

## HUMAN RIGHTS

### Management approach

Vattenfall conducts its business in regions where rules and regulations governing basic human rights have a long history and are well established. For example, working conditions, freedom of association, and bans on forced labour are regulated not only on a constitutional level but also on a more detailed level.

Many human rights issues are also monitored by various authorities, unions and non-governmental organisations. Vattenfall will always adhere to laws, regulations and good practices that are in accord with human rights, regardless of region. These human rights issues are handled as a normal, day-to-day part of business within the general management framework. Although Vattenfall conducts its business in regions with well-established regulation, there is a risk for human rights violations within the supply chain. Vattenfall therefore works actively with compliance in the supply chain.

Vattenfall's position on human rights issues is expressed in the Code of Conduct, the code of conduct for suppliers, the Human Resource Policy and by commitments under the UN Global Compact.

### Code of Conduct

Vattenfall shares the values expressed in various international and national laws that uphold human rights. These values affect all business activities, and any deviations from these fundamental values are unacceptable. Vattenfall's Code of Conduct regulates interaction with business partners, suppliers, employees and the community. (extract)

- Owner – "Our responsibility means following the owner's directive that exists and acting in accordance with generally accepted business practices, as well as our policies and instructions. We are to discharge our responsibilities well with respect to our customers, employees, the environment and the community."
- Customers – "Our responsibility to customers means that we must supply products, services and solutions that fulfil customers' expectations as to quality, security and environmental care. In our customer relations we must also act in accordance with sound business and marketing practice."
- Business partners and suppliers – "Responsibility to business partners and suppliers means that we must work on the basis of high standards of business ethics and integrity and that we must support national and international organisations' work to establish and maintain strict ethical standards for companies."
- Employees – "Responsibility to our employees means that we must respect employees and their rights, offering safe and sound working conditions, non-discriminatory terms and constantly developing occupational skills and competence to ensure job satisfaction and development opportunities for the individual employee."
- Community – "We must express our support and show respect for the protection of internationally recognised human rights and we must ensure that we are not a party to crimes against human rights and that we always take into consideration health, security and the environment so as to contribute to sustainable development."

In order to grant this right, the Code of Conduct also regulates its institutionalisation: "If an employee or manager feels the need to discuss ethical issues, and cannot do this with their superior, they can contact the human resources department, local employee representative or the internal auditors."

### Global Compact

Vattenfall joined the UN Global Compact initiative as a business participant in June 2008. However, since 2003 Vattenfall has supported the Swedish government's "Globalt Ansvar" initiative (Swedish Partnership for Global Responsibility), thereby committing to adhere to the United Nations Global Compact and the OECD's guidelines for multinational companies.

### Investment and procurement practices

As the fifth-largest generator of electricity in Europe and the largest producer of heat, Vattenfall sources substantial amounts of fuel as well as several billion Euros of material and services to operate its business. To be perceived as a Benchmark for the Industry, Vattenfall must ensure that procurement is handled in a responsible manner. Regardless of whether the company is mining lignite in own operations, purchasing other fuels through a partner or contracting a partner to perform maintenance in power plants, Vattenfall sets high standards.

Several strategies, programmes and policies have been adopted to manage these issues:

- In September 2008 Vattenfall adopted a Group-wide code of conduct for suppliers, which makes the UN Global Compact the basis for the minimum requirements made on all suppliers.
- In order to make sure that all suppliers accept the code of conduct for suppliers and live up to the minimum standards, Vattenfall's Group Procurement has developed a solution where all suppliers are asked to go through a qualification process. The process is managed in the Vattenfall Supplier Bank, a web-based solution that can be accessed via Vattenfall's website. The Vattenfall Supplier Bank solution is gradually being rolled out across the Vattenfall Group, starting in Sweden in autumn 2008, followed by other countries in 2009.
- Vattenfall performs on-site audits of fuel suppliers against the code of conduct for suppliers/UN Global Compact (described in indicator HR2).

