

# Vattenfall Networks Limited

## Compliance Report 2022/2023

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**VATTENFALL**

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## **1. Introduction**

This report is for the year to 31 March 2023, 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 activities of the Compliance Officer and findings noted by the Compliance Officer.

## **2. Compliance Officers review work with the Relevant Obligations**

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 Compliance Statement 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.

The review work, which has been done both remotely and by onsite monitoring, 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 or 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. The management and board members are not part of another Relevant Undertaking. The Managing Director of VNL has three direct reportees; a Business Development Manager, a Regulation- and Commercial Manager and a Delivery and Operations Manager. All other employees of VNL reports to one of the three managers.

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 and VNL spend and sets the budget independently from Vattenfall AB.

### 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, including external staff, in VNL.

The e-training are to be undertaken at least once every three years and it ensures that all employees 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 with the Compliance statement, VNL has procedures for the event that any member of staff transfer to any Relevant Undertaking. In the event of staff transfers to another Relevant Undertaking, such staff undergo the unbundling training and are then separated from the IDNO business for 6 months before entering the new role. The employment contracts were updated in 2022 with an NDA clause regarding information referring to unbundling of IDNO. During the Relevant year no such transfer has taken place.

### 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.

To ensure that confidential information is kept confidential, one important tool is classification of unstructured data, for example text data. VNL uses such tools, however the default setting of that tool has been using a level of confidentiality that is lower than suggested by VNL's guidelines for such data. This has not lead to any data breaches but is an area of improvement in VNL's internal handling of confidential information.

### 3.5. Cross-subsidization

To be cost-efficient, 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.

### 3.6. Complaints and incidents

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 was made. Therefore, the Compliance Officer has not started an investigation based on any complaint or presentation.

During the review, it was noticed that neither VNL's Compliance Statement nor the Compliance report for 2021/2022 was published at VNL's webpage.

## 4. Contact

Any queries relating to this report should be sent to:

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