

# **ewz Måkaknuten Vind AS**

## *Due Diligence Report*



Published on 30 June 2023

## 1. Introduction

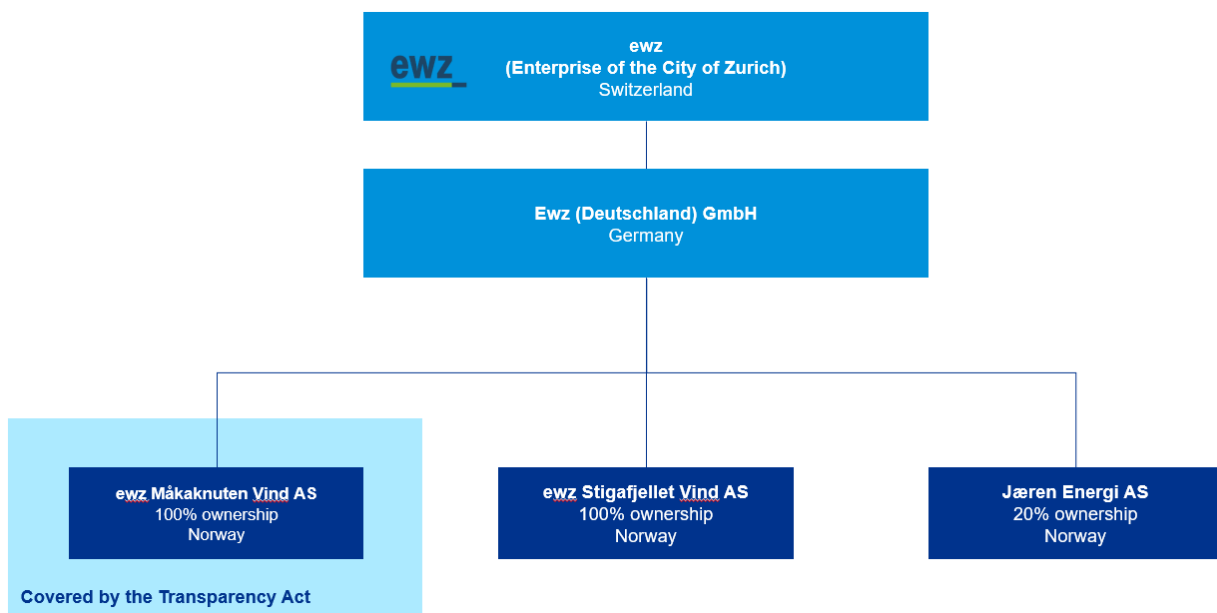
ewz Måkaknuten Vind AS ("**ewz Måkaknuten**") operates a 94.6 MW wind farm located at Måkaknuten in the municipalities of Gjesdal and Bjerkheim. The wind farm was commissioned in late November 2020 with an annual production of 343 GWh, which corresponds to the average electricity consumption of more than 20,000 Norwegian households per year.

ewz Måkaknuten is covered by the Norwegian Transparency Act and is the object of this report.

## 2. Organization of the Company

ewz Måkaknuten is a wholly-owned subsidiary of ewz (Deutschland) GmbH, which itself is a wholly-owned subsidiary of ewz (Zurich Municipal Electric Utility). The long-term strategic objective of ewz (Deutschland) GmbH is to invest in and maintain companies that produce renewable energy in the focus countries of Germany, France, Norway and Sweden. ewz (Deutschland) GmbH is committed to invest only in sites, where there is optimal availability of natural resources for the technology in question and where standards related to efficiency, climate and environmental impact, and respect of human and labor rights can best be fulfilled. In Norway, ewz (Deutschland) GmbH owns and operates the windfarms Måkaknuten and Stigafjellet, and holds a minority stake at Høg-Jæren. These three wind farms are located in the Rogaland region of southwestern Norway. ewz (Deutschland) GmbH and its subsidiaries engages in the production and trading of electric energy.

**Chart 1: Ownership structure of ewz Måkaknuten**



### 3. Human Rights Due Diligence in ewz Måkaknuten

The Norwegian Transparency Act ("**Transparency Act**") that entered into force on July 1<sup>st</sup> 2022 aims to promote enterprises' respect for fundamental human rights and decent working conditions in connection with the production of goods and the provision of services, by setting an expectation for companies to work systematically with internationally recognized human rights by conducting due diligence assessments, in line with the OECD's guidelines for multinational companies and the UN's guiding principles for business and human rights.

ewz Måkaknuten strives to ensure responsible business conduct and respect human rights and labor rights as well as decent working conditions in our operations, including our value chains. In 2023, the board of ewz Måkaknuten initiated an internal project to strengthen our work with human rights due diligence (HRDD) in line with the expectations in the Transparency Act.

ewz Måkaknuten is in an implementation phase of due diligence, in line with the OECD Guidelines, and has to date:

- conducted a gap-analysis of our existing policies, procedures and risk management against the expectations of the Norwegian Transparency Act and the OECD Guidelines;
- conducted a high-level risk assessment of our tier-1 suppliers to map the risk of adverse impacts on human rights and decent working conditions, including an overview of the human rights due diligence routines put in place by our two main suppliers; and
- developed a routine for handling requests for information pursuant to the Transparency Act to ensure the general public access to information regarding how ewz Måkaknuten works to promote fundamental human rights and decent working conditions.

