

Discussion with Mats Granryd, Chairman of the Board of Directors and Anna Borg, President and CEO**Speakers:**

- Anna Borg; Vattenfall; President and CEO
- Mats Granryd; Vattenfall; Chairman of the Board of Directors
- Åsa Jamal; Vattenfall; Head of Group Staff Functions Communications & People & Culture

Åsa Jamal: 2025. I think this film really shows the breadth of our operations and that our direction is clear: focus on fossil freedom ahead. But the world is challenging right now, that cannot be ignored. We are dealing with a new energy price crisis and actually the world order is a bit shaky at the moment. Looking back at 2025, what kind of year was it for Vattenfall, Anna?

Anna Borg: I'd say it was a year of very sudden swings. And that is due to the world around us and the market we are operating in. So you could say it has been complex in many ways. There have been a lot of issues to deal with while still ensuring that we do what should, move forward, and deliver in relation to our customers and our operations in general. And I think we've managed that well. We have also made strong progress in a number of projects as we, for example, see in this film, despite the fact that the world around us has been very messy. Naturally, the geopolitical situation is affecting us. It is affecting the entire world, but Europe to a greater degree. It is affecting us as a company in the markets in Europe where we have a lot of business and it's affecting our customers, which means it's greatly impacting the dialogue we have with our customers as well as what will happen with them and the different ways we can contribute. And once again, it has made it very clear how vulnerable Europe is due to its dependence on imported fossil fuels. Europe has a fundamental competitive disadvantage in the economy in general as long as we base things on imported fossil fuels, and that is because it is cheaper to extract oil and gas in the US and in China than it is in Europe, and they also have much more of that raw material. Then it has to be transported here and we have to build our energy system or electricity system on it, and that simply makes it more expensive here. So even if you only look at it from a purely economic perspective, it's a major disadvantage and a major vulnerability when these supply chains are dysfunctional. And the only way forward is to build more domestic electricity generation in Europe and to ensure it is fossil-free, because that is what will increase Europe's competitiveness. So it's important for us to find ways to do that together with our customers and partners, and that's what we've focused on during the year.

Åsa Jamal: Exactly. And Mats, from the Board of Directors' perspective then, how has the year been?

Mats Granryd: Well, it has been very complex, as Anna said, and it's a continuation since Covid and into this, and the energy crises and so on. So it is to some extent a new world order, which we have to adapt to and work with, and what you can say is that we have had very strong commitment from the Board of Directors and I hope that we give management the support and direction that is needed for Vattenfall to continue on its path forward. We've had almost 100% attendance at all meetings, which is really good. Naturally, we have also worked on many structural transactions: a lot of wind as we saw earlier, Zeevonk and others, and some structural transactions where we have divested our customer business in France, to give an example. But what has perhaps been most time-consuming is new nuclear power, which proves just how complex the matter is, so it's not easy. Fortunately, we have a lot of very talented employees who help us navigate this because it is complex. And of course, having a dialogue with the owner is very important. And it has been incredibly good, incredibly constructive and incredibly stable, which I believe is a prerequisite for this to work. We have also spent a lot of time on efficiency improvements, trying to find smarter processes, rather than working with unnecessary interfaces, but trying to make things simpler. And I received this Fossil Freedom Award from you Anna, I think it was, about a week ago, and I have to say, it was incredibly inspiring to see how Vattenfall's employees on their own initiative come up with new ways of doing things. Like where lead times have been reduced from months to weeks just by changing the ways of working, and that's exactly what I think is vital, so it's great to see. But of course, much of the work remains and it is important that we stay on track, as you talked about, with fossil freedom and so on.

Åsa Jamal: If we continue focus on new nuclear power for a bit, Anna, what are we doing there, specifically? Tell us more.

Anna Borg: We are doing a lot of different things at the same time, and it's very exciting, but specifically, we are working on and preparing the site so we can start building. We are also making a lot of preparations related to the permits we need in order to start. We need a permit under the Act on Nuclear Activities and an environmental permit.

