

Remuneration Report 2021

Vattenfall

Introduction

This remuneration report provides an outline of how Vattenfall's guidelines for executive remuneration (the "remuneration guidelines"), adopted by the 2021 Annual General Meeting, have been implemented in 2021. 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 executives 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 149 in the Annual Report 2021.

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 149 - 151 in the company's Annual Report for 2021 (the "Annual Report 2021").

Information about the Remuneration Committee's work in 2021 can be found in the corporate governance report, which can be found on page 94 in the 2021 annual report.

Development in 2021

The CEO summarizes the company's overall results in her report on page 6 - 9 in the Annual Report 2021.

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 2021 Annual General Meeting, is summarized on page 98 in the Annual Report 2021. In 2021, the company has followed these remuneration guidelines. 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>.

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

These principles have also been guiding 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 2021

		Base Salary	Other benefits	Pension	Variable remuneration	Other remuneration	Total remuneration
Magnus Hall President & CEO To 2020-10-31 ¹	kSEK	3 072	18	387			3 477
	Share of total remuneration	88%	1%	11%			-
Anna Borg, President & CEO	kSEK	16 217	102	4 763	-	-	21 082
	Share of total remuneration	76,9%	0,5%	22,6%	-	-	-
Kerstin Ahlfont, Chief Financial Officer	kSEK	6 957	94	2 058	-	-	9 109
	Share of total remuneration	76%	1%	23%	-	-	-
Christian Barthélémy, Head of Human Resources ²	kSEK	5 632	365	1 126	-	-	7 123
	Share of total remuneration	79%	5%	16%	-	-	-
Helene Biström, Head of Wind Business Area	kSEK	3 886	131	1 165	-	-	5 182
	Share of total remuneration	75%	3%	22%	-	-	-
Anne Gynnerstedt, Head of Legal & CEO Office and Secretary to the Board of Directors	kSEK	5 153	77	1 529	-	-	6 759
	Share of total remuneration	76%	1%	23%	-	-	-
Martijn Hagens, Head of Customers & Solutions Business Area	kSEK	7 894	45	1 376	-	-	9 315
	Share of total remuneration	84,7%	0.5%	14,8%	-	-	-
Ulrika Jardfeldt, Head of Heat Business Area	kSEK	6 429	69	1 850	-	-	8 348
	Share of total remuneration	77%	1%	22%	-	-	-
Karin Lepasoon, Head of Communication	kSEK	1 276	12	381	-	-	1 669
	Share of total remuneration	76%	1%	23%	-	-	-
Andreas Regnell, Head of Strategic Development	kSEK	4 868	91	1 439	-	-	6 398
	Share of total remuneration	76%	1%	22%	-	-	-
Anna-Karin Stenberg,	kSEK	4 286	3	1 243	-	-	5 532

¹ Magnus Hall, former President & CEO, terminated his employment on January 20, 2021. However, he terminated his formal responsibilities as President & CEO on October 31, 2020 and is therefore not reported in the annual change in Table 2.

² SEK 270 kSEK of the total remuneration refers to the payment of variable remuneration based on goals achieved in 2020 in a previous position in Vattenfall.

Head of Business Area Markets	Share of total remuneration	77,5%	0,1%	22,5%	-	-	-
Torbjörn Wahlborg, Head of Generation Business Area	kSEK	7 739	86	2 285	-	-	10 110
	Share of total remuneration	77%	1%	23%	-	-	-
Gunnar Groebler, Head of Business Area Wind To 2021-05-15	kSEK	2 443	51	591	-	-	3 085
	Share of total remuneration	79%	2%	19%	-	-	-

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	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	Financial year 2021
<i>Annual change in total remuneration to CEO³</i>						
President & CEO	+291 (2%)	+489 (3%)	+717 (4%)	+2 921 (14%) ⁴	+2 373 (10%) ⁵	21 082
<i>Company's performance</i>						
Operating profit (EBIT) ⁶	+17 187 000 (1 285%)	-905 000 (-5%)	+4 522 000 (26%)	-6 865 000 (- 31%)	+44 955 000 (+295%)	60 271
<i>Average remuneration on a full-time equivalent basis of employees⁷</i>						
Vattenfall Group ⁸	+21 (3%)	+53 (7%)	+47 (6%)	-44 (-5%) ⁹	+4 (0,5%)	830

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 annual change in total remuneration is explained by the fact that remuneration to the President & CEO in 2021 consists of remuneration to Anna Borg, while in 2020 it consists of remuneration to Anna Borg, as well as former President & CEO, Magnus Hall.

⁶ 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.

⁷ The change of remuneration to other employees is equivalent to the sum of the remuneration components as they are reported to senior executives.

⁸ Total remuneration for all other employees in Vattenfall AB Group divided by the number of full-time equivalents each year.

⁹ 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.