

Introductory remarks to the LKSG report of Vattenfall GmbH

Dear readers,

You are holding Vattenfall GmbH's report on the Supply Chain Due Diligence Act (LkSG) for the reporting year 2023 in your hands.

In accordance with Section 10 (II) LkSG, every company in Germany with more than 1,000 employees (including shareholdings) - including Vattenfall GmbH - must *"submit an annual report on the fulfilment of its due diligence obligations in the previous financial year and [...] publish it on the company's website [...]."*

The report should provide information on the activities undertaken by the company to respect human rights and protect the environment in relation to its own business operations and to all of its supply chains.

We are pleased to publish our report below. For better reading comprehension we would like to make two comments first:

1. Vattenfall operates in a functional driven organisational structure. This means that both our operational business areas (such as wind energy or energy trading), as well as our staff functions (such as Human Resources Management or Procurement) are not organised nationally, but rather in an integrated manner in transnational Business Areas (BAs) and Staff Functions (SFs). Furthermore, all BAs and SFs are committed to a standardised central corporate strategy that applies to all countries and base their actions on this strategy. As a result, the figures, data and facts shown in the report are not always country-specific, facts and figures presented in the report cannot always be broken down by country or by Group company.
2. The annual report in its present form is generated digitally from the answers to an extensive catalogue of questions specified by the *Federal Office of Economics and Export Control* (BAFA), which all companies subject to reporting requirements - regardless of size and sector - must answer. The structure of the catalogue of questions and the mode of answering (multiple choice, drop-down selection, free text entry, etc.) are specified by BAFA, as are certain key areas on which reports must be reported to. In some cases, this means that only predefined answer categories can be selected, but the text cannot be changed or customised. As a company, we cannot influence the resulting presentation of the report.

If you are interested in further information on the Vattenfall Group's values, goals and work priorities with regard to respecting human rights or our commitment to environmental protection, we recommend that you read our latest Annual and Sustainability Report 2023, available at <https://group.vattenfall.com/investors> (in English).

Yours,

Hans-Eckhart Gohde,
LkSG Officer of Vattenfall GmbH

on behalf of the Management Board of Vattenfall GmbH

Report on the LkSG (Lieferkettensorgfaltspflichtengesetz / Supply Chain Due Diligence Act)

Reporting period from 01.01.2023 to 31.12.2023

Name of the organisation: Vattenfall GmbH

Address: Hildegard-Knef-Platz 2, 10829 Berlin

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A. Strategy and Anchoring

A1. Monitoring of risk management & responsibility of the Management Board

What responsibilities were defined for monitoring risk management during the reporting period? State the name(s) and function(s) of the person(s) responsible for monitoring risk management?

According to Section 4 (3) of the LkSG, the internal responsibilities for compliance with the corporate due diligence obligations must be defined. For this purpose, the management of Vattenfall GmbH has appointed an LkSG Officer with effect from 01/01/2023 to ensure compliance with the relevant obligations of Vattenfall GmbH.

The LkSG Officer of Vattenfall GmbH is Hans-Eckhart Gohde. The LkSG Officer is organisationally assigned to the management office of Vattenfall GmbH and in this role he reports directly to the management.

A. Strategy and Anchoring

A1. Monitoring of risk management & responsibility of the Management Board

Has the management established a reporting process that ensures that it is regularly - at least once a year - informed about the work of the person responsible for monitoring risk management?

It is confirmed that the management has established a reporting process that ensures that it is informed regularly - at least once a year - about the work of the person responsible for monitoring risk management within the meaning of Section 4 (3) LkSG.

Confirmed

Describe the process that ensures reporting to the management at least once a year or regularly with regard to risk management.

The LkSG officer personally reports to the management of Vattenfall GmbH on a quarterly basis (and as required) on current developments and events relating to the implementation of the LkSG at Vattenfall GmbH and its affiliated companies. The report in the first quarter also includes the annual report with the results of the risk analysis for the company's own operations and the supply chain(s), including the measures derived / implemented from it.

A. Strategy and Anchoring

A2. Policy statement on the human rights strategy

Is there a policy statement that has been prepared or updated based on the risk analysis performed during the reporting period??

The policy statement has been uploaded.

<https://www.vattenfall.de/binaries/content/assets/commercial-web/privatkunden/brandgroup/lksg-grundsatzerklaerung.pdf>

A. Strategy and Anchoring

A2. Policy statement on the human rights strategy

Has the policy statement for the reporting period been communicated?

It is confirmed that the policy statement has been communicated to employees, the works council if applicable, the public and the direct suppliers where a risk was identified as part of the risk analysis.

Confirmed.

Please describe how the policy statement was communicated to the relevant target groups.

The policy statement is publicly accessible to everyone both on the intranet (including the creation of a specific website 'Human Rights in Supply Chains') for all employees and on the internet (vattenfall.de) (in German and English language). Furthermore, an instruction on the implementation of the LkSG was adopted and communicated to employees by e-mail. The e-mail refers, among other things, to the above-mentioned intranet page, where all relevant documents - including the policy statement - can be accessed. The management bodies of the subsidiaries were instructed to enact the policy and communicate the sources of information to their employees.

A. Strategy and Anchoring

A2. Policy statement on the human rights strategy

What elements does the policy statement contain?

- Establishment of a risk management system
- Annual risk analysis
- Establishment of preventive measures in the company's own operations, with direct suppliers and, if applicable, indirect suppliers and their effectiveness review
- Remedial measures in own operations, with direct suppliers and, if applicable, indirect suppliers and their effectiveness review
- Provision of a complaints procedure in the company's own operations, with suppliers and their effectiveness review
- Duty to document and report
- Description of the prioritised risks identified
- Description of human rights and environmental expectations of own employees and suppliers
- Other elements: Furthermore, guidelines and obligations of Vattenfall GmbH are described.

A. Strategy and Anchoring

A2. Policy statement on the human rights strategy

Description of possible updates during the reporting period and the reasons for them.

