

Remuneration Report 2020

Vattenfall

Introduction

This remuneration report provides an outline of how Vattenfall's guidelines for executive remuneration (the "remuneration guidelines"), adopted by the 2020 Annual General Meeting, have been implemented in 2020. In addition, the report provides information regarding Vattenfall's CEO and other members of the company's Executive Group Management. The report has been prepared in accordance with the Swedish Companies Act and the Government's Principles for remuneration and other terms of employment for senior officers of state-owned enterprises, resolved on February 27, 2020.

The report does not include remuneration to the Board that is subject to the Annual General Meeting. Such remuneration is reported in Note 42 on pages 135 - 137 in the Annual Report 2020.

Information required in accordance with Chapter 5, Sections 40 - 44 of the Annual Accounts Act (1995: 1554) can be found in note 42 on pages 135 - 137 in the company's Annual Report for 2020 (the "Annual Report 2020").

Information about the Remuneration Committee's work in 2020 can be found in the corporate governance report, which can be found on page 78 in the 2020 annual report.

Development in 2020

The CEO summarizes the company's overall results in her report on page 6 - 9 in the 2020 Annual Report 2020.

Remuneration guidelines

In Vattenfall's remuneration guidelines, the total remuneration payable to senior executives has to be reasonable and well considered. It also has to be competitive, capped and appropriate, while fostering high ethical standards and a good corporate culture. The remuneration must not be market-leading in relation to comparable companies and should be moderate in character.

Remuneration to senior executives may consist of the following components: fixed base salary, severance pay, pension benefits and other benefits. Variable remuneration must not be paid to senior executives.

A prerequisite for the successful implementation of Vattenfall's business strategy and safeguarding of its long-term interests, including its sustainability, is that Vattenfall is able to recruit and retain qualified personnel. To this end, it is necessary that Vattenfall offers competitive remuneration. These guidelines enable Vattenfall to offer the executive management a competitive total remuneration.

The remuneration guidelines, adopted by the 2020 Annual General Meeting, is summarized on page 82 in the Annual Report 2020. In 2020, the company has followed the applicable remuneration guidelines adopted by the Annual General Meeting. No deviations from the guidelines were made during the year. The Board of Directors and the Remuneration Committee have dealt with remuneration in accordance with the process and the principles set out in the guidelines. The auditor's report on whether the company has followed the guidelines can be found on the company's website <https://group.vattenfall.com>. No remuneration has been reclaimed.

The guidelines are designed in accordance with the Government's Principles for remuneration and other terms of employment for senior officers of state-owned enterprises.

These principles have also been guiding during the development of remuneration policy for other employees within the Group.

Total remuneration to CEO and other senior executives in the Executive Group Management

Table 1 – Total remuneration to CEO and other senior executives in the Executive Group Management during 2020

		Base Salary	Other benefits	Pension	Variable remuneration	Other remuneration	Total remuneration
Magnus Hall, President & CEO Until 2020-10-31 ¹	kSEK	15 716	68	4 643	-	-	20 427
	Share of total remuneration	77.0%	0.3%	22.7%	-	-	-
Anna Borg, President & CEO From 2020-11-01	kSEK	2 239	15	774	-	-	3 028
	Share of total remuneration	73.9%	0.5%	25.6%	-	-	-
Anna Borg, CFO Until 2020-10-31	kSEK	5 609	75	1 717	-	-	7 401
	Share of total remuneration	75.8%	1.0%	23.2%	-	-	-
Kerstin Ahlfont, CFO From 2020-11-01	kSEK	1 147	4	343	-	-	1 494
	Share of total remuneration	76.7%	0.3%	23.0%	-	-	-
Kerstin Ahlfont, Head of Human Resources Until 2020-10-31	kSEK	3 676	18	1 083	-	-	4 777
	Share of total remuneration	77.0%	0.4%	22.6%	-	-	-
Torbjörn Wahlborg, Head of Business Area Generation	kSEK	7 411	72	2 206	-	-	9 689
	Share of total remuneration	76.5%	0.7%	22.8%	-	-	-
Tuomo Hatakka, Head of Business Area Heat Until 2020-11-30 ²	kSEK	13 681	96	2 882	-	-	16 659
	Share of total remuneration	82.1%	0.6%	17.3%	-	-	-
Ulrika Jardfeldt, Head of Business Area Heat From 2020-12-01	kSEK	512	5	154	-	-	671
	Share of total remuneration	76.3%	0.7%	23.0%	-	-	-
Gunnar Groebler, Head of Business Area Wind	kSEK	6 987	127	1 397	-	-	8 511
	Share of total remuneration	82.1%	1.5%	16.4%	-	-	-
Anne Gynnerstedt, General Counsel & Secretary to the Board of Directors	kSEK	5 119	67	1 476	-	-	6 662
	Share of total remuneration	76.8%	1.0%	22.2%	-	-	-
Martijn Hagens, Head of Business Area Customers & Solutions	kSEK	7 876	42	1 323	-	-	9 241
	Share of total remuneration	85.2%	0.5%	14.3%	-	-	-

