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REPORTING OF INCIDENTS - WHISTLEBLOWING FUNCTION AND OMBUDSMEN

Summary

We encourage every employee to report any violation of law or of the Code of Conduct. If irregularities can be found at an early stage, it will be easier to limit the damage not only for the benefit of Vattenfall but also for its employees and stakeholders.

The purpose of this instruction is to establish rules for the Group-wide Whistleblowing Function and to regulate the role of the external ombudsmen.

Any observed or suspected violation of the law or of the Vattenfall Code of Conduct should be reported to the nearest manager, or alternatively to the Integrity organisation department or Internal Audit.

In cases of serious violations, where internal reporting is not conceivable, an anonymous report can be made to one of the external ombudsmen within the Whistleblowing Function.

The Whistleblowing Function is a procedure which allows employees, consultants, contractors and suppliers to report serious violations conducted within Vattenfall to an external ombudsman in addition to internal reporting procedures.

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APPENDICES:

[APPENDIX 1](#): Contact routes to Vattenfall's Ombudsmen

1 Purpose

The purpose of this instruction is to establish rules for the Group-wide Whistleblowing Function and to regulate the role of the external ombudsmen.

The instruction will ensure that breaches of the law or of certain Vattenfall internal regulations can be reported without negative consequences for the informant.

2 Validity¹

This instruction is valid throughout the entire Vattenfall Group. All employees, consultants, contractors and suppliers can use the Whistleblowing Function. This instruction does not limit the tasks of Vattenfall's Customer Ombudsmen (where such exist).

The instruction is only valid for the Distribution System Operators (DSOs) of Vattenfall to the extent approved by the Boards of the legal entities of the DSOs and in line with applicable unbundling rules.

3 Target Groups / Roles

Target Group / Role	Description	Implication
All Vattenfall employees	All staff in the Vattenfall Group, including temporary staff	Employees should have basic knowledge of the Whistleblowing Function

4 Definitions and Abbreviations

Expression / abbreviation	Definition
Ombudsmen	The external parties who are responsible for receiving and acting upon Whistleblowing matters according to this instruction
Employee	Any employee – including managers – of the Vattenfall Group
Incident	In this instruction, an incident is defined as a matter that is reported via the Whistleblowing Function (as described in section 5) and which concerns a breach of the law or of Vattenfall internal regulations (to the extent that such internal regulations aim at compliance with legal requirements)
Informant	An Employee, consultant, contractor or supplier who uses the Whistleblowing Function (as described in section 5).
Vattenfall Integrity Committee	The committee representing the EGM in issues covered by the Integrity charter
Integrity Steering Group	The Steering Group supporting the Vattenfall Integrity Committee

¹ This document has been checked by the document owner prior to approval in order to ensure compliance with legal requirements. If, however, relevant legislation, internal agreements or shareholders' agreements should nevertheless require deviations to be made from one or several rulings in this document, the deviation process described in [GI01](#) shall apply. The document shall be formally implemented in each legal entity, to the extent necessary, in accordance with relevant legislation.

Expression / abbreviation	Definition
National Whistleblowing Group	Representatives from Legal, HR and Internal Audit etc. who are responsible for handling Whistleblowing Incidents within the respective country

5 Vattenfall's Whistleblowing Function

5.1 The Meaning of Whistleblowing

Whistleblowing is a procedure that is voluntarily implemented by Vattenfall and which allows Informants to expose serious concerns regarding accounting, financial reporting, insider trading, bribery, corruption, competition or other areas of vital importance to Vattenfall's business (whether they are established or soundly perceived) that may result in:

- a) A breach of the law or of Vattenfall internal regulations (to the extent that such internal regulations aim at compliance with legal requirements); or
- b) Serious harm to Vattenfall's activities as a result of civil and criminal liability.

Vattenfall respects the rights of Informants, i.e. individuals who report breaches of the law or serious breaches of Vattenfall's internal regulations, to be immune from any form of reprisal or recrimination as a result of their Whistleblowing activities.