### Non-discrimination

Vattenfall does not tolerate any form of insulting behaviour or harassment at work or in work-related situations. Everyone is to be treated with respect. This applies to all areas, including recruitment, salary, benefits, work environment, education, promotion and leadership. It also applies not only to employees, but to all people in contact with Vattenfall, including customers and potential employees in the recruitment process. Each and everyone in contact with Vattenfall should always be treated with respect regardless of his or her background and traits.

Vattenfall's anti-discrimination work is derived from the Group's Code of Conduct, which states "No employee shall be discriminated against or harassed as regards employment or occupation due to race, skin colour, gender, religion, political opinions, national origin, social origin or for any other reason." This promise is reiterated in Vattenfall's Human Resources policy, see Labour practices.

### Indigenous rights

Vattenfall's operations have both natural and cultural environmental impacts. Mainly two indigenous and minority groups are directly affected, the German Sorbs and the Nordic Samis:

The Sorbs is a minority group that lives in eastern Germany in areas where Vattenfall has considerable operations. Vattenfall sponsors the Sorb organisation Domowina in eastern Germany, thereby demonstrating its support of the Sorb culture and its survival in the region. Domowina and Vattenfall want to strengthen their existing constructive co-operation in the future. Toward this end, in 2007 representatives from Domowina and Vattenfall adopted a joint declaration in which Vattenfall has expressed its support of the Sorbian population in the mining regions by ensuring the preservation of their social and ethnic identity. Initiatives include promotion of the Sorbian language, economics and tourism, support of Sorbian media, traditions and art, and documentation of Sorbian history and development.

In northern Sweden, Vattenfall operates many hydro power plants. The Samis, an indigenous population of formerly nomadic, reindeer-herding people, have inhabited the northern parts of Norway, Sweden, Finland and Russia since ancient times. The Samis are an ethnic minority in Sweden today, with their own language and a rich cultural tradition.

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Vattenfall's hydro power expanded from the beginning of the 20th century until the 1960s, and naturally, the building of hydro power plants in the northern parts of Sweden had an impact on reindeer husbandry. Vattenfall is engaged in a continuous dialogue with Sami communities, as with all stakeholder groups. A large number of mitigation programmes have been initiated and sponsored by Vattenfall, including construction of alternative crossing routes for reindeer herds.

In addition, Vattenfall is helping to preserve Sami cultural heritage by supporting cultural projects, such as sponsorship of the Ajtté Sami Museum in Jokkmokk, as well as other small-scale cultural preservation projects. A more organised dialogue between Sami villages affected by hydro power and Vattenfall is currently being developed.

Guidance on dealing with indigenous groups is provided for in Vattenfall's Code of Conduct as well as through adoption of Global Compact Principles.

### Freedom of association and collective bargaining

Freedom of association is both constitutionally guaranteed and governed by a number of specific laws in the regions where Vattenfall operates. These laws are adhered to throughout the organisation. See HR5.

### Preventing child and forced labour

In the regions where Vattenfall operates, the use of child and compulsory labour is prohibited by a number of specific laws. These laws are adhered to throughout the organisation. See HR6–7.

### Complaints and grievance practices

A Group-wide whistle blowing system is being implemented; see also "Governance of CSR", page 77.

## Performance indicators

### Human rights screening (HR 2)

Vattenfall wants all suppliers to accept and act according to the UN Global Compact. To ensure this, Vattenfall adopted a Group-wide code of conduct for suppliers in 2008 with the purpose:

- to be a Group-wide platform for promoting the right behaviour for enduring, trustful and sustainable business relations, and
- to increase supplier awareness of Corporate Social Responsibility.

Vattenfall's Group-wide code of conduct for suppliers was signed by the CEO in September 2008. Since then it has been communicated both on the web and by requests that have been sent out to a couple thousand suppliers, asking them to accept the code by registering and performing a self assessment in the Vattenfall Supplier Bank ("VSB") via Vattenfall's website. Vattenfall's suppliers are now required to be registered in the VSB, and in due time purchasers will not be able to order from unregistered suppliers. The type of self-assessment depends on the risk assessment of the suppliers and their deliveries. To date more than 3,200 suppliers are qualified on the different levels of the VSB database, and the number is growing steadily.

