

A woman with curly hair and two young children are running happily in a grassy yard. In the background, there is a traditional house with a thatched roof and a large tree. The scene is bright and sunny.

Fossil-free living within one generation

Sveriges Finansanalytikers Förening
10 November 2021

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VATTENFALL

This is Vattenfall


Activities in the Value Chain ● Active ● Inactive




In Brief


- Vattenfall is a leading European energy company
- We want to make **fossil-free living possible within one generation**
- We are driving the transition to a more sustainable energy system through growth in renewable production and climate smart energy solutions for our customers
- **100 per cent owned by the Swedish State**
- Our long-term credit ratings are **BBB+ stable outlook by S&P and A3 stable outlook by Moody's**

 **6.8 Million**
Electricity customers

 **1.8 Million**
Heat customers

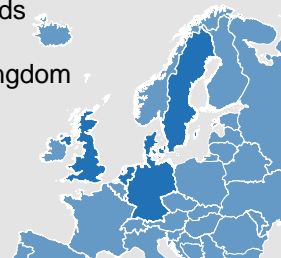
 **900 000¹**
Electricity grid customers

 **2.3 Million**
Gas customers

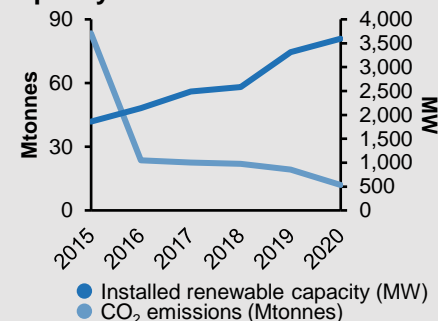
 **19,859**
Employees

Main markets

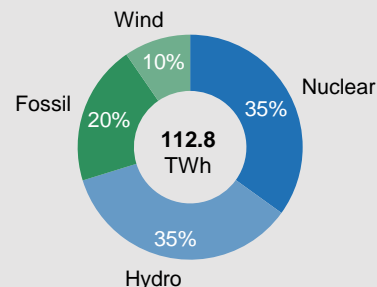
- Sweden
- Germany
- Netherlands
- Denmark
- United Kingdom



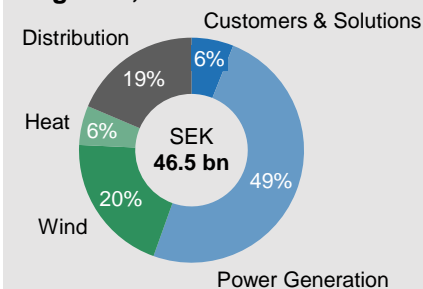
CO₂ emissions & Renewable capacity



Electricity generation breakdown by technology, 2020



EBITDA breakdown by segment, 2020

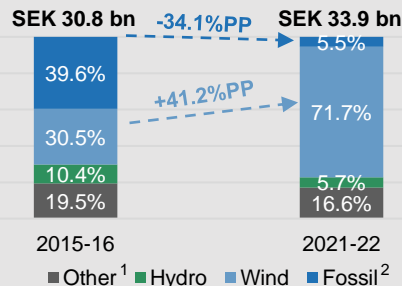


¹ Excluding Vattenfall's subsidiaries Gotlands Elnät and Västerbergslagens Elnät as well as the Berlin grid business which was sold to the city of Berlin on July 1st, 2021

Significant shift in production portfolio over the past 5 years

The shift has accelerated with large investments in renewables and phase out of fossil production

CAPEX by technology



Major investments in renewable projects

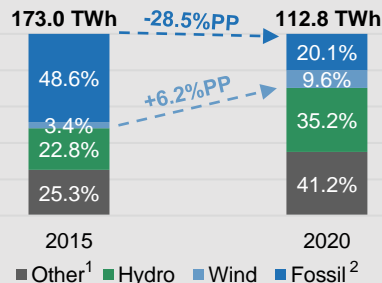
- Around SEK 23 billion of investments are planned for new wind farms, both onshore and offshore
- Recent milestones:
 - Final investment decision for Hollandse Kust Zuid 1-4 offshore wind farm in the Netherlands, the world's largest offshore wind farm when commissioned in 2023
 - Major onshore projects in the Nordics and the UK (Blakliden & Fäbodberget, South Kyle)
 - Proof of concept in solar & batteries ready for scaling up and innovative solutions such as co-location with wind farms (Haringvliet, Battery at Pen y Cymoedd)