Vattenfall has already prepared risk analyses for its supply chains in previous years and derived appropriate (preventive) measures and methods from them. This preparatory work and experience

were utilized for the development of the policy statement on the human rights strategy. The policy statement was prepared and adopted for the first time at the end of 2022 and will be reviewed and updated based on the results from the 2023 reporting year.

A. Strategy and Anchoring

A3. Anchoring the human rights strategy within the organisation

In which relevant departments/business processes was the anchoring of the human rights strategy ensured during the reporting period?

- Human Resources/HR
- Environmental Management
- Occupational Safety & Occupational Health Management
- Procurement
- Supplier Management
- CSR/Sustainability
- Legal/Compliance
- Mergers & Acquisitions

Describe how responsibility for implementing the strategy is distributed within the various departments/business processes.

In addition to the LkSG officer, Vattenfall GmbH has appointed LkSG managers for the operational implementation of the due diligence obligations in selected areas of the supply chain (Goods & Services, Fuels & Commodities) and its own business unit (HR, Environment). In addition, strategic sustainability tasks are performed by the Sustainability department as a centre of expertise. Furthermore, the Legal, HR Compliance and Health & Safety departments monitor and support the implementation of the requirements of the LkSG.

Describe how the strategy is integrated into operational processes and procedures.

A guideline describing all relevant roles and responsibilities, processes and procedures was created and communicated on the basis of the strategy. In addition, Vattenfall has established a 'Code of Conduct for Suppliers and Partners', which is mandatory for all suppliers and partners. A 'Code of Integrity and Conduct' applies to all Vattenfall employees, which contains the management's expectations for the behaviour of all employees.

Describe the resources and expertise provided for implementation.

At Vattenfall GmbH, an 'LkSG team' manages and coordinates the implementation of the strategy and activities in the respective functions. Other experts from the areas of sustainability, legal, risk management and people & culture (HR) are also available for specific topics.

B. Risk analysis and preventive measures

B1. Implementation, approach and results of the risk analysis

Was a regular (annual) risk analysis conducted during the reporting period to identify, prioritise and assess human rights and environmental risks?

- Yes, for the company's own operations
- Yes, for direct suppliers

Describe the period in which the annual risk analysis was carried out.

The risk analysis for the company's own business operations was carried out in the second half of 2023 and approved by the Management Board on 18 December 2023.

The annual risk analysis ("risk heat map") for direct suppliers of goods and services relates to active suppliers in the period from December 2022 to December 2023 and is updated at the end of each year.

For the energy trading business (fuels and commodities except district heating), the risk heat map of business partners, including direct and indirect suppliers, was created in 2022 and is reviewed annually. The last review was carried out at the end of 2023 and approved by the responsible committee.

Describe the risk analysis process.

Environmental and human rights assessments are carried out on an ongoing basis in our own operations on the basis of implemented legal provisions and internal guidelines. This is supplemented by an LkSG-specific questionnaire, which is answered and analysed centrally by the Vattenfall GmbH companies once a year and on an ad hoc basis.

The questionnaire contains the abstract country and sector-specific risk analysis carried out centrally by the relevant specialists in the LkSG team at Vattenfall GmbH. This is based on the recommended and additional national and international indices, as well as the preventive measures taken across the Vattenfall Group and Vattenfall GmbH.

The subsidiaries and Vattenfall GmbH are obliged to review the abstract risk analysis, adapt it if necessary and carry out a specific risk analysis for their own operations. This is done with the involvement of the LkSG contact persons in the companies and the relevant specialist departments (e.g. HR, occupational safety). For the specific risk analysis, potential risks must be listed and assessed (probability and potential impact/severity) and additional measures taken must be reported. Similarly, where relevant, violations must be reported, assessed in terms of their impact and any coping or additional specific preventive measures listed.

As part of the evaluation of the questionnaires, the potential risks listed below were identified and discussed with the companies. Lessons learnt from the measures already taken were taken into account. As a result, the potential risks are reduced by the regulations and management systems already implemented in the companies as well as procedures for preventing, recognizing and responding to relevant incidents to such an extent that, according to our assessment, no net risks remain that require additional measures. The result of the risk analysis in the subsidiaries and Vattenfall GmbH as a whole was discussed and confirmed by the respective management.

For direct suppliers of goods and services (including district heating), internally developed software is used for the annual risk analysis, which assesses the supplier-specific risks based on the country of origin, product category and procurement volume and outputs results (scoring) in the categories low, medium and high. The results are then analysed and remedial measures are initiated if the risk is high. A similar process is used to analyse risks before entering into a business relationship with (potential) suppliers. In addition to the product category and country risk, the level of expenditure is also taken into account when assessing the risk of new suppliers. In addition, continuous monitoring is carried out for all suppliers (a) in high-risk countries, (b) with an order volume of over €10 million, (c) strategic suppliers, (d) suppliers in high-risk supply chains and (e) suppliers for whom remedial measures have

already been taken or initiated. This risk analysis is only carried out for direct suppliers. For indirect suppliers, there is only an ad hoc risk analysis if Vattenfall becomes aware of it.

The annual risk analysis of direct suppliers in the energy trading business (fuels and commodities except district heating) is carried out in accordance with our business instructions. In addition, one-off risk analyses are carried out when new products are added to the portfolio and when a business relationship is entered into with a new business partner.

The result of the analysis is an updated heat map of the riskiest categories of business partners, including suppliers. The analysis covers all product and service categories that are relevant to the trading business and serves to determine the need for additional preventive measures for high-risk business partner categories. The analysis was revised for 2023 by the end of the year. When new business partners are added, they are subject to a review. In addition, the business partners already included are monitored/reviewed in accordance with the requirements (monitoring of high-risk business partners, including suppliers, and re-review of medium and low risk business partners).

For the risk analysis of our supply chains, we also used the findings from the collaboration within the German energy industry dialogue. We used the abstract risk profile described in the publication "Potential human rights risks along the supply and value chains - selected sectors of the German energy industry" as a "stress test" to ensure that all potential risks are adequately reflected in our specific risk analysis.

