

**VATTENFALL'S
CODE OF CONDUCT
FOR SUPPLIERS**

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According to Vattenfall's vision to be a leading European energy company, it is important for us to manage our activities as a responsible company in the community.

Participating in the UN Global Compact and applying its fundamental principles in the areas of human rights, working conditions, the environment and the fight against corruption is one way for us to show our Corporate Social Responsibility (CSR) throughout the entire value chain of our operations, including our suppliers. Therefore, we ask all our suppliers to agree with the ten UN Global Compact principles as explained in this Code of Conduct for Suppliers.

The Code of Conduct for Suppliers specifies the minimum standards expected of all suppliers to Vattenfall. Within their sphere of influence, Vattenfall also expects suppliers to apply these minimum standards to their subcontractors and sub-suppliers. Furthermore, it is expected that suppliers always strive to live up to both international and industry best practices.

It is of course expected that suppliers adhere to all laws, rules and regulations in the countries where they carry out their activities.

Vattenfall expects compliance with the Code of Conduct for Suppliers, but recognizes that embracing the principles of the UN Global Compact is a dynamic rather than static process and encourages suppliers to continually strive for improvement.

In order to demonstrate and communicate work and improvement toward the principles, the supplier is expected to possess necessary internal instruments (e.g. measuring procedures, tools and indicators).

Vattenfall or a third party assigned by Vattenfall may conduct reviews or on-site audits to assess the supplier's progress towards the principles.

The Code of Conduct for Suppliers is a part of Vattenfall's Code of Conduct and may also be communicated as a separate document. All Vattenfall employees with supplier relations are to make sure that the Code of Conduct for Suppliers is well known and understood by the suppliers.

HUMAN RIGHTS

The origin of the UN Global Compact principles on human rights is the 1948 Universal Declaration of Human Rights (UDHR).

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Vattenfall and its suppliers have a responsibility to uphold human rights both in the workplace and more broadly within their sphere of influence. Suppliers operating outside their country of origin may have an opportunity to promote and raise standards in countries where support and enforcement of human rights issues are insufficient.

Principle 2: Businesses should make sure they are not complicit in human rights abuses

Vattenfall expects its suppliers to ensure that they are not complicit to crimes against human rights in any way. By complicity is understood both *direct complicity* that occurs when a company knowingly assists a state in violating human rights, *beneficial complicity* meaning that a company benefits directly from human rights abuses committed by someone else and *silent complicity*, that is when a company fails to raise the question of systematic or continuous human rights violations in its interactions with the appropriate authorities.

Vattenfall also expects its suppliers to ensure a safe and healthy workplace or any other location where production or work is undertaken in accordance with the ILO Guidelines on Occupational Safety and Health (ILO-OSH-200).

LABOUR STANDARDS

The UN Global Compact principles on labour standards are taken from the ILO's Declaration on Fundamental Principles and Rights at Work from 1998.

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Vattenfall expects its suppliers to recognize and respect the rights of employees to freely associate, organize and bargain collectively in accordance with the laws of the countries in which they are employed and in accordance with the ILO conventions Freedom of Association and Protection of the Right to Organise Convention, (C 87, 1948) and Right to Organise and Collective Bargaining Convention, (C.98-1949).

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour

Vattenfall expects its suppliers to prohibit any use of forced, bonded or indentured labour or involuntary prison labour. All work will be voluntary and workers should be free to leave upon reasonable notice.

Suppliers are to comply, at a minimum, with all wage and working hours laws and regulations, including those pertaining to minimum wages, overtime wages, piece rates and other elements of compensation and to provide legally mandated benefits in accordance with the ILO conventions Forced Labour Convention, (c.29-1930) and Abolition of Forced Labour Convention, (C.105-1957).

Principle 5: Businesses should uphold the effective abolition of child labour

Vattenfall expects its suppliers to work against all forms of child labour in accordance with the Convention on the Rights of the Child, the ILO Minimum Age Convention (C.138-1973) or the Prohibition and Immediate Elimination of the Worst Forms of Child Labour Convention (C. 182-1999).

