Global Statement on Modern Slavery

Statkraft presents its statement made pursuant to Section 54(1) of the UK Modern Slavery Act 2015 (the “Act”). This statement summarizes the steps taken by Statkraft with a view to preventing and combatting modern slavery in our business and our supply chain.

About Statkraft
Statkraft AS, a Norwegian state-owned enterprise, is the parent company of the Statkraft Group. The Group produces hydropower, wind power, solar power, gas-fired power and district heating and is a global player in energy market operations. By providing renewable and sustainable energy solutions, Statkraft carries out activities that support a global transition towards a low-carbon climate-resilient economy. Statkraft has 4500 employees in 17 countries.

Statkraft is committed to sustainability and responsible business practices. The company’s business conduct is based on globally supported initiatives and standards such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights, and the IFC Performance Standards on Social & Environmental Sustainability. In its efforts to improve, Statkraft is also part of the Nordic Business Network for Human Rights.

Statkraft’s fundamental commitments are summarised in its Code of Conduct, which sets expectations on Statkraft’s employees as well as on its business partners. In addition, requirements that suppliers are expected to meet throughout their relationship with Statkraft are summarised in Statkraft’s Supplier Code of Conduct. Depending on the nature of the delivery, additional contractual obligations complement the requirements contained in the Supplier Code of Conduct.

More information can be found on Statkraft’s website (www.statkraft.com).

Human rights, labour rights and modern slavery
As a member of the United Nations Global Compact, Statkraft is committed to its 10 principles on human rights, labour rights, the environment, and anti-corruption.

Statkraft respects human rights as set out in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines (i.e. those expressed in the International Bill of Human Rights and the International Labour Organization’s eight core Conventions and its Declaration on Fundamental Principles and Rights at Work). We work to identify and manage our human rights impact.

As described in its Code of Conduct, “Statkraft supports and respects, within its sphere of influence, the protection of internationally proclaimed human rights and ensures that it is not complicit in human rights abuses. We also support and respect internationally recognised labour rights, including the freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced and compulsory labour,
the effective abolition of child labour, and the elimination of discrimination in respect of employment and occupation.” The Code of Conduct also “prohibits the purchase of sexual services when on assignment or business trips for Statkraft”.

Statkraft’s Supplier Code of Conduct reflects these requirements and provides more detailed descriptions on requirements relating to labour rights, including on forced labour and child labour.

Our codes of conduct address modern slavery, both through a general policy commitment on human rights as well as through specific human rights provisions that cover the aspects of modern slavery that are assessed as being most relevant, or at risk given Statkraft’s activities and supply chain.

Human rights management

Statkraft’s approach to human rights management is based on the principles of integration and mainstreaming of its human rights policy commitments into existing governing documents, processes and systems, for instance those related to procurement, social sustainability management, human resources and security. Human rights considerations are also an integral part of our decision-making processes for project development, mergers and acquisitions, and divestment.

Human rights are one of the six most material aspects identified in the field of sustainability, and labour rights are among Statkraft’s salient human rights. Ambitions and goals have been adopted on human rights. These goals, alongside status updates relating to the implementation of the goals, are described in the sustainability chapter of the Annual Report and in communications on progress submitted to the UN Global Compact. Continuous improvement, including on labour rights and relevant aspects of modern slavery as well as supply chain management, will continue to be described in annual reports.

Procedures are in place to identify and assess potential impacts on human rights arising from our key activities, such as in the development of new greenfield projects, in our transactions and our supply chain. Through specific risk and impact assessments of our key activities we are able to prevent, when possible, or mitigate, if necessary, human rights impacts. Human rights screening is required for our significant investment agreements. This includes those governed by our internal decision-making framework for new investments.

We regularly review the implementation and results of the agreed or planned measures through internal reporting and quality control and assurance routines, in an effort to address human rights risks and impacts in our main processes.

Our updated corporate-level human rights impact assessment has identified four key priority areas with the highest risks. This is where we should focus our human rights efforts:

- Community relations and social licence
- Health, safety and security
- Labour conditions in the workplace
- Decent work in our supply chain

Systems are in place to provide all employees with training, guidance and advice about interpretation of Statkraft’s Code of Conduct and desired behaviour.

Statkraft’s Code of Conduct emphasises that employees have both the right and duty to report breaches of legal or ethical obligations through the line organisation or the Group’s Independent Reporting (Whistleblowing) Channel. Reporting can be made anonymously, and the channel is also available for externals via Statkraft’s web site.