B. Risk analysis and preventive measures

B1. Implementation, approach and results of the risk analysis

Were event-driven risk analyses also carried out during the reporting period?

- Yes, due to substantiated knowledge of possible breaches at indirect suppliers
- Yes, due to a significant change in the risk situation due to the development of new business areas

Describe the specific events.

- For direct suppliers of goods and services, ad hoc risk analyses were carried out on the basis of substantiated knowledge of possible breaches.
- For direct suppliers in energy trading (fuels and commodities except district heating), ad hoc risk analyses were carried out on the basis of strategic decisions.

Describe what findings the analysis has led to in terms of a significantly changed and/or expanded risk situation.

Media reports on forced labour have led to the following findings and measures:

- -Extended assessment for the solar module category, both for the centralised and decentralised market and for inverters
- Establishment of a risk mitigation plan aimed at conducting audits and continuous monitoring of all direct and indirect solar suppliers in the sector. Through our key wholesalers and direct solar suppliers, we endeavour to gain insight into the supply chain beyond our direct suppliers and also improve due diligence (of our suppliers).
- Extended assessment for our large battery category and investigating the need to mitigate risks and/or diversify supply chains)
- We have started to review the brands in our fleet.

Describe the extent to which findings from the processing of reports/complaints have been incorporated.

There were no findings from the processing of reports/complaints.

B. Risk analysis and preventive measures

B1. Implementation, approach and results of the risk analysis

Results of the risk analysis

What risks were identified in the risk analysis(es) in your own operations?

- Prohibition of hiring or using private/public security personnel that could lead to adverse effects due to lack of instruction or control
- Disregard for occupational health and safety and work-related health hazards
- Disregard of freedom of association - freedom of association & right to collective bargaining
- Prohibition of unequal treatment in employment
- Prohibited import/export of hazardous waste as defined by the Basel Convention

B. Risk analysis and preventive measures

B1. Implementation, approach and results of the risk analysis

Results of the risk analysis

What risks were identified in the risk analysis(es) for direct suppliers?

- Prohibition of the hiring or use of private/public security personnel, which can lead to adverse effects due to lack of instruction or control
- Disregard for occupational health and safety and work-related health hazards
- Destruction of the natural basis of life through environmental pollution
- Disregard of freedom of association - freedom of association & right to collective bargaining
- Unlawful violation of land rights
- Prohibition of unequal treatment in employment
- Prohibition of the withholding of an appropriate wage
- Prohibited production and/or use of substances within the scope of the Stockholm Convention (POPs) and environmentally unsound handling of waste containing POPs
- Prohibited import/export of hazardous waste within the meaning of the Basel Convention
- Prohibited production, use and/or disposal of mercury (Minamata Convention)

B. Risk analysis and preventive measures

B1. Implementation, approach and results of the risk analysis

Results of the risk analysis

What risks were identified in the risk analysis(es) for indirect suppliers?

- Prohibition of hiring or using private/public security personnel that could lead to adverse effects due to lack of instruction or control
- Disregard for occupational health and safety and work-related health hazards
- Destruction of the natural basis of life through environmental pollution
- Disregard of freedom of association - freedom of association & right to collective bargaining
- Unlawful violation of land rights
- Prohibition of forced labour and all forms of slavery
- Prohibition of unequal treatment in employment
- Prohibition of child labour
- Prohibition of the withholding of an appropriate wage
- Prohibited production and/or use of substances within the scope of the Stockholm Convention (POPs) and environmentally unsound handling of waste containing POPs
- Prohibited import/export of hazardous waste within the meaning of the Basel Convention
- Prohibited production, use and/or disposal of mercury (Minamata Convention)

B. Risk analysis and preventive measures

B1. Implementation, approach and results of the risk analysis

Were the risks identified during the reporting period weighted and, if applicable, prioritised and, if so, on the basis of which appropriateness criteria?

- Yes, based on the expected severity of the breach in terms of degree, number of people affected and irreversibility
- Yes, on the basis of your own ability to influence
- Yes, based on the probability of occurrence
- Yes, based on the nature and scope of own business activities
- Yes, based on the nature of the contribution to causation

Describe in more detail how the weighting and prioritisation process was carried out and what considerations were made.

Although risks were identified in our own business operation, no risks were prioritised, as the potential risks are reduced by the regulations and management systems already implemented in the companies as well as procedures for preventing, detecting and responding to relevant incidents to such an extent that no net risks remain that require additional measures.

Nevertheless, our aim is to maintain and strengthen the effectiveness of our management systems and the additional measures taken, and to develop these further.

The scope of business activities with a direct supplier of goods and services determines how in-depth the risk assessment is carried out. For small contracts, basic due diligence is carried out as part of supplier screening and the annual risk assessment. For contracts above a certain order volume (currently € 100 thousand), a specific risk assessment is also carried out before the start of the business relationship, which can trigger an audit process if risks are identified. If specific negative influences have been identified, the ability to influence, the severity of the breach, the probability of occurrence and the

nature of the causal contribution are assessed to determine the extent and urgency of the remedial measures taken.

The threshold value of € 100 thousand for a risk assessment is based on a consideration of risk, influence and available resources. Based on our own experience, we only have very limited leverage below this threshold. New suppliers are also assessed as part of the annual heat map, which does not apply a threshold, meaning that we effectively analyse all new suppliers comprehensively via the ex-post assessment.

Wherever possible, efforts are made with direct suppliers in energy trading (fuels and commodities except district heating) to avoid risks from the outset. Specific enhanced due diligence procedures have therefore been developed for high-risk categories of business partners, including suppliers (including third-party certifications and audits, partnership principles, screening procedures for partners, cooperation with other companies in the energy sector to structurally and jointly manage risks in certain supply chains). Environmental risks are considered individually in the area of energy trading.

B. Risk analysis and preventive measures

B2. Prevention measures in own business operations

Which risks were prioritised in your own operations during the reporting period?

None

If no risks were selected, please explain your answer.

