

# VATTENFALL'S CODE OF CONDUCT FOR SUPPLIERS



# INTRODUCTION

Vattenfall provides energy for today's society and contributes to the energy system of tomorrow. We are committed to conducting our business activities in full compliance with applicable laws, rules and regulations and strive at continuously improving our social and environmental performance throughout our entire value chain.

We take responsibility for our actions and we expect our suppliers to do the same.

This Code of Conduct for Suppliers defines our basic requirements in the area of human rights and working conditions, the environment and business integrity. It is based on the UN Global Compact which Vattenfall signed as a participant in 2008. Vattenfall expects its suppliers to implement the principles described in this Code of Conduct for Suppliers in their own businesses or have at least equivalent standards adopted and conduct their business in accordance therewith.

Vattenfall will continuously monitor suppliers' compliance with the standards set out in this Code of Conduct for Suppliers by asking suppliers to provide relevant information and also by conducting supplier audits and reviews.

## **1 Vattenfall's code of conduct for suppliers**

### **1.1 General**

Vattenfall's Code of Conduct for Suppliers (hereafter called 'the Vattenfall Code') sets requirements for suppliers and is based on the UN Global Compact, the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises as well as other international standards, norms and guidelines (see 'References' for a full list).

Vattenfall requires its suppliers to comply with the Vattenfall Code or an equivalent standard, agreed together with Vattenfall, when doing business with Vattenfall.

### **1.2 Compliance with laws and regulations**

Vattenfall's suppliers shall comply with all applicable laws, rules and regulations in the countries where they operate. Vattenfall expects suppliers to meet the more stringent requirements between the Vattenfall Code and applicable laws and regulations and to work with their own suppliers and subcontractors towards that goal.

In case of contradictions between the Vattenfall Code and applicable laws and regulations Vattenfall expects the supplier to inform Vattenfall.

### **1.3 Commitment to continuous improvement**

Vattenfall recognizes that suppliers will be at different stages of maturity and commits to working with suppliers to achieve continuous improvement.

If Vattenfall finds that a supplier is not meeting the requirements and expectations set out in this Code of Conduct for Suppliers, Vattenfall may offer guidance specifying which issues need to be corrected or improved. The supplier should then take corrective actions promptly and commit to showing progress.

Vattenfall also encourages suppliers to participate in initiatives aiming to raise the standard of an entire sector or across sectors, where applicable.

### **1.4 Consequences in case of violations**

Suppliers shall address any violations of the Vattenfall Code or equivalent standards that come

to their knowledge and to take appropriate actions. Depending on the severity of the violation appropriate actions could be a request for corrective measures. Persistent failure to comply with the Vattenfall Code or repeated and unjustified refusal to provide the required information may also result in suspending or terminating the suppliers activities with Vattenfall.

### **1.5 Due diligence and transparency**

#### **1.5.1 General**

Vattenfall shall have the right to conduct due diligence by regularly and systematically identifying and assessing human and labour rights, environment and business ethics related risks and impacts in its supply chain and to use this information to avoid or mitigate the impacts in order to ensure that it sources responsibly.

Vattenfall expects suppliers to allow Vattenfall, or a third party authorised by Vattenfall and reasonably acceptable to the supplier, to conduct audits and assessments of the supplier's operations relevant for the Vattenfall Code, including but not limited to the supplier's facilities. At the supplier's request, the parties involved in any such audit shall enter into a confidentiality agreement regarding the circumstances disclosed in the audit or assessment.

Vattenfall also expects its suppliers to conduct appropriate due diligence in their own operations and supply chain.

#### **1.5.2 Conflict-affected and other high-risk areas**

Suppliers shall assess whether their own operations, their suppliers or sub-suppliers are located or source from conflict-affected or other high-risk areas.

Where operations or sourcing from conflict-affected or other high-risk areas is identified, the supplier should adapt enhanced due diligence measures suited to the specific contexts and should take steps to monitor their business relationships, business transactions, flows of funds and resources to ensure that they are not linked to providing funding or support to armed actors who may benefit from revenues generated by the sale of such goods and services.

### **1.5.3 Minerals from Conflict-affected areas**

Vattenfall's suppliers of tin, tungsten, tantalum, gold, and other conflict minerals shall make a reliable determination of the origin and source of such minerals. In the case these minerals are produced in or sourced from conflict-affected areas an enhanced due diligence mechanisms shall be undertaken by the supplier.

### **1.6 Management systems and monitoring**

Suppliers should have adequate management systems and controls in place to ensure compliance with the Vattenfall Code or agreed equivalent standards. The functioning and quality of the supplier's management system should be in proportion to the size, complexity and risk environment of the supplier's business.