The risk assessment of nuclear fuel and hard-coal suppliers has led Vattenfall to pay continuous on-site visits to suppliers in these areas in order to conduct audits against the code of conduct for suppliers. The number of audited fuel suppliers is steadily increasing.

To date 25% of Vattenfall's significant suppliers in all steps in the nuclear fuel supply chain have undergone human rights screening, which is a documented procedure for auditing suppliers' policies, communication and implementation of practices in order to respect and support human rights. Each year two to four audits are performed of suppliers in the nuclear supply chain. These audits also cover other aspects of the UN Global Compact, such as labour standards and environmental impact. Since 1 July 2008, all new nuclear fuel contracts include a clause on compliance with the principles of the UN Global Compact.

To date 14% of Vattenfall's hard coal supply has undergone auditing against the ten principles of the UN Global Compact. Since the start of 2007 Vattenfall has included a clause on compliance with the UN Global Compact in nearly all hard coal contracts, and every year two suppliers are audited based on a risk assessment.

### Human rights training (HR3)

All Vattenfall employees are obligated to know and act according to Vattenfall's Code of Conduct, which contains basic information about human rights. The Code of Conduct is part of the management system and is available to employees via the intranet.

Vattenfall is carrying out compliance seminars for all purchasers in Vattenfall during the period autumn 2008–spring 2009. The seminars include training on the code of conduct for suppliers/UN Global Compact.

### Discrimination incidents (HR4)

No cases of discrimination were reported in 2008.

### Freedom of association or collective bargaining (HR5)

In the regions where Vattenfall operates, freedom of association is both constitutionally guaranteed and governed by a number of specific laws. These laws are adhered to throughout the organisation.

- Nordic countries: Freedom of association is guaranteed by Swedish and Danish law. Finland's constitution guarantees everyone fundamental rights and general freedom of association. In Vattenfall's Nordic operations, both the companies and employees utilise their freedom of association.
- Germany: Article 9 of the German constitution ensures freedom of association and collective bargaining and provides the legal basis for union and employer association. Furthermore, the constitution guarantees that all attempts to restrict or interfere with this right are declared void and illegitimate.
- Poland: Trade unions have freedom of association and collective bargaining in Poland. This is described by the "Trade Unions Act", which is part of Poland's labour law. Collective agreements and social funds have to be negotiated with the trade unions.

### Preventing child and forced labour (HR6–7)

In the regions where Vattenfall operates, the use of child and compulsory labour is prohibited by a number of specific laws. These laws are adhered to throughout the organisation.

Vattenfall opposes all forms of child labour and forced and compulsory labour. Vattenfall considers forced and compulsory labour to be contrary to the Group's core values and the Code of Conduct as well as to its commitments under the UN Global Compact.

When Vattenfall employs minors for summer jobs, apprenticeships and so on, this is done in accordance with national legislation which governs the type of work minors may perform and their working hours, such as only allowing for safe work with limited working hours during school holidays.

## IMPACT ON SOCIETY

### Management approach

Energy is a basic requirement in modern society. Vattenfall serves society by delivering the energy needed to make society work and become prosperous. Vattenfall also plays an important role in society as an employer and business partner, and corporate citizenship is emphasised in markets where the company operates. Vattenfall's responsibility is to contribute to sustainable development of society while providing energy solutions that meet customers' – and thus society's – needs.

All activities are guided by Vattenfall's core values:

- Openness: "We tell what we know and show the whole picture of what we do. Our business is not only transparent in a passive way; we also actively seek dialogue with our stakeholders."
- Accountability: "We take responsibility for everything we do and act as a responsible citizen in society."
- Effectiveness: "We strive to do the right things in the right way. This goes beyond mere process-related efficiency. It is important not only how we do things, but also what we do."