To further strengthen our due diligence work, we have planned the following activities to focus on in the second half-year of 2023 and first half-year of 2024:

- Implementation of a Supplier Code of Conduct
- Allocation of responsibility for conducting and following up on human rights due diligence
- Improvement of monitoring the compliance with human rights and decent working conditions, and reporting on human rights due diligence from suppliers
- Development of a response procedure in case of identified significant risk or negative impact
- Implementation of a grievance mechanism to be made available and communicated to relevant stakeholders

For the remainder of 2023, we will focus particularly on closing gaps in governing documents, especially the Supplier Code of Conduct and allocation of responsibility for conducting and following up on human rights due diligence.

### 4. Identified Risk and Negative Impact

Common human rights issues in the renewable energy sector are linked to use of labor in core operations, impact on local communities and complex supply chains. Operations might include the use of contractors, sub-contractors, and global supply of machinery and equipment, thus exposing the company to a variety of potential human rights risk.

Given that ewz Måkaknuten operates a wind farm in the operational phase, where key suppliers are providing operational and maintenance services, our focus and priority in the due diligence process has been decent working conditions, given the higher likelihood of causing social harm and linkage to ewz Måkaknuten's current operations and business relationships.

ewz Måkaknuten has, with the assistance of our operations manager, carried out a high-level risk assessment of our tier-1 suppliers relating to human rights and decent working conditions. The risk assessment has been conducted by mapping our tier-1 suppliers, and assessing gravity and probability of negative impact relating to HSE, human rights and working conditions, based on:

- information about suppliers' HMS plans, incidents and control systems;
- information from daily contact with suppliers; and
- informal interviews with suppliers.

We have identified moderate risk regarding HSE, human rights and decent working conditions for six of our tier-1 suppliers. The identified risks are:

- **Working conditions** - Risk of exploitation of workers involved in the project, including risk of with insufficient contracts and wages. There is a heightened risk of breaches related to foreign workers coming to Norway due to sub-suppliers not being sufficiently informed about relevant regulations and standards.
- **Occupational health and safety** - Risk of breaches related HSE-requirements and potentially dangerous situations due to sub-suppliers limited experience with Norwegian HSE-requirements.
- **Ethical sourcing** - Risk of potential use of sub-suppliers who are affiliated with companies known to exploit cheap labor abroad. There is an inherent risk related to the IT supply chain industry and the exploitation of foreign labor in developing countries with sub-optimal working conditions.

We have been informed of actual negative impact relating to wage requirements and working hours for workers from other European countries assigned to Norway. These workers have been hired by sub-suppliers, and cases have been controlled and followed up on by our suppliers.

## 5. Measures to cease, prevent or mitigate negative impact

In consideration of the identified risks and negative impact, the following mitigating measures are already implemented:

- **Working conditions** - Risks related to the exploitation of workers is monitored closely by our operations manager, through routine controls on working conditions. They have informed us that they have been in contact with the Norwegian Labor Authority regarding certain incidents of actual negative impact.
- **Occupational health and safety** - Risks related to breaches of HSE requirements are monitored regularly through revision of suppliers' HSE documents and non-conformance registrations. Our board is updated regularly on HSE matters.
- **Ethical sourcing** - The likelihood for connection to exposed foreign labor within the IT sector is limited, as all data storage related to the suppliers with identified risk is located in Norway. The need for supply chain audits has been assessed, but not yet implemented.

In addition to the planned activities to strengthen our due diligence work mentioned in point 3 above, we have prioritized additional measures to address the risks and negative impact identified through our risk assessment:

<b>Identified Risk or Adverse Impact</b>	Risk of exploitation of workers
<b>Implemented Measures</b>	Social audit of suppliers and sub-suppliers providing wind turbine service during the maintenance season (summer), due to high influx of workers during these periods.
<b>Objective of Measures</b>	Manage risk associated with workers and mitigate any negative impact related to decent living wage and working hours
<b>Status</b>	Planned

We recognize that we can further systematize our prevention work and will in future consider introducing additional routines for on-site inspections and documentation requests, as well as requesting our suppliers' due diligence assessments. Further, we recognize that the responsibility for human rights due diligence lies with ewz Måaknuten, but see that it is necessary and beneficial to cooperate with suppliers and sub-contractors.

Signed by the Board