Suppliers should secure and monitor that their own suppliers and sub-suppliers comply with the Vattenfall Code or, where applicable, their own equivalent code of conduct.

## **2 Human rights and labour rights**

### **2.1 General**

Vattenfall expects its suppliers to respect internationally proclaimed human rights.

Requirements related to supplier personnel in the Vattenfall Code shall apply to all of the suppliers' workers including temporary, migrant, student and contract workers as well as direct employees. All workers shall have the right to enter into and to terminate their employment freely.

Suppliers should take measures to avoid causing, contributing or being linked to negative human rights impacts.

### **2.2 Indigenous people**

Suppliers shall respect the rights of indigenous and tribal peoples and their social, cultural, environmental, and economic interests, including their connection with lands and other natural resources.

Suppliers should follow the principles of free, prior, and informed consent, and participation to obtain broad-based consent of indigenous and tribal peoples in their activities.

### **2.3 Community engagement and development**

Suppliers shall respect the rights, interests, and development aspirations of affected communities during significant changes of suppliers normal operations. Community engagement should be carried out in an inclusive, equitable, culturally appropriate, gender-sensitive, and rights-compatible manner.

### **2.4 Child labour and young workers**

Suppliers shall work against all forms of child labour. Suppliers should not participate in, or benefit from any form of child labour.

Suppliers shall not employ children below the minimum age of employment or the age for completing compulsory education in that country, whichever is higher. Suppliers shall not employ any workers under the age of 18 to perform any work that is defined in national law as hazardous.

### **2.5 Use of security personnel**

Suppliers shall ensure that all security personnel, including contracted security personnel, respect the human rights and dignity of all people and in case of threat use reasonable force, proportional to the threat.

### **2.6 Modern slavery and forced labour**

Suppliers shall not participate in, or benefit from any form of forced labour, including bonded labour, involuntary prison labour, slavery, servitude or work performed under the menace of a penalty or coercion.

All forms of modern slavery is unacceptable to Vattenfall.

### **2.7 Working conditions**

#### **2.7.1 Hours of work**

Suppliers should ensure that normal working hours and overtime working hours are within the limits permitted by applicable laws and regulations or agreed to in relevant collective agreements.

#### **2.7.2 Wages, leave and benefits**

Suppliers should strive to pay all workers a wage that meets basic needs and provides a discretionary income. In compliance with all applicable laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates.

## **2.8 Health and Safety**

Suppliers shall ensure a safe and healthy workplace or any other location where work is undertaken.

All work shall be preceded by and be based on documented adequate risk management with implemented controls. This shall include physical, social and organizational health risks.

Risks shall be reduced according to the following hierarchy: Elimination, substitution, engineering controls, administrative controls, and as a last hand alternative, personal protective equipment.

## **2.9 Freedom of association and collective bargaining**

Suppliers shall recognize and respect the rights of employees to freely associate, organize and bargain collectively, if they so wish to.

In situations where the right to freedom of association and collective bargaining is restricted by applicable laws and regulations, Vattenfall expects suppliers allow alternate forms of worker representations.

## **2.10 Non-discrimination**

Suppliers shall not practice any form of discrimination in hiring and employment practices.

Illegitimate grounds for discrimination include but are not limited to: race, colour, gender, age, language, property, nationality or national origin, religion, ethnic or social origin, caste, economic grounds, disability, pregnancy, belonging to an indigenous people, trade union affiliation, political opinion.

## **2.11 Grievance channels and remediation mechanisms**

Suppliers should make available appropriate grievance mechanisms that are available to personnel and interested parties, including affected communities, to make comments, recommendations, reports or complaints concerning the workplace, the environment or suppliers business practices.

## **3 Environment**

### **3.1 General**

Vattenfall expects its suppliers to manage their operations responsibly in relation to environmental risks and impacts, to adopt a precautionary approach, and to have a life cycle perspective in their business operations. Resources such as water and energy should be used efficiently and impacts on biodiversity as well as services provided by our eco-systems should be minimised.

### **3.2 Environmental Legislation**

Suppliers shall obtain and maintain all required permits and licenses and comply with the operational and reporting requirements of such permits and licenses.

### **3.3 Environmental Protection**

Suppliers shall endeavour to avoid or reduce any waste or emissions as a result of their business activities. Suppliers should use efficient technologies which aim to reduce the environmental impact as much as possible.

Vattenfall expects suppliers to adopt a precautionary approach and where applicable respect the polluter pays principles. Suppliers shall manage hazardous substances responsible and where possible hazardous substances should be substituted to less hazardous.