5.2 Use of the Whistleblowing Function

All Employees, consultants, contractors and suppliers who wish to report an Incident can contact one of Vattenfall's external Ombudsmen. Such local Ombudsmen are appointed in the countries² where Vattenfall has operations and the Informant may contact any of them.

5.3 Contact

Informants are recommended to contact Ombudsmen, the national Integrity coordinator or the relevant Integrity contact person³ (hereafter: Coordinator and/or Contact person) on the basis of the following principles:

- a) For general advice on legal position and internal rules: Contact the Coordinator or the Contact person (or the relevant line organisation or staff functions);
- b) For self-reporting: Contact the manager or the Internal Audit department;
- c) For the reporting of other individuals or functions: Informants who do not wish to report internally should contact an Ombudsman.

It is recommended that the Informant contacts the Ombudsman by telephone. Contact information regarding the Ombudsmen, the national Integrity coordinators and the Integrity Contact persons is provided in [Appendix 1](#).

5.4 Confidentiality and Personal Data

The personal data and other information which the Ombudsman receives from the Informant shall – according to the professional discretion of lawyers – be treated as strictly confidential

² Vattenfall has established the Whistleblowing Function in Sweden, Germany, the Netherlands, UK, Denmark, Finland and Poland.

³ In Sweden, Germany and the Netherlands a national Integrity Coordinator is appointed to support and coordinate the Integrity organization and activities on country level. In the other countries (Denmark, UK, Finland and Poland) an Integrity Contact person is appointed to ensure an efficient programme for trainings and a coherent, consistent handling of Integrity matters (including the coordination of Whistleblowing Incidents).

subject to the Informant consenting to the Ombudsman to passing on all or part of this information to the Ombudsman's contact person.

It is prohibited for any Employee to attempt to determine the identity of the Informant in a Whistleblowing matter.

6 The Ombudsmen

6.1 General Rules

The Ombudsmen are experienced external lawyers independent from the Vattenfall Group. They shall act in accordance with professional discretion. The Ombudsmen should have thorough experience of criminal law relating to the business sector, of having dealings with the police and prosecution, and of civil law. Ombudsmen must be able to speak English as well as the local language.

There is an Ombudsman for every country in which Vattenfall has operations, see [Appendix 1](#). The Ombudsman has at least one "Deputy Ombudsman" to cover illness, vacation etc.

6.2 The Role of the Ombudsmen

The Ombudsmen shall:

1. Receive and answer calls from Informants (as well as messages received via other means of communication). For this purpose, the Ombudsmen shall always act within a defined period of time, normally on the same day the message is received.
2. Act on any communication from an Informant by:
 - a) Taking action if the matter constitutes a potential Incident by:
 - (i) Conducting a preliminary check incorporating an evaluation of the matter in relation to applicable legislation, the Vattenfall Code of Conduct and other relevant circumstances, and reporting any findings to the Coordinator or the Contact person; and
 - (ii) Giving feedback to the Informant.If the Ombudsman finds it helpful in order to clarify the situation, a meeting should be arranged with the Informant, without the participation of any representative from Vattenfall; or
 - b) If the matter is not an Incident, the Ombudsman will explain this to the Informant. The Ombudsman may refer the Informant to the Coordinator or the Contact person if the matter regards compliance with Vattenfall's Internal Rules.
3. Send general reports on a regular basis in accordance with the rules specified in section 8.

The local Ombudsman has contact with the corresponding Coordinator or Contact person.

The local Ombudsman for Sweden also has contact with the Head of Corporate Legal and Integrity and is responsible for any internal coordination between the Ombudsmen (upon request from the Head of the Corporate Legal and Integrity department).

6.3 Agreement with the Ombudsmen

The Integrity organisation has overall responsibility for the contracts, including the procurement process between Vattenfall and the Ombudsmen.

Agreements with the Ombudsmen shall:

- a) Be entered into in writing;
- b) Include a confidentiality clause stipulating, as a minimum, that the Informant's personal data and the information which the Ombudsman obtains from the Informant shall be treated as strictly confidential, until such time as the Informant consents to the information being given to the Ombudsman's contact person; and
- c) Clearly define those parts of the Vattenfall Group for which the Ombudsman is responsible.