No risks were prioritised in our own business operations, as the potential risks are reduced by the regulations and management systems already implemented in the companies as well as procedures for preventing, detecting and responding to relevant incidents to such an extent that no net risks remain that require additional measures. Nevertheless, our aim is to maintain and strengthen the effectiveness of our management systems and other measures taken, and to develop these further.

B. Risk analysis and preventive measures

B2. Prevention measures in own business operations

What preventive measures were implemented for the reporting period to prevent and minimise the priority risks in your own operations?

- Implementation of training in relevant business areas
- Other/other measures: Description of other/additional measures see below.

Implementation of training in relevant business areas

Describe the measures implemented and specify in particular the scope (e.g., number, coverage/scope).

We conduct training for procurement regarding sustainability and how we work with that (including controls).

Describe the extent to which the trainings to prevent and minimize the priority risks are appropriate and effective.

The trainings serve to raise awareness of and to anchor the fundamental human rights and environmental obligations in all business areas.

Other/other measures

Describe the measures implemented and specify in particular the scope (e.g., number, coverage/scope).

The LkSG guideline covers Vattenfall GmbH and its subsidiaries over which it exercises a decisive influence. The internal handout on risk analysis was made available to Vattenfall GmbH and its subsidiaries. In addition, various information and discussion events were held with the Vattenfall companies on potential risks and possible preventive measures. A special "Human rights in supply chains" page was set up on the intranet to raise awareness of the topic and provide information about the relevant internal regulations on the LkSG and corresponding Vattenfall standards.

Compliance with the LkSG environmental obligations is already anchored in Vattenfall's environmental policy and is the subject of Group-wide policies and guidance documents. Where necessary, these are supplemented by company-related regulations, especially in the operational areas through company-related, externally certified management systems for occupational health and safety and environmental protection.

Describe the extent to which the measures to prevent and minimize the priority risks are appropriate and effective.

The measures described serve to raise awareness of and to anchor the fundamental human rights and environmental obligations in all business areas. In addition, the organisational measures, in particular the LkSG guideline, regulate clear processes, responsibilities and their monitoring. In addition, the specialist departments such as Environmental Protection, Occupational Health and Safety and HR Compliance continuously monitor compliance with human rights and environmental standards at Vattenfall and make adjustments where necessary. Finally, we also use our regular employee survey 'My Opinion' to obtain information on how to improve standards.

B. Risk analysis and preventive measures

B3. Preventive measures for direct suppliers

Which risks were prioritised for direct suppliers during the reporting period?

1. Prohibition of hiring or using private/public security forces that can lead to adverse effects due to lack of instruction or control
2. Disregard for occupational health and safety and work-related health hazards
3. Destruction of the natural basis of life through environmental pollution
4. Disregard of freedom of association - freedom of association & right to collective bargaining
5. Unlawful violation of land rights
6. Prohibition of forced labour and all forms of slavery
7. Prohibition of unequal treatment in employment
8. Prohibition of child labour
9. Prohibition of the withholding of an appropriate wage

10. Prohibited production and/or use of substances within the scope of the Stockholm Convention (POPs) and environmentally unsound handling of waste containing POPs
11. Prohibited import/export of hazardous waste within the meaning of the Basel Convention
12. Prohibited production, use and/or disposal of mercury (Minamata Convention)

What specific risk is meant?

Risks are prioritised if they are explicitly named in the CoCfSP (Code of Conduct for Suppliers & Partners). These cannot be attributed to specific countries because we take a risk-based approach and the risks can appear in many countries. For this reason, the mandatory field for the question "Where does the risk occur?" is only answered generally with "Germany" in further report sections.

Where does the risk occur?

Germany

[Prohibited import/export of hazardous waste within the meaning of the Basel Convention](#)

What specific risk is meant?

Risks are prioritised if they are explicitly named in the CoCfSP (Code of Conduct for Suppliers & Partners). These cannot be attributed to specific countries because we take a risk-based approach and the risks can appear in many countries. For this reason, the mandatory field for the question "Where does the risk occur?" is only answered generally with "Germany" in further report sections.

Where does the risk occur?

Germany

[Prohibited production, use and/or disposal of mercury \(Minamata Convention\)](#)

What specific risk is meant?

Risks are prioritised if they are explicitly named in the CoCfSP (Code of Conduct for Suppliers & Partners). These cannot be attributed to specific countries because we take a risk-based approach and the risks can appear in many countries. For this reason, the mandatory field for the question "Where does the risk occur?" is only answered generally with "Germany" in further report sections.

Where does the risk occur?

Germany

[Prohibition of hiring or using private/public security forces that can lead to adverse effects due to lack of instruction or control](#)

What specific risk is meant?

Risks are prioritised if they are explicitly named in the CoCfSP (Code of Conduct for Suppliers & Partners). These cannot be attributed to specific countries because we take a risk-based approach and the risks can appear in many countries. For this reason, the mandatory field for the question "Where does the risk occur?" is only answered generally with "Germany" in further report sections.

Where does the risk occur?

Germany

Disregard for occupational health and safety and work-related health hazards

What specific risk is meant?

Risks are prioritised if they are explicitly named in the CoCfSP (Code of Conduct for Suppliers & Partners). These cannot be attributed to specific countries because we take a risk-based approach and the risks can appear in many countries. For this reason, the mandatory field for the question "Where does the risk occur?" is only answered generally with "Germany" in further report sections.

Where does the risk occur?

Germany

Destruction of the natural basis of life through environmental pollution

What specific risk is meant?

Risks are prioritised if they are explicitly named in the CoCfSP (Code of Conduct for Suppliers & Partners). These cannot be attributed to specific countries because we take a risk-based approach and the risks can appear in many countries. For this reason, the mandatory field for the question "Where does the risk occur?" is only answered generally with "Germany" in further report sections.

Where does the risk occur?

Germany

Disregard of freedom of association - freedom of association & right to collective bargaining

What specific risk is meant?

Risks are prioritised if they are explicitly named in the CoCfSP (Code of Conduct for Suppliers & Partners). These cannot be attributed to specific countries because we take a risk-based approach and the risks can appear in many countries. For this reason, the mandatory field for the question "Where does the risk occur?" is only answered generally with "Germany" in further report sections.