Supply chain management

The basis for Statkraft’s supply chain management is Statkraft’s Supplier Code of Conduct. Suppliers are expected to meet these requirements throughout their relationship with Statkraft. Statkraft’s suppliers are informed about the Supplier Code of Conduct and other relevant requirements during the procurement process and are contractually obliged to follow the requirements in the Supplier Code of Conduct. Sustainability clauses are standard in Statkraft’s contracts and include a prohibition to use forced labour.

Statkraft selects first tier suppliers for evaluation on a risk basis where their activity and country of origin are the main elements. A supplier risk assessment tool is used, and suppliers that are evaluated must complete a self-assessment questionnaire with questions on human rights, health and safety, working and employment conditions, including a specific question related to forced labour, modern slavery and human trafficking (in accordance with the UK Modern Slavery Act). Based on the supplier’s response, Statkraft may either pre-qualify the supplier or undertake further human rights assessments and decide on appropriate actions.

The country risk assessment used in the aforementioned process is based on the following five international country risk indices: the Yale Environmental Performance Index, the UNDP Multidimensional Poverty Index, the Transparency International Index, The World Bank Ease of Doing Business Index and the International Trade Union Confederation Global Rights Index.

Statkraft works continuously to improve how sustainability is integrated in procurement practice to avoid being linked to a negative impact on people, society and the environment. To this end, a Sustainable Supply Chain Unit in Group Procurement has been established. It has started its work by defining a new overall governance model for the sustainable supply chain work, assessing existing tools, mapping roles and responsibilities and improving functional descriptions in the organization. The unit cooperates closely with Category and Project managers.
The Sustainable Supply Chain Unit works to improve how Statkraft shall identify, prevent, mitigate, and account for actual and potential adverse impacts on human rights throughout the supply chains, including potential risks in the lowest tiers. Statkraft considers that a risk of adverse impact on human rights exists when there is a potential for behaviour that is inconsistent with United Nations guiding principles for business and human rights. The unit has started to map the structure of the key supply chains, taking into consideration risk activities, geographies, and products.

Statkraft acknowledges that it is not possible to handle all potential adverse impacts linked to our supply chain immediately. Based on the severity and likelihood of adverse human rights impacts identified in the supply chain, products and suppliers will be selected for action.

Our supply chain

Statkraft’s supplier base is diverse, with small and large suppliers from different business sectors, such as business consulting, engineering, the electromechanical industry and civil construction, as well as from indirect purchases for operations. The supplier base is world-wide and amounts to more than 11 000 suppliers. Some of these are small local companies with short supply chains while others are global industrial groups with long supply chains stretching across different geographies.

Business consulting and engineering work is usually performed by our suppliers in countries where Statkraft is located, and where the supply chain is relatively short. Statkraft considers the risk of forced labour and modern slavery in these supply chains to be relatively low.

Equipment used for power production, on the other hand, has many different long international supply chains, stretching from mining of minerals and production of metals to manufacture and assembly of components, including the transportation between different sub-supplier locations.

Forced labour in the production of components for solar panels sourced from China received international attention towards the end of 2020. A taskforce looking further into human rights challenges in the solar power supply chain has been set up in 2021. Other topics addressed include manufacture and transportation of wind turbine blades, and insufficient payment of wages to workers on construction sites (more information in Annual Report 2020, p. 47).

Products used for wind- and solar power production include minerals that may be excavated in conflict zones. The Sustainable Supply Chain unit will examine this further in 2021.

As part of Statkraft’s sustainability strategy, the corporate management has agreed on a set of United Nations Sustainable Development Goals (SDGs) to focus on. This includes SDG 8 (Decent work and Economic Growth). The Sustainable Supply Chain unit is to focus especially on decent working conditions on construction sites. Inspections of working conditions on construction sites are planned for 2021.

Finally, and to further increase transparency of the lower tiers in our supply chains, Statkraft has initiated a dialogue with some of our key suppliers to discuss where they consider there are risks of adverse impacts in their enterprise and their supply chain.

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This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes the Group’s slavery and human trafficking statement for the financial year ending 31.12.2020.

Since the end of the financial year 2020, the situation related to forced labour risk in the solar supply chain has evolved and the risk has increased. Statkraft has further strengthened the work in this area in response to this situation. A further update will be given in the 2021 statement.

Christian Rynning-Tønnesen
President and CEO of Statkraft

This Statement was approved by the Board of Directors on 29 September 2021.