and varying legal and sustainability requirements. The composition and complexity of the Group’s supplier base varies depending on what is being purchased or sourced. As a consequence, implementation of the Group’s Code of Conduct for Suppliers varies. Nevertheless, modern slavery is considered when evaluating all suppliers against our Code of Conduct for Suppliers. Our due diligence steps per supply category are summarised as follows:

- 1) Goods & Services
 - a) Vattenfall Code of Conduct for Suppliers as well as the adherence to UN Global Compact are included in all new supplier contracts, which form the base for supplier assessments
 - b) Screening on all potential new suppliers; quarterly screening on all new supplier contracts >10MEUR and from high-risk countries
 - c) Suppliers from high-risk countries are audited by on-site visits

- d) Share & Learn sessions with Group Management sponsored suppliers focusing on management of sustainability issues
 - e) Internal Sustainable Procurement Board comprised of experts throughout the organization meets to discuss both strategic topics and deviating individual cases to ensure balance between purchasing strategy and sustainability
- 2) Commodity Fuels
- a) Bilateral hard coal and biomass contracts include an Ethical Clause which include the UN Global Compact, Vattenfall Code of Conduct for Suppliers, or alignment with relevant industry initiatives like Bettercoal or the Sustainable Biomass Program
 - b) Engagement strategies for direct coal suppliers facilitated through Bettercoal working groups and focus on direct engagement with the mining companies and relevant local stakeholders
 - c) Increased engagement, both directly and through Bettercoal, with local stakeholders in the countries which are relevant to our coal supply chain, including Russia and Colombia, to increase our knowledge. The stakeholders we engage with include mining companies, civil society, and governmental organizations
 - d) Biomass suppliers are pushed towards certification through the Sustainable Biomass Program
- 3) Nuclear Fuel
- a) All uranium suppliers are regularly audited (every 3–6 years) and are continuously assessed if non-conformities or other events are reported or discovered during the contract period
 - b) Vattenfall's Code of Conduct for Suppliers, quality and environmental requirements, and adherence to UN Global Compact 10 principles are included in all new supplier contracts and are the basis for supplier assessments
 - c) Screening and approval of all nuclear fuel suppliers that made deliveries in 2019 were performed prior to delivery
 - d) Working to include human rights issues in audit procedures
 - e) All findings and recommendations from audits are followed up in between regular audits
- 4) Heat Fuels
- a) Focus on sourcing locally
 - b) Code of Conduct for Suppliers is included in all new contracts and contract renewals
 - c) Working towards integration of human rights aspects into purchasing activities, and development of holistic view of supply chain with regards to human rights
 - d) Screening audits for all new suppliers
 - e) External audits for suppliers from high risk countries
 - f) Rotating, biannual site visits of Heat specific biomass suppliers

PROGRESS AND EFFECTIVENESS

In our operations, we focus on dialogue with local stakeholders, in particular indigenous peoples, and sharing best practices and lessons learned throughout the organization.

In our supply chain, we continue to integrate and expand human rights aspects in our activities. In 2019, in our capacity as Chair of the Bettercoal Russia Working Group, we led a visit to Russia and held meetings with, amongst others, mining companies, communities, a labour union and government officials to collect direct feedback on the environmental, social and governance challenges and opportunities in the coal supply chain in Russia. Similarly, Vattenfall is part of the Bettercoal Colombia Working Group and is actively working to develop continuous improvement plans with Colombian suppliers. All Russian and Colombian suppliers have been assessed by Bettercoal, and no forms of modern slavery were found.

Across all purchasing streams, when we conduct audits, any non-conformities are addressed in Corrective Action Plans (CAPs). CAPs are followed up at regular intervals to ensure the suppliers are acting on our findings and improving their environmental and social performance. Further, we also instituted a Sustainable Supply Chain Roadmap in our Goods and Services purchasing stream. As part of this, we will create one or more KPIs which will help us to track the efficacy of our efforts.

TRAINING AND CAPACITY BUILDING

In 2019, we established and began executing on our human rights action plan, the 11 Steps to 2022. As part of this, our businesses and staff functions identified key staff to receive targeted training to improve human rights awareness. Focus has been primarily on supply chains and related staff, which coincided with the workshops required by our internal Sustainable Supply Chain Roadmap for all procurement staff. Workshops focused both on ensuring we execute our existing risk identification and management activities, as well as identifying opportunities to go beyond mandatory requirements to further improve our environmental, social, and governance performance in the supply chain. Awareness sessions have also been conducted for specific topics, for example conflict minerals.

ACCOUNTABILITY

The Group will report regularly and transparently on its approach to addressing slavery and human trafficking annually in conjunction with the publication of the annual report and will include information about:

1. The Group and its supply chain
2. Policies relevant to modern slavery
3. Risk assessment procedures and key risks
4. Due diligence processes applied during sourcing and purchasing activities
5. Progress and effectiveness of processes and actions in combating slavery and human trafficking in the value chain
6. Training and capacity building

Vattenfall's Board of Directors has Human Rights update and approval of Human Rights policy and the Statement on UK Modern Slavery Act on the agenda every year in December.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes the Group's slavery and human trafficking statement for the financial year ending 2019-12-31. This statement was approved by the Board of Directors on December 17, 2019 and is valid for the Group and its subsidiaries, including the UK subsidiaries listed in the Annex.



Magnus Hall
CEO and President of Vattenfall

1 ANNEX – LIST OF UK SUBSIDIARIES

Company name	Company number
Vattenfall Wind Power Ltd	06205750
Vattenfall Network Solutions Ltd	02692708
Vattenfall Networks Ltd	02731769
Vattenfall Heat UK Limited	02951085
Clashindarroch Wind Farm Limited	05358030
Vattenfall UK Sales Limited	05461926
Norfolk Boreas Limited	03722058
Kentish Flats Limited	04130301
Norfolk Vanguard Limited	08141115
Ormonde Energy Limited	04874027
Ourack Wind Farm One Limited	05532689
Ourack Wind Farm Two Limited	05475126
Thanet Offshore Wind Limited	04512200
Nant Bach Wind Farm Limited	06834016
Nuon UK Limited	03446477
Parc Cynog Wind Farm Limited	02840895
Pen Y Cymoedd Wind Farm Limited	03494498
Pendine Wind Farm Limited	03292728
Nant Y Moch Wind Farm Limited	03494533
Swinford Wind Farm Limited	06941519
Llanerfyl Access Road Consortium Limited	06118626
East Anglia Offshore Wind Limited	06990367
Ourack Wind Farm LLP	SO305106
Aberdeen Offshore Wind Farm Limited	SC278869
Aberdeen Wind Deployment Centre Limited	SC380657
I Supply Energy Limited	06053905
South Kyle Wind Farm Limited	SC617500