¹ Other includes nuclear, solar & batteries (CAPEX only) & biomass

² Includes hard coal and gas

³ Consolidated values for 2015. Consolidated emissions are approximately 0.5% higher than pro rata emissions, corresponding to Vattenfall's share of ownership

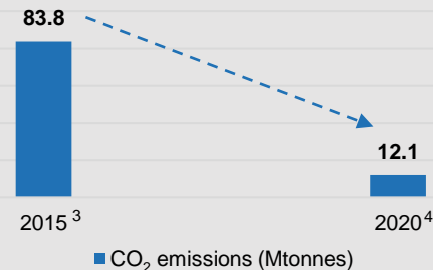
Electricity production mix



Share of fossil production has been reduced dramatically

- Strong wind growth: 3.5 GW installed capacity; ~ 3 GW under construction and >4 GW in development
- Increased focus on decentralised production, storage and EV charging
- Coal-fired production has been phased out such as Reuter C in Berlin, Moorburg in Hamburg and Hemweg-8 in the Netherlands

CO₂ emissions



...and with this our CO₂ emissions

We sold the lignite business in 2016, which reduced our CO₂ footprint dramatically

- We continue to identify further actions such as retiring coal fired power plants earlier than planned (such as Hemweg-8 in the Netherlands and Moorburg in Germany)
- We are also phasing out coal from all of our operations by 2030, at latest

⁴ Pro rata values, corresponding to Vattenfall's share of ownership

Strategic targets 2025

Strategic focus area	Strategic targets to 2025	2025 Target	Actual 2020	Motivation
Driving decarbonisation with our customers & partners	Net Promoter Score ¹ (Absolute)	+18	+7 ²	Established and recognised as key to assess customer behaviours/attitudes
Securing a fossil-free energy supply	CO ₂ Emissions Intensity	≤86 gCO ₂ /kWh ³	97 gCO ₂ /kWh	Established in Science Based Targets. Industry standard
Empowering our people	LTIF	≤1.0	1.8	Safety first, best practise KPI
	Engagement Index	75	72	Engaged employees is a key factor for success
Delivering high-performing operations	FFO/Adjusted Net Debt	22-27 %	28.8%	Key metric in financial steering
	ROCE	8 %	5.8 %	Key metric in financial steering

¹ NPS absolute target is calculated with a weighting of 80% from Customers & Solutions and 20% from Heat resembling size of customer basis

² No outcome for business unit Heat Berlin in 2020, similar level as in 2019 assumed

Vattenfall's green bond framework

Use of proceeds - eligible categories with examples of technologies

Renewable energy and related infrastructure



- Wind energy
- Solar energy
- Biomass
- Geothermal
- Hydrogen

Electrification of transport and electrification of heating



- Infrastructure for electric vehicles
- Power to Heat

Energy efficiency



- Hydro power
- Smart grids/meters
- Fossil-free¹ district heating and cooling
- Energy recovery

Industry projects



- Activities enabling the transformation to fossil-free¹ production

¹ Fossil-free: not depending on fossil fuels for its own operations (e.g. for Vattenfall no fossil fuels for energy generation and no fossil products to customers)