7 Internal Organisation

The Integrity organisation is further described in FI244.

7.1 Handling of Whistleblowing Incidents

Within Sweden, Germany and the Netherlands a National Integrity Coordinator is appointed. In the UK, Denmark, Poland and Finland an Integrity Contact person is appointed.

The Coordinator or Contact person is responsible, upon receiving information regarding Incidents from the Ombudsman, for coordinating the handling of Incidents within the respective country. The "National Whistleblowing Group", responsible for handling Whistleblowing Incidents, will be structured to suit local needs, but will usually include representatives from Legal, HR and Internal Audit. The National Whistleblowing Group can also be included in the a local integrity committee or local compliance committee.

The National Whistleblowing Group decides upon suitable measures to be taken as a consequence of the Incident as follows:

- a) In case of a proven Incident, the management concerned has to be informed and the proposal of the National Whistleblowing Group will be discussed. The result shall be an agreement about the measures to be taken.
- b) If the reported matter is not considered an Incident, the Informant should be informed accordingly via the Ombudsman.

All Incidents shall be analysed by the Integrity Steering Group to the extent that the Steering Group finds it necessary.

8 Review and Reporting Lines

8.1 Reporting on Incidents

1. The Ombudsman shall report all Incidents (except those described in footnote 4)⁴ to the Coordinator or Contact person, including only such information as the Informant has consented to be disclosed.

To the extent that the Informant gives his/her consent, the Ombudsman shall furthermore regularly report to the Coordinator or Contact person on all matters regarding which the Ombudsman has referred to the Coordinator or Contact person on behalf of the Informant.

2. Under the same conditions as in 8.1.1., the Coordinator or Contact person shall report the Incident immediately to the Head of Corporate Legal and Integrity. The reporting shall include no names and, if necessary in order to maintain confidentiality, shall not mention the department(s) involved.

⁴ The Ombudsman shall report an incident involving members of the Executive Group Management to the CEO.

An incident involving the CEO shall be reported to the Chairman of the Board of Directors and the Secretary of the Board.

3. The Ombudsman shall provide feedback to the Informant in all cases, initially in the form of a preliminary evaluation and finally as feedback on the results of the analyses and any actions taken.

8.2 Regular Reporting

The Coordinator and Contact person shall report quarterly to the Head of Corporate Legal and Integrity. The reporting shall include a brief description of actions taken to handle the Incident. The Head of Corporate Legal and Integrity is responsible for submitting the aggregated report to the General Counsel and the Integrity Steering Group.

The Integrity Steering Group shall furthermore report to the Vattenfall Integrity Committee bi-annually on an aggregated basis.

The Integrity Steering Group and the Quality Manager should communicate on a case-by-case basis as soon as it is deemed necessary in order to adjust the content of the Vattenfall Management System.

9 Communication

Contact information regarding the Whistleblowing organisation must be accessible on all Vattenfall's intranets. The Integrity organisation will ensure that the relevant information is published.

10 In Case of Violation

Employees found responsible for a breach of this Instruction, either by investigating the identity of the Informant in a Whistleblowing matter or by taking disciplinary action against Informants or otherwise, will be held accountable. Depending upon the nature of the breach, appropriate disciplinary action will be considered and taken against such Employees.

11 Checkpoints for Internal Control Purpose

1. Whistleblowing Function in place and working in all relevant countries.
2. Information on the Ombudsmen is available on all intranets.
3. Incidents (if any) are reported according to this instruction.

12 VMS references

The documents mentioned here are provided by the Integrity organisation.

Document	Description
GP05	Vattenfall Code of Conduct
FI240	Legal Aspects and Rules regarding Competition
FI243	Prevention of Bribery and Corruption
FI244	Integrity charter
FI245	Inside Information on Financial Instruments

13 Revision History

Issue number	Revisions
1.2, 2014-01-01	The Corporate Legal and Ethics and Legal Compliance Function was renamed to Corporate Legal & Integrity. This resulted in that "Ethics and Legal" was changed to "Integrity" throughout the instruction and its appendix.