### **3.4 Environmental Management Systems**

Vattenfall's suppliers whose activities have an environmental impact shall have a structured and systematic approach to take environmental aspects into account that includes establishing suitable management systems to improve environmental performance, setting targets and performing follow-ups.

## **4 Business integrity**

Vattenfall expects its suppliers to conduct business in compliance with all applicable national and international laws and regulations and adhere to internationally agreed standards of business ethics.

## 5 Anti-corruption

Vattenfall's suppliers shall not engage in or tolerate any form of corruption, bribery, extortion or embezzlement. Suppliers shall not offer or accept any benefits or other means to obtain any undue or improper advantage. Such improper benefits may comprise cash, non-monetary gifts, pleasure trips or services and amenities of any other nature.

## 6 Conflict of interests

Suppliers shall avoid conflicts of interest that may compromise the supplier's credibility in the Vattenfall group or other exterior parties' confidence in the Vattenfall group.

## 7 Competition Law

Suppliers shall respect and comply with all applicable competition laws and regulations and not enter into discussions or agreements with competitors concerning pricing, market sharing or other similar activities.

## 8 Protection of Intellectual property rights and confidential information

Suppliers shall respect Vattenfall's intellectual property rights and protect Vattenfall's information by safeguarding it against misuse, theft, fraud or improper disclosure.

## 9 Reporting irregularities to Vattenfall - whistleblowing

In the context of the supplier / buyer relationship, if the supplier, its employees, its contractors, or any other stakeholder believe that the terms of the Vattenfall Code are not adhered to, or that Vattenfall is not acting in accordance with its own Code of Conduct, Vattenfall encourages such concerns to be raised via the reporting channel. See <https://corporate.vattenfall.com/about-vattenfall/corporate-governance/internal-governance/integrity/whistleblowing/>

## 10 References

In preparing the 2016 "Code of Conduct for Suppliers" the following references were consulted:

1. 1948 Universal Declaration of Human Rights (UDHR) [www.un.org/en/documents/udhr/index.shtml](http://www.un.org/en/documents/udhr/index.shtml)
2. Children's Rights and Business Principles <http://www2.ohchr.org/english/bodies/crc/docs/CRC.C.GC.16.pdf>
3. International Labour Organization, specifically

the documents listed below:

<http://www.ilo.org>

- Declaration on Fundamental Principles and Rights at Work from 1998
  - Forced Labour Convention (C.29-1930)
  - Abolition of Forced Labour Convention (C.105-1957)
  - Minimum Age Convention (C.138-1973)
  - Prohibition and Immediate Elimination of the Worst Forms of Child Labour Convention (C.182-1999)
  - Equal Remuneration Convention (C.100-1951)
  - Discrimination (Employment and Occupation) Convention (C.111-1958)
  - Freedom of Association and Protection of the Right to Organise Convention (C. 87- 1948)
  - Right to Organise and Collective Bargaining Convention (C. 98-1949)
  - Guidelines on Occupational Safety and Health (ILO-OSH-200)
4. ISO14001 <http://www.iso.org/iso/iso14000>
  5. ISO 26000:2010 Guidance on Social Responsibility <http://www.iso.org/iso/home/standards/iso26000.htm>
  6. OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas <http://www.oecd.org/daf/inv/mne/GuidanceEdition2.pdf>
  7. OECD Guidelines for Multinational Enterprises <http://www.oecd.org/daf/inv/mne/48004323.pdf>
  8. OHSAS 18001 <http://www.ohsas-18001-occupational-health-and-safety.com/>
  9. Rio Declaration, Agenda 21 [www.unep.org](http://www.unep.org)
  10. Social Accountability 8000 [www.sa-intl.org](http://www.sa-intl.org)
  11. UK Modern Slavery Act [http://www.legislation.gov.uk/ukpga/2015/30/pdfs/ukpga\\_20150030\\_en.pdf](http://www.legislation.gov.uk/ukpga/2015/30/pdfs/ukpga_20150030_en.pdf)
  12. UN Global Compact, [www.unglobalcompact.com](http://www.unglobalcompact.com)
  13. UN Guiding Principles on Business and Human Rights [http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)
  14. UN National Human Rights Action plans <http://www.ohchr.org/EN/Issues/Business/Pages/NationalActionPlans.aspx>
  15. UN Sustainable Development Goals <http://www.un.org/sustainabledevelopment/>
  16. United Nations Convention against Corruption <http://www.unodc.org/unodc/en/treaties/CAC/index.html>