Where does the risk occur?

Germany

Unlawful violation of land rights

What specific risk is meant?

Risks are prioritised if they are explicitly named in the CoCfSP (Code of Conduct for Suppliers & Partners). These cannot be attributed to specific countries because we take a risk-based approach and the risks can appear in many countries. For this reason, the mandatory field for the question "Where does the risk occur?" is only answered generally with "Germany" in further report sections.

Where does the risk occur?

Germany

Prohibition of forced labour and all forms of slavery

What specific risk is meant?

Risks are prioritised if they are explicitly named in the CoCfSP (Code of Conduct for Suppliers & Partners). These cannot be attributed to specific countries because we take a risk-based approach and the risks can appear in many countries. For this reason, the mandatory field for the question "Where does the risk occur?" is only answered generally with "Germany" in further report sections.

Where does the risk occur?

Germany

Prohibition of unequal treatment in employment

What specific risk is meant?

Risks are prioritised if they are explicitly named in the CoCfSP (Code of Conduct for Suppliers & Partners). These cannot be attributed to specific countries because we take a risk-based approach and the risks can appear in many countries. For this reason, the mandatory field for the question "Where does the risk occur?" is only answered generally with "Germany" in further report sections.

Where does the risk occur?

Germany

Prohibition of child labour

What specific risk is meant?

Risks are prioritised if they are explicitly named in the CoCfSP (Code of Conduct for Suppliers & Partners). These cannot be attributed to specific countries because we take a risk-based approach and the risks can appear in many countries. For this reason, the mandatory field for the question "Where does the risk occur?" is only answered generally with "Germany" in further report sections.

Where does the risk occur?

Germany

Prohibition of the withholding of an appropriate wage

What specific risk is meant?

Risks are prioritised if they are explicitly named in the CoCfSP (Code of Conduct for Suppliers & Partners). These cannot be attributed to specific countries because we take a risk-based approach and the risks can appear in many countries. For this reason, the mandatory field for the question "Where does the risk occur?" is only answered generally with "Germany" in further report sections.

Where does the risk occur?

Germany

B. Risk analysis and preventive measures

B3. Preventive measures for direct suppliers

What preventive measures were implemented for the reporting period to prevent and minimise the priority risks at direct suppliers?

- Development and implementation of suitable procurement strategies and purchasing practices

- Integration of expectations into supplier selection
- Obtaining contractual assurance for compliance with and implementation of expectations along the supply chain
- Agreement and implementation of risk-based control measures
- Other/further measures: Participation in the Energy Industry dialogue

Other categories:

Selected answer options:

- Integration of expectations into supplier selection
- Obtaining contractual assurance for compliance with and implementation of expectations along the supply chain
- Agreement and implementation of risk-based control measures
- Other/further measures

Describe the measures implemented and the extent to which the determination of delivery times, purchase prices or the duration of contractual relationships have been adjusted.

The effectiveness of our risk management is reviewed on the basis of various points:

- We track the follow-up and closure of issues identified during our screenings.
- We follow up and close non-conformities identified during supplier sustainability audits.
- We monitor whether screenings are carried out at all suppliers.
- We monitor whether supplier risk assessments are carried out and followed up.
- Nevertheless, we still see room for improvement in the following areas:
 - Ensuring that sustainability checks are also carried out appropriately for suppliers in high-risk categories with lower spend
 - Expanding our risk indicators to include aspects that are not always captured by our tools, such as media and research sources.
 - Developing methods to measure our impact contribution and our ability to influence, as it remains a challenge to understand our own impact contribution to human rights, especially for issues upstream in our value chain. For this reason, we are also involved in the working groups of the energy industry dialogue.

Category: Procurement Strategy & Purchasing Practices

Selected answer options:

- Development and implementation of appropriate sourcing strategies and purchasing practices

Describe the measures implemented and the extent to which the determination of delivery times, purchase prices or the duration of contractual relationships have been adjusted.

Sustainability audits or equivalent control measures (certification, proof of due diligence) are included in tendering processes for all product groups/suppliers of goods and services categorised as high-risk. These corrective action plans can have a significant impact on delivery times and the duration of the contractual relationship.

Additional sustainability criteria can also be included in the supplier evaluation and selection process for suppliers that have been categorised as moderate or low risk. We also work closely with strategic and

long-term suppliers on sustainability issues. The sustainability criteria are determining factors for supplier selection, meaning that delivery times, purchase price and contract duration (must) be adjusted.

Describe how adjustments to the company's own procurement strategy and purchasing practices should contribute to the prevention and minimisation of priority risks.

The following applies to direct suppliers of goods and services: The purchasing strategies for the respective product categories are developed with knowledge of the risks identified in the respective business areas, among other things. In product categories where there is a significant risk due to the involvement of high-risk countries, diversification away from high-risk countries is evaluated in the purchasing strategy. Diversification can lead to a significant reduction in risk in the supply chain.

Where risks cannot be minimised but are to be expected (e.g. in the case of high-risk countries or products), more in-depth preventative control measures are carried out, such as sustainability audits. If violations are identified during these audits, the potential supplier is obliged to correct them.

The following applies to direct suppliers in the energy trading business (fuels and commodities except district heating): We have developed enhanced due diligence procedures for many specific categories of high-risk business partners, including suppliers, and endeavour to avoid risks by applying these procedures. In many cases, this means that we only select business partners that fulfil certain requirements (e.g. certified by third-party certification bodies or highly rated by rating platforms, etc.). When accepting new business partners, including suppliers, we check whether the business partner is already known to have committed violations in the past or whether there are other indications of possible misconduct, and whether these violations have already been remedied or are being remedied.

B. Risk analysis and preventive measures

B4. Preventive measures for indirect suppliers

Which risks were prioritised based on the incident-related risk analysis for indirect suppliers?

Selected answer options:

- Prohibition of forced labour and all forms of slavery

What specific risk is meant?

Forced labour in the solar panel and battery supply chain.