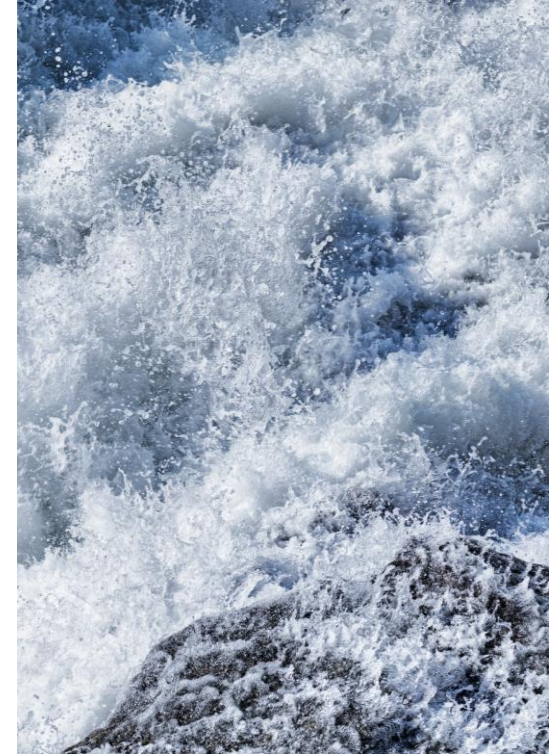
Sustainability-linked revolving credit facility

Overview

- Serves as a general liquidity back-up
- Ensures financial flexibility
- Margin linked to Vattenfall's CO₂e emissions intensity target
- Refinanced in 2020

Key facts

- Total amount of EUR 2 billion
- 15 banks comprising Vattenfall's core relationship bank group participating in the facility
- Expires in 2023 with two one-year extension options

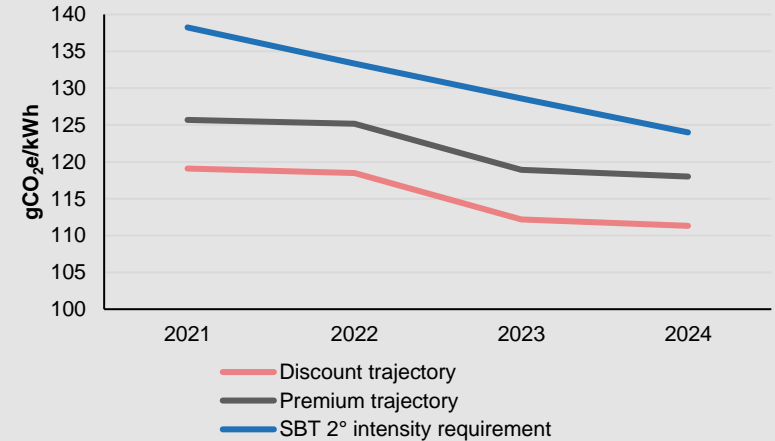


KPI and Sustainability Performance Targets (SPTs)

Ambitious target for CO₂ intensity

- Included in the KPI are scope 1, 2, and CO₂ equivalents for Vattenfall's other GHG emissions (e.g. N₂O and SF₆).
- A corridor-based incentive model has been selected with a cap for absolute emissions of 18.5¹ Mt CO₂e (level in 2019)
 - The trigger points for a discount of 2.5 bps sit along the discount trajectory leading to 111.3 gCO₂e/kWh by 2024
 - The trigger points for a premium of 2.5 bps sit along the premium trajectory leading to 118.0 gCO₂e/kWh by 2024
 - If the KPI outcome is above the discount trajectory but lower than the premium trajectory, base margin applies
- If the cap for absolute emissions of 18.5 Mt CO₂e is exceeded, the premium margin should apply
- The KPI outcome is impacted by weather conditions like wind and temperature, market conditions, and our ability to meet timelines for planned projects

Corridor proposal



	2021	2022	2023	2024
Discount trajectory gCO₂e/kWh	119.1	118.5	112.2	111.3
Premium trajectory gCO₂e/kWh	125.7	125.2	118.9	118.0

¹ Excluding the heat operations in Hamburg, which have been divested in 2019

KPI performance reporting and verification

Annual and Sustainability Report

- The Sustainability Report is integrated in Vattenfall's Annual and Sustainability Report and is an essential part in the communication with our stakeholders
- KPI reporting will be made public in the Annual and Sustainability Report

Sustainability Certificate

- Sets out the KPI performance during the relevant financial year
- Signed by representatives of Vattenfall
- Delivered within 180 days from year-end
- The first Sustainability Certificate shall be delivered in respect of the financial year 2021

Verification

- The KPI (gCO₂e/kWh) is audited to obtain limited assurance that the information is free of material misstatements

Timeline