¹ Formally employed and paid until January 20th, 2021.

² Formally employed and paid until December 31st, 2020.

Niek den Hollander, Head of Business Area Markets Until 2020-05-31	kSEK	3 117	59	561	-	-	3 737
	Share of total remuneration	83.4%	1.6%	15.0%	-	-	-
Andreas Regnell, Head of Strategic Development	kSEK	4 686	78	1 389	-	-	6 153
	Share of total remuneration	76.2%	1.3%	22.5%	-	-	-
Karin Lepasoon, Head of Communications Until 2020-10-31	kSEK	4 411	51	1 121	-	-	5 583
	Share of total remuneration	79.0%	0.9%	20.1%	-	-	-

Base salary includes vacation pay and Other benefits include value of car benefit, health insurance, parking benefit and card for public transportation.

Vattenfall does not offer any variable remuneration to senior executives.

Comparative information on changes in remuneration and the company's results

Table 2 - Changes in remuneration and the company's results during the last five reported financial years (kSEK)

Annual change	2016 vs 2015	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	Financial year 2020
<i>Annual change in total remuneration to CEO and Deputy CEO³</i>						
President & CEO	+247 (1%)	+291 (2%)	+489 (3%)	+717 (4%)	+2 921 (14%) ⁴	23 455 ⁵
Deputy CEO, Vice President & CFO	-647 (-7%) ⁶	- ⁷	- ⁷	- ⁷	- ⁷	- ⁷
Deputy CEO, Head of Generation Business Area	-5 919 (-66%) ⁸	- ⁷	- ⁷	- ⁷	- ⁷	- ⁷
Deputy CEO, Head of Heat Business Area & Head of Mining and Generation	-10 246 (-73%) ⁹	- ⁷	- ⁷	- ⁷	- ⁷	- ⁷
<i>Company's performance</i>						
Operating profit (EBIT) ¹⁰	+ 6 406 000 (126%)	+17 187 000 (1 285%)	-905 000 (-5%)	4 522 000 (26%)	6 865 000 (-31%)	15 276 000
<i>Average remuneration on a full-time equivalent basis of employees¹¹</i>						
Vattenfall Group ¹²	+24 (3%)	+21 (3%)	+53 (7%)	+47 (6%)	-44 (-5%) ¹³	826

³ The change in total remuneration refers to the annual change of the sum of all remuneration components as they are reported in Table 1.

⁴ The President & CEO resigned on October 31st, 2020. The current President & CEO took up the position on November 1st, 2020. However, the previous CEO was formally employed and paid until January 20th, 2021. The total amount is reported in 2020.

⁵ The remuneration for 2020 refers to the remuneration paid to the former and the current CEO combined.

⁶ The deputy CEO and Vice President and CFO resigned on November 30th, 2016.

⁷ 2016 was the last year Vattenfall had official deputy CEOs. Prior to that, Vattenfall included the responsibility of the position Deputy CEO in three executive roles presented in the table.

⁸ The deputy CEO and Head of Generation Business Area resigned as Deputy CEO on April 27th, 2016.

⁹ The deputy CEO and Head of Heat Business Area and Head of Mining and Generation resigned as Deputy CEO on April 27th, 2016.

¹⁰ For more detailed information on the annual changes regarding operating profit and other relevant key figures, see page 91 in Vattenfall's Annual Report 2020.

¹¹ The change of remuneration to other employees is equivalent to the sum of the remuneration components as they are reported to senior executives.

¹² Total remuneration for all other employees in Vattenfall AB Group divided by the number of full-time equivalents each year.

¹³ The annual change in total remuneration is impacted by changes in the structure of personnel, which reduced the average total remuneration in 2020. Furthermore, the salary reviews for 2020 were postponed due to delayed collective bargaining negotiations.