Where does the risk occur?

China

B. Risk analysis and preventive measures

B4. Preventive measures for indirect suppliers

What preventive measures were implemented for the reporting period to prevent and minimise the priority risks at indirect suppliers?

- Development and implementation of suitable procurement strategies and purchasing practices
- Implementation of risk-based control measures

- Supporting the supplier in preventing and minimising the risk
- Implementation of industry-specific or cross-industry initiatives

Describe the measures implemented and in particular specify the scope (e.g., number, coverage/scope).

- Develop and implement appropriate sourcing strategies and purchasing practices:
 - Diversification of supply chains away from high-risk countries
 - Supplier selection in tenders according to positive sustainability criteria
- Implementation of risk-based control measures
 - On-site audits with regard to sustainability at high-risk suppliers
 - Desktop screening of all suppliers above a certain contract volume
- Supporting the supplier in preventing and minimising risk
 - Carrying out supplier training for high-risk suppliers focussing on the identified risk
- Participation in industry-specific or cross-industry initiatives
 - German Energy Industry Dialogue
 - Solar Power Europe
 - Responsible Commodity Sourcing Initiative (former Bettercoal Initiative)
 - Sustainable Biomass Program
 - Wind Europe
 - IRBC covenant

Describe the extent to which the measures to prevent and minimise the priority risks are appropriate and effective.

In principle, we also use the procedures described above in relation to direct suppliers to test effectiveness. Further measures and improvements are currently still being developed:

- We are working to ensure that sustainability checks can also be carried out appropriately for suppliers in high-risk categories with lower expenditure
- We plan to expand our risk indicators to include aspects that are not always covered by our tools, such as media and research sources.
- We are also working on developing methods to measure our contribution to and ability to influence the improvement of human rights and environmental aspects. We often do not yet have (sufficient) knowledge about impact mechanisms for relevant aspects that are located in the upstream stages of our value chain. For this reason, we are working together in the energy industry dialogue to generate more transparency and knowledge.

B. Risk analysis and preventive measures

B5. Communication of the results

Were the results of the risk analysis(es) for the reporting period communicated internally to relevant decision-makers?

It is confirmed that the results of the risk analysis(es) for the reporting period were communicated internally to the relevant decision-makers, such as the Executive Board, the management or the purchasing department, in accordance with Section 5 (3) LkSG.

Confirmed.

B. Risk analysis and preventive measures

B6. Changes in risk disposition

What changes have occurred with regard to prioritised risks compared to the previous reporting period?

There have been no changes. The material risks have not changed. The selection of prioritised risks is determined on the basis of the risk landscape.

C. Identification of violations and corrective actions

C1. Identification of violations and corrective actions in own business operations

Were any breaches identified in your own business operations during the reporting period?

No

Describe which procedures can be used to identify violations in your own operations.

Violations in the company's own operations can be identified using an LkSG-specific questionnaire, which is answered by the subsidiaries once a year and on an ad hoc basis and analysed centrally. Reports are also analysed via the accessible reporting/complaint channels set up within the company.

C. Identification of violations and corrective actions

C2. Identification of violations and corrective actions at direct suppliers

Were any violations identified at direct suppliers during the reporting period?

Yes, for direct suppliers of goods and services

Describe the basis on which the identified violations were weighted and prioritised and what considerations were made.

Violations at direct suppliers are identified through audits and/or desktop screenings. In addition, Vattenfall conducts audits and desktop screenings of both potential suppliers and existing suppliers. In the case of potential suppliers, this is done with the aim of finding out whether or not Vattenfall can enter into a supply relationship with the company, i.e., in advance of concluding a corresponding contract. If violations are identified in an existing supplier relationship during audits and desktop screenings, an action plan is agreed upon that includes corrective measures within a specified period of time.

Against this background, Vattenfall does not differentiate between the number of identified violations relating to a potential or an existing supplier. Furthermore, although violations can be reported for each risk category, the values always refer to the entire Vattenfall Group. There is no country-specific analysis or differentiated analysis by Group company.

Any violation of the Vattenfall Code of Conduct for Suppliers and Partners (CoCfSP) must be remedied by the supplier. All violations that have or may have a significant impact on those affected, such as extreme overtime or lack of protective clothing, are prioritised.

In which topics were violations identified at direct suppliers?

- Prohibition of child labour
- Prohibition of forced labour and all forms of slavery
- Disregard for occupational health and safety and work-related health hazards
- Disregard of freedom of association - freedom of association & right to collective bargaining
- Prohibition of unequal treatment in employment
- Prohibition of the withholding of an appropriate wage
- Prohibition of hiring or using private/public security forces that can lead to adverse effects due to lack of instruction or control

Describe the appropriate remedial action you have taken.

Based on several criteria (e.g., product quality, delivery times), we have decided not to enter into a relationship with the potential suppliers concerned.

If violations are identified at existing suppliers, an individualised time and action plan ("Corrective Action Plan") is drawn up in consultation with the supplier concerned with the aim of remedying the violations.

Describe what considerations were made in relation to the selection and design of the measures within the corresponding follow-up concepts for termination and minimisation.

The corrective action plan appointed in the previous question is drawn up individually on the basis of the supplier's own guidelines and the specific violations as well as the initial situation at the supplier. Experience with violations and the effectiveness of corrective measures are taken into account in the due diligence and decision-making process.

Describe how the effectiveness of the corrective actions is verified.

As described, corrective measures relate to potential and existing direct suppliers.

If corresponding violations are identified at potential suppliers that are not remedied or not remedied within a reasonable period of time, no contractual relationship is entered into. To date, on-site audits have proven to be the best way of monitoring potential suppliers. The selection of suppliers for which an audit is carried out is crucial in order to be able to identify potential violations before a contractual relationship begins.

This selection was adjusted in 2022 and is now no longer based solely on the country risk, but also on the risk of the product or service to be procured.

For existing suppliers, the proof of effectiveness is in any case the termination of an identified violation. Milestones are already defined in the individual corrective action plan and compliance with them is monitored.