This will be the first time that anyone has applied to build a new nuclear power plant under modern environmental legislation, so it will be new for everyone involved. We will need the usual building permits, and so on, so there is a lot of work going on. Then, just as we saw here in the film, we have intensive dialogues with the two potential suppliers remaining in this process. After the summer, we decreased the number of potential suppliers from four to two, the two remaining being GE Vernova and Rolls-Royce. So we have had a fairly large team that has been out and reviewed both companies' operations and subcontractors. They have been here on several occasions. We talk about everything from technology to financial solutions, who takes what risk, how to deliver in practice, and so on. So, this work is in full swing. I have been to the UK, South Korea, Japan, and other places myself, and there are a few trips left to really get to know these subcontractors all the way through, to understand what this will look like in practice once we have chosen a final supplier. So we plan to do that this year and then move into the next phase. We have started Videberg Kraft AB, which is the project company where we will work with the new nuclear power project to be built on the Värö Peninsula, and we have also progressed in our collaboration with Industrikraft, the consortium of nine large industrial companies that will co-own the project and this nuclear power. So it was finalised just before Christmas; we had negotiated all the agreements, and then that transaction came into effect on 1 April. Vattenfall now owns 80% of Videberg Kraft AB, and Industrikraft owns 20%. We are also in negotiations with the state on the risk-sharing model that has been developed to enable new nuclear power, not only for Vattenfall and Industrikraft, but for anyone who might want to build nuclear power. And we are now discussing the terms of that model. When we are finished with it, it will be sent to the EU for approval, as well. So there is basically a lot going on, on all fronts. Very exciting.

Åsa Jamal: Yes, and the work continues, albeit in slightly new forms then, with Videberg being established.

Anna Borg: Yes, that's right.

Åsa Jamal: If you were to sum up 2025, it would of course be incredibly important to look at our financial results and our goals, and you can conclude that we exceeded them quite significantly. Perhaps a leading question, but what does it say about our resilience as a company?

Anna Borg: It shows that we are a strong company that can deliver even in a turbulent market and the world around us. And it's no coincidence but rather depends on a number of factors. For example, we were early to determine that we needed to reduce greenhouse gases in our operations. So, we have significantly reduced our CO₂ emissions over the past decade, and that means we are viewed as less risky as a company, that we face less risk in our business operations than many other companies with higher emissions. And you can see that clearly when the capital market and the rating agencies look at Vattenfall. So the fact that we were early with it and have really delivered on it has made us more stable. Also, quite a while ago, we chose a path in which we have integrated and diversified our business model, which means that we have several types of operations: we are involved in generation, distribution, sales and so on. A lot of other companies have chosen to concentrate on one of these areas. But that diversification also means that we can spread risks, and we can choose how much we lean on which area depending on what the market and the world around us look like, and it is also something that makes us more stable than a lot of other companies in these times of turmoil. So, such things have benefited us. And this gives us more room to manoeuvre. We are able to maintain a high investment rate despite the risky environment. We will invest approximately 165 billion over the next five years. This is about the same amount as in our previous investment plan too, so it hasn't really changed as a result of this, and those investments will go partly to nuclear power, as we saw, and as we've talked about, but they will also go to offshore wind. For example, we have the Nordlicht project off the coast of Germany, which will be Germany's largest offshore wind farm once completed. But we are also investing in existing operations. Hydro power is one such example, where we may not be able to expand to such a large extent, but we can ensure the stations are kept in good condition and that we use technology that is as modern as possible. For example, we have ordered a new large dam gate. It is an enormous part of such station and the one we ordered is made of fossil-free steel from SSAB. So this a way for us to work on development of materials and technology, even in existing operations. And we are investing a lot in the Swedish electricity grid, because it is needed for many reasons. So our intention is to invest close to 47 billion over the next five years. So we are a strong company with the ability to keep pace in the transition and development, even in these times.

Åsa Jamal: And we also contribute to resilience in society at large, but from the Board of Directors' perspective, I'm a little curious to hear more about how the Board of Directors views our own work on our security at Vattenfall during these uncertain times.

