

Vattenfall Networks Limited

Compliance Report 2021/2022

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VATTENFALL

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1. Introduction

This report is for the year to 31 March 2022, as required by Standard License Condition 31C paragraphs 7 to 10 of the Electricity Distribution License of Vattenfall Networks Limited (VNL). The report describes VNL's compliance with the Relevant Obligations as they are according to the license condition 31C paragraph 12 and how VNL has implemented the practices, procedures, and systems adopted in accordance with the Compliance Statement of VNL. The report also describes the findings noted by the Compliance Officer.

2. The Compliance Officer's review work

The monitoring and review work has been performed by the Compliance Officer, who is independent of the operations of VNL and independent of the management of VNL and reports to the management of the business unit "Network Solutions", which includes VNL. The approach focuses on the Statement of Compliance prepared by VNL and the requirements of the Standard License Condition and includes areas such as operational and managerial separation, financial independence, training of staff, access to confidential information, cross subsidization and branding.

VNL has according to the license condition 31C paragraph 5 ensured the Compliance Officer access to premises, systems, information and documentation, and has also provided the Compliance Officer with relevant resources required for the fulfilment of the Compliance Officer's tasks and duties. Due to the extensive Covid-19 restrictions that were in place during the period, the work has been done remotely.

The Review work clearly demonstrates that VNL are compliant with the Relevant Obligations.

3. Findings

3.1. Operational and managerial separation

VNL is a wholly owned subsidiary of Vattenfall AB. VNL's business is organized in the Business Area BA Distribution. BA Distribution also contains the Distribution businesses in Sweden. The head of BA Distribution reports directly to the CEO of Vattenfall AB. Vattenfall AB has no decision rights regarding the daily operations of any assets in any of the legal entities in BA Distribution which ensures that VNL can maintain the managerial and the operational independence of any Relevant Undertaking in the Vattenfall Group.

VNL uses the Vattenfall Group logo, which is common for the whole Group. However, VNL's name contains the unique abbreviation 'IDNO' to clarify its business activities in marketing and in ongoing dialogues with the company's customers and in any other communication activities. By using this abbreviation in its name, VNL ensures that the brand used by VNL is fully compliant with the Relevant Obligations.

3.2. Financial independence

As part of the Group's corporate planning process, each year VNL completes a 5 year business plan and budget for the following year. This contains overall numbers including the expected total capital requirements for each year. It does not contain details of specific projects.

3.3. Training of staff

All VNL staff has undertaken the e-training “Unbundling – because we promote fair competition”. The training is provided via an e-learning module which is available for all staff in the Vattenfall Group and is mandatory for all staff in VNL.

The e-training are to be undertaken at least once every three years and it ensures that all employee in VNL have the awareness of the Relevant Obligations so they can conduct themselves to ensure the integrity of unbundling on a day to-day basis.

In accordance to the Compliance statement, VNL has procedures for the event that any member of staff transfer to any Relevant Undertaking. During the year one member of staff, who hadn't been working on IDNO projects for several months, transferred to another Relevant Undertaking within the group.

3.4. Access to confidential information

Any Confidential Information that VNL handles in its business operations are kept separate to any Relevant Undertaking. Restricted access to premises and systems where such Confidential Information are kept or are handled ensures VNL's independence of any Relevant Undertaking.

3.5. Cross-subsidization

In order to be cost-effective, VNL purchases services provided by the Vattenfall Group. The costs of the services are in proportion to VNL's use of the service. There are documents that describes how the prices for the services are calculated and there is a mutual agreement on this.

Persons in VNL's management have had some involvement in the establishment and running of Vattenfall Networks Services in GB and a new legal entity in the Netherlands. Accordingly, a share of their costs are assigned to the other companies.

3.6. Complaints and incidents

In accordance with VNL's guidelines, any complaint or presentation regarding VNL's compliance with the relevant obligations shall be made available to the Compliance Officer at the time it comes to the knowledge of any person employed by VNL. The Compliance Officer and Vattenfall's corporate Unbundling Officer for the UK are then responsible for investigating the complaint.

During the year under review, no such complaint or presentation has been made. Thus, the Compliance Officer has not started an investigation based on any complaint or presentation.

There was an incident whereby it was suggested by the Faster Switching Programme that VNL's Nominating Officer could also be the Nominating Officer for Vattenfall Energy Trading. The suggestion was rejected and it was explained that the Vattenfall Energy Trading is a completely separate company from VNL.

4. Contact

Any queries relating to this report should be sent to:

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