The effectiveness of agreed corrective actions for direct suppliers is reviewed as part of a follow-up audit and/or by collecting specific evidence (supporting documents) of the remediation of violations.

Have the corrective actions led to the cessation of the violation?

Yes

Explain.

In the case of new direct suppliers, there must be no more violations at the beginning of a contractual relationship or there must be a time and action plan to eliminate the violations (Corrective Action Plan), see description above.

In the case of violations identified during an ongoing supply relationship, compliance with the individually created Corrective Action Plan generally leads to the termination of the identified violations, as this was developed in agreement with the existing supplier and is accepted accordingly. In exceptional cases, i.e. if the objectives of the Corrective Action Plan are not achieved, the relevant committees at Vattenfall decide whether the supply relationship can be continued or must be terminated.

Have you analysed to what extent the identified violation is an indication of a possible adaptation/addition to existing prevention measures? Describe the process, results and impact.

If necessary, we adapt our CoCfSP (Code of Conduct for Suppliers & Partners) or our audit checklist, for example, to place greater emphasis on specific human rights risks, raise expectations of our suppliers and gain more insights from our audits.

C. Identification of violations and corrective actions

C3. Identification of violations and corrective actions at indirect suppliers

Were violations at indirect suppliers identified during the reporting period?

Yes

Describe the basis on which the identified violations were weighted and prioritised and what considerations were made in the process.

Vattenfall only becomes aware of violations at indirect suppliers through media reports or information from stakeholders.

The identified violations are systematically recorded and analysed in relation to the affected supply chain. They are weighted and prioritised on the basis of the competitive situation on the supplier market and the availability of alternative sources of supply.

A recognisable number per risk category always relates to the international Vattenfall Group and includes both violations on the part of existing and potential suppliers.

Describe what remedial actions, if any, have been taken and, in particular, what trade-offs have been made in relation to the selection and design of measures under the relevant cessation and minimisation approaches.

In these cases, Vattenfall approaches the respective direct supplier to inform them of the violations and to request that they stop the violations at their upstream suppliers.

Vattenfall continues to explore opportunities to address the risks in the natural gas supply chain through joint efforts in the energy industry dialogue and the Responsible Commodity Sourcing Initiative (formerly "Better Coal"). In the energy trading business, Vattenfall purchases natural gas on the international wholesale market, so it is impossible to provide an exact number of risks and violations upstream here.

In which topics were violations identified at indirect suppliers?

- Prohibition of child labour
- Prohibition of forced labour and all forms of slavery
- Prohibition of unequal treatment in employment
- Prohibition of the withholding of an appropriate wage
- Destruction of the natural basis of life through environmental pollution
- Unlawful violation of land rights

C. Identification of violations and corrective actions

C3. Identification of violations and corrective actions at indirect suppliers

If violations at indirect suppliers could not be prevented, stopped or minimised within a foreseeable period of time despite appropriate concepts:

Describe your further measures.

The majority of violations are of a structural nature and require long-term joint efforts by all parties involved, including the respective state governments.

For example, due to the current market structure for natural gas, it is not possible for Vattenfall to take further measures. Further measures include, in particular, the participation in sector-specific or cross-sector initiatives already mentioned under B4.2.1.

D. Complaints Procedure

D1. Establishment of or participation in a complaints procedure

In what form was a complaints procedure offered for the reporting period?

Company complaints procedure

Describe the company's own complaints mechanism and/or the mechanism in which your company participates.

Vattenfall GmbH has established a transparent and publicly accessible complaints procedure. The complaints procedure offers the opportunity to report human rights and environmental risks as well as violations of human rights or environmental obligations within the meaning of the Supply Chain Due Diligence Act, which have arisen as a result of the economic activities of Vattenfall GmbH in its own operations or a direct or indirect supplier of Vattenfall GmbH, and to discuss these in an internal complaints procedure. The complaints procedure can be accessed via various reporting channels such as post, telephone, e-mail and the online reporting tool on the Internet. Channels, exact procedures and responsibilities within the framework of the complaints procedure are described in separate rules of procedure.

D. Complaints Procedure

D1. Establishment of or participation in a complaints procedure

Which potential stakeholders have access to the complaints procedure?

- Own employees
- Communities in the vicinity of own sites
- Employees at suppliers
- External stakeholders such as NGOs, trade unions, etc
- Others: The complaints procedure is open to anyone, regardless of whether they are a natural or legal person or an association of persons without legal capacity.

How is access to the complaints procedure ensured for the various groups of potential participants?

- Publicly accessible rules of procedure in text form
- Information on accessibility
- Information on responsibility
- Information on the process
- All information is clear and understandable
- All information is publicly accessible

Publicly accessible rules of procedure in text form

Optional: Describe.

See uploaded complaint procedure on vattenfall.de

Information on accessibility

Optional: Describe.

See uploaded complaint procedure on vattenfall.de

Information on responsibility

Optional: Describe.

See uploaded complaint procedure on vattenfall.de

Information on the process

Optional: Describe.

See uploaded complaint procedure on vattenfall.de

All information is clear and understandable

Optional: Describe.

See uploaded complaint procedure on vattenfall.de

All information is publicly accessible

Optional: Describe.

See uploaded complaint procedure on vattenfall.de

D. Complaints Procedure

D1. Establishment of or participation in a complaints procedure

Were the rules of procedure for the reporting period publicly available?

File was uploaded.

To the Rules of Procedure:

<https://www.vattenfall.de/binaries/content/assets/commercial-web/privatkunden/brandgroup/lksg-verfahrensordnung.pdf>

D. Complaints Procedure

D2. Requirements for the complaints procedure

Specify the person(s) responsible for the procedure and their function(s).

The LkSG Complaints Manager appointed by the Management Board of Vattenfall GmbH is responsible for ensuring the timely implementation of the complaints procedure in accordance with § 8 f LkSG, the administration of the online complaints channel, the annual and ad hoc review of the effectiveness of the complaints procedure and the ongoing adaptation of the Complaints Procedure, including its publication on the intranet and on the Vattenfall GmbH website.