Mats Granryd: It is something we focus a lot on, both in terms of physical security and cybersecurity. And we all know this: with the enormously rapid advance of AI and new technology, we have to be one step ahead in some way, and the Board of Directors has invested quite a lot of time to educate ourselves and learn how we can secure Vattenfall as best we can in this new risk matrix. It's much more complex now and it's happening so much faster than it has before, so we have to be on our toes at all times. And that's one thing I might be, not that I can't sleep at night, but if I couldn't, it's perhaps what I'd be most worried about. And there I feel confident that we are in a good position, but of course it's not enough to be in a good position today; you have to be well positioned for what's to come, when things are moving so fast. And that's where I think all companies struggle to drive things forward. Vattenfall has a strong position, but we also have a lot of very sensitive infrastructure that is critical for Sweden, so it is something we take with the utmost seriousness.

Åsa Jamal: And with this external pressure, how do we ensure that we don't lose momentum on our climate ambitions?

Anna Borg: I think it's important to remember that our climate goals are not something separate from the business, they are an integrated part of our business strategy and have been for a long time. Electrification and the transition to reduce emissions are ongoing. Partly because it is a more modern and efficient technology – we will simply see more electric engines and fewer combustion engines over time, which we are already seeing a lot of signs of – but it is also the fact that climate change is happening; it is not something that will happen later, it is ongoing, and doesn't negotiate with anyone, not timelines or anything else. It is simply a fact that we and everyone else have to deal with. Emitting comes with a cost, today and in the future, either in the shape of prices for emission allowances, or as taxes and fees, or by all of us being forced to pay for the consequences of climate change. So we need to focus on this issue because it is a business strategy, because it will strengthen our competitiveness, it will reduce the risk that we discussed earlier, it will be a profitability issue, and it is an incredibly important issue, of course, from a general climate perspective and linked to the world that we all live in. And I think that the vast majority of companies see that at this point and are also working towards reducing their emissions, and that actually applies in all parts of the world. So, the direction is very clear. It's the pace that's the challenge, things aren't going as fast as they should. And at Vattenfall we stay the course towards our goal of being net zero by 2040, and this applies to Scopes 1, 2 and 3 emissions. We have reduced our emissions compared with 2017 by 57%, so we have come a long way. We are essentially there with what is called Scope 1, that is, our own operations. But we still have emissions remaining in the categories known as Scopes 2 and 3, that is, what is in our supply chains, from materials and other items we order from our suppliers, as well as from what our customers use our products and services for. So that's what we have a major focus on now, to make sure that will also be net zero by 2040. And then you need to remember that we are in line with the 1.5-degree trajectory set as an overall goal, which in our case is also certified by the Science Based Target Initiative, so what we are doing is actually in accordance with science because it will have the intended effect. So, for us, it is very natural to continue working with these matters in an integrated way. As I said, it is very much a business matter for us.

Åsa Jamal: Thank you, Anna, crystal clear. We need to round things off. But Mats, is there anything you want to pass on to Vattenfall's employees or the company as we move into 2026?

Mats Granryd: Yes, I want to start by thanking everyone for a fantastic 2025. There are so many people who have worked incredibly hard to achieve a stable profit when at times, things aren't moving fast enough and at others, things are going far too quickly, in the area of cybersecurity and so on. A big thank you from the Board of Directors to all Vattenfall employees. I think, though, that 2026 will require great focus, perseverance, cooperation and a lot of hard work. It won't get any easier. We had a great result in 2025, but you're never better than your last performance, so to speak, and now the next performance begins. 2026 will be challenging, I'm sure, but we have extremely competent employees. We have an integrated business model and understand how to drive the business forward, so I see the future very positively from a Vattenfall perspective, and I am certain that we will be able to achieve an excellent result in 2026 as well. But first and foremost, thank you very much for 2025.

Åsa Jamal: There's a way.

Mats Granryd: There's a way, absolutely.

Åsa Jamal: There's a way. Okay, thank you very much. Then I'll give the floor back to you, Mats.

Mats Granryd: Okay, thank you very much! Let's go sit back down, Anna. Thank you Åsa.