Additionally, Vattenfall expects its suppliers to protect all young workers from performing any work that is likely to be hazardous or to interfere with the child's education. Vattenfall also expects its suppliers to adhere to legitimate workplace apprenticeship programmes.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation

Suppliers are not to practice any form of discrimination in hiring and employment practices on the grounds of race, colour, religion, gender, sexual orientation, age, physical ability, health condition, political opinion, nationality, social or ethnic origin, union membership or marital status. Everybody shall be treated with respect and have a harassment-free workplace. Vattenfall also discourages discrimination regarding access to training, promotion and rewards in accordance with the ILO Conventions on Discrimination (Discrimination (Employment and Occupation) Convention, C.111-1958) and Equal Remuneration (Equal Remuneration Convention, C. 100-1951).

ENVIRONMENT

The UN Global Compact principles on the environment are drawn from the Rio Declaration and Agenda 21.

As the environment, and specifically climate change, is at the top of Vattenfall's agenda, we have chosen to give some further explanations of what Vattenfall expects from its suppliers in this area.

Principle 7: Businesses should support a precautionary approach to environmental challenges

Vattenfall expects its suppliers to manage its operations responsibly in relation to environmental risks and impacts by applying a precautionary approach to ensure that avoidable and particularly irreversible environmental damage does not occur.

Key environmental challenges that suppliers are expected to address are; loss of biodiversity and long-term damage to ecosystems; pollution of the atmosphere and the consequences of climate change; damage to aquatic ecosystems; land degradation; the impacts of chemicals use and disposal; waste management and the depletion of non-renewable resources.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility

Vattenfall expects its suppliers to have a structured and systematic approach to taking environmental aspects into account, including setting requirements and targets as well as performing follow-ups, and to comply with existing laws, regulations and permits.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Vattenfall expects its suppliers to choose modern, efficient and environmentally effective technologies and to invest in research and development that support a sustainable development of society.

Vattenfall also expects its suppliers to strive to increase the use of technologies that reduce emissions of greenhouse gases and other emissions from their products and services.

BRIBERY AND CORRUPTION

The UN Global Compact principle on bribery and corruption is based on the United Nations Convention against Corruption. The explanations under this principle are also aligned with Vattenfall's Group Instruction "General legal and business ethics principles".

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Suppliers are to maintain a high ethical standard, above all in accordance with this Code of Conduct for Suppliers and good business practice. Current laws, other legal provisions and contracts shall be complied with. Blind compliance with the law only, however, is not sufficient to maintain an ethically high standard.

Suppliers are expected to avoid conflicts of interest that may compromise the supplier's credibility in the Vattenfall Group or other exterior parties' confidence in the Vattenfall Group. An example of such conflicts of interest may be if the Supplier is a member of an association whose core values are contrary to those of the Vattenfall Group.

Suppliers are expected not to give or receive improper benefits or benefits that may be regarded as improper remuneration in order to obtain, retain or direct business or in order to secure any other improper advantage in the supplier's business with Vattenfall. Such improper benefits (bribes etc.) may comprise cash, items, pleasure trips or services of another nature.

CONTACT

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REFERENCES

Global Compact www.unglobalcompact.org

1948 Universal Declaration of Human Rights (UDHR) www.unhchr.ch/udhr

International Labour Organization www.ilo.org

Rio Declaration, Agenda 21 www.unep.org

United Nations Convention against Corruption www.unodc.org/unodc/en/treaties/CAC/index.html

Vattenfall and Corporate Social Responsibility www.vattenfall.com/csr

Vattenfall's procurement www.vattenfall.com/suppliers

Vattenfall's Environmental Policy http://www.vattenfall.com/www/vf_com/vf_com/368181envir/368245envir/index.jsp

Vattenfall in general www.vattenfall.com