The complaints manager examines the incoming complaint and agrees with the three divisions Compliance, HR Compliance and Internal Audit which departments should process the complaint. The processing itself is carried out exclusively by the departments involved; the complaints manager is not a member of the team involved. His or her responsibility is limited to ensuring that the case is taken up immediately and processed swiftly, and that the person making the complaint is informed appropriately in terms of time and content.

It is confirmed that the criteria contained in Section 8 (3) LkSG are met for those responsible, i.e., that they offer a guarantee of impartiality, are independent and not bound by instructions and are obliged to maintain confidentiality.

Confirmed.

D. Complaints Procedure

D2. Requirements for the complaints procedure

It is confirmed that precautions have been taken for the reporting period to protect those potentially involved from being penalised or disadvantaged as a result of a complaint.

Confirmed.

Describe what precautions have been taken, in particular how the complaints procedure ensures the confidentiality of the identity of whistleblowers.

The complaints procedure is organised in such a way that the confidentiality of the identity of the complainant is guaranteed (see also Rules of Procedure):

- The complainant may lodge the complaint anonymously or through a person or association authorised by them.
- The persons entrusted with the implementation of the complaints procedure are obliged to maintain confidentiality.
- If other persons and departments or the supplier need to be involved in order to clarify the facts or take follow-up measures (need-to-know principle) and the facts communicated with the complaint are shared, the identity of the person making the complaint is protected by using a pseudonym.
- The current data protection regulations are complied with.

Anonymised reporting is offered on all reporting channels. In the online reporting tool on the Internet, a specially developed whistleblower portal ensures anonymised processing throughout.

This complaint channel is provided by WhistleB, an external partner of Vattenfall, to ensure the highest level of data security and anonymity. All information transmitted via this channel is encrypted and password protected.

Describe what precautions have been taken, in particular what other measures are in place to protect whistleblowers.

The complaints procedure ensures effective protection against discrimination or punishment (reprisals) over and above the above-mentioned measures, in particular by prohibiting internal guidelines from subjecting complainants to reprisals. According to these guidelines, in particular transfers, warnings and dismissals or other disciplinary disadvantages as well as other disadvantages due to the complaint are inadmissible for a complainant employed in our operations. Insofar as complainants who are employees of a direct supplier are affected, we endeavour to make appropriate contractual arrangements (see also Complaint Procedure).

D. Complaints Procedure

D3. Implementation of the complaints procedure

Did you receive any information about the complaints procedure during the reporting period?

Yes

Explain the number, content, duration and outcome of the procedures.

A report of repeated sexual harassment of one of our own employees by an employee of a security services provider was submitted via the LKSG complaints mailbox. The security service provider was subcontracted (Tier 3) by our facility management service manager. The incident was reported to the HR department via the direct manager, who filed a complaint against the security company employee on behalf of the victim. The employee in question was dismissed. The reference to the complaint was only made following the measures already taken, among other things to test the handling of complaints.

As a preventive measure in the case mentioned Vattenfall examined the service contracts for deficiencies and the need for changes and requested the facility management service provider to review its obligations. As a result, deficiencies were identified in the monitoring of the contractually agreed instructions for safety personnel. In the future, corresponding proof of training will be requested.

On which topics have complaints been received?

Selected answer options:

- Prohibition of the hiring or use of private/public security forces that may cause nuisance due to lack of instruction or control

Describe what conclusions were drawn from the complaints/reports received and to what extent these findings have led to adjustments in risk management.

The incident was immediately rectified on the basis of the structures and processes established at Vattenfall after it was brought to our attention. The incident was also reported to the LkSG complaints office as a tip-off in order to review its own complaints procedure and ensure systematic processing to establish effective preventive measures.

The procedures established at Vattenfall, notably the complaints procedure, worked and the offence was rectified immediately. In order to prevent future incidents and improve risk management, we will ensure that the obligations contained in the contracts with our service providers are actually implemented by them. This also applies in particular when subcontractors are used to provide services. To this end, we will in future request proof that our subcontractors' (service providers') security staff have attended training.

E. Review of risk management

Is there a process for reviewing the appropriateness and effectiveness of risk management across the board?

In which subsequent areas of risk management is the appropriateness and effectiveness reviewed?

- Resources & Expertise
- Process of risk analysis and prioritisation

Describe how this review is carried out for the respective area and what results it has led to, in particular with regard to the prioritised risks.

At Vattenfall, the effectiveness of the elements of our risk management system is reviewed in particular by the designated specialist departments and functions:

- Our own business operations: Environment, Sustainability, HR Compliance, Health & Safety
- Supply chains: Sustainability, Legal, Procurement Excellence

In their respective roles, the aforementioned areas see themselves as competence centres for the Group, responsible for the conceptual development and implementation of methods and standards (policy competence). This also includes the aspects of risk analysis, prevention and remedial measures.

The complaints procedure is reviewed regularly and on an ad hoc basis for effectiveness and accessibility.

An all-encompassing, integrated approach to reviewing the appropriateness and effectiveness of risk management is not yet available. Findings are to be gathered as part of a workshop to evaluate the first reporting year. This also includes the issue of reporting and documentation.

E. Review of risk management

Are there processes or measures in place to ensure that the interests of your employees, the employees within your supply chains and those who may otherwise be directly affected in a protected legal position by the economic activities of your company or by the economic activities of a company in your supply chains are adequately taken into account when setting up and implementing risk management?

In which areas of risk management do processes or measures exist to take into account the interests of those potentially affected?

- Resources & Expertise
- Preventive measures
- Remedial Measures
- Complaints procedure

Describe the processes and measures for the respective area of risk management.

All of the areas mentioned are taken into account for our own business operations, as the interests of employees are anchored in the processes through employee co-determination committees, trade unions, HR Compliance, Health & Safety and several complaints offices. The company's own complaints procedure is open to all those potentially affected, both internally and externally; it explicitly takes into account those providing information and, for example, guarantees anonymisation throughout the entire process if requested. For details of the complaints procedure, see the uploaded rules of procedure on the website.