

# Notice to attend the Annual General Meeting of Vattenfall AB

Notice is hereby issued for the Annual General Meeting of Vattenfall AB,  
Corporate Identity Number 556036-2138.

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## **Time**

Tuesday, 28 April, 2020, 9.00 a.m.  
(registration will open at 7.45 a.m. Last admission at 8.30 a.m.)

## **Location**

Vattenfall AB Head office, Evenemangsgatan 13, Solna, Sweden.

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## **Right to participate and attend, and notification of attendance**

### **Shareholder**

The party recorded in the shareholder register as the shareholder on the day of the Annual General Meeting has the right to participate in the Meeting.

### **Members of Swedish Parliament**

Members of Swedish Parliament have the right, after registration with the Board, to attend the Annual General Meeting and in connection with that to ask questions to the company.

### **General public**

According to the State Ownership Policy, the general public should be invited to attend the Annual General Meetings of state-owned enterprises. Due to the spread of the Corona virus, the general public will however not be invited to attend the Vattenfall Annual General Meeting 2020 but will be referred to the live webcast on [group.vattenfall.com/se](https://group.vattenfall.com/se)

### **Notification**

Notification to attend the Annual General Meeting by Members of Swedish Parliament can be sent to Vattenfall AB, Marie Åkerblom, CEO Office, SE-169 92 Stockholm, e-mail: [ceo.office@vattenfall.com](mailto:ceo.office@vattenfall.com)

**Notification to attend for Members of Swedish Parliament should be filed with the company not later than one week before the Meeting.**

# Proposed agenda

1. Calling to order of the Annual General Meeting
2. Election of a Chairman to preside over the Annual General Meeting
3. Drawing up and approval of the voting list
4. The Chairman of the Annual General Meeting elects a person to record the minutes
5. Election of one or two persons to check and sign the minutes
6. Approval of the agenda
7. Resolution on the right for outside parties to attend
8. Issue as to whether the Annual General Meeting has been duly convened
9. Presentation of
  - a) The Annual and Sustainability Report, including the Corporate Governance Report and the consolidated accounts, and
  - b) The audit report and the consolidated audit report
10. Report on operations during the past year
  - a) The Chairman of the Board
  - b) The President and CEO, and
  - c) The company's auditor
11. Resolutions on
  - a) Adoption of the income statement and balance sheet, and of the consolidated income statement and consolidated balance sheet
  - b) Distribution of the company's profit or loss in accordance with the adopted balance sheet, and
  - c) Discharge of liability for the Board Members and the CEO
12. Report on compensation and application of previously decided guidelines for compensation of senior executives
  - a) Oral presentation by the Chairman of the Board on compensation of senior executives in Vattenfall AB and its subsidiaries,
  - b) The Board's report on the evaluation of and adherence with guidelines for compensation of senior executives of Vattenfall AB and its subsidiaries, resolved by previous Annual General Meeting, and the reasons for any deviations, and
  - c) Presentation of the auditor's statement pursuant to Ch. 8 § 54 of the Swedish Companies Act (2005:551)
13. Resolution on the Board's proposed guidelines for remuneration to senior executives
14. Report on the shareholder's proposal for decision on fees, Board Members and Chairman of the Board
15. Resolution on the number of Board Members
16. Resolution on fees for Board Members, elected by a general meeting, and committee members
17. Election of Board Members and the Chairman of the Board
18. Resolution on the number of auditors
19. Resolution on fees for the auditor
20. Election of auditor
21. Resolution on the Government's principles for state-owned companies
22. Other items of business
23. Conclusion of Annual General Meeting

# Proposed resolutions

## 2. Chairman to preside over the Annual General Meeting

The shareholder proposes that attorney Axel Calissendorff be elected as Chairman to preside over the Annual General Meeting.

## 11b). Resolution on distribution of the company's profit or loss in accordance with the adopted balance sheet

The Annual General Meeting has at its disposal retained profits, including profit for the year, totalling SEK 65 172 029 238. The Board of Directors and President propose that the profits be distributed as follows:

- to be distributed
- to the shareholder           SEK 7 245 000 000
- to be carried forward       SEK 57 927 029 238

The proposed distribution corresponds to a dividend of SEK 55,01 per share. The dividend is proposed to be paid on 5 May 2020. The Board of Directors has issued its statement pursuant to Ch. 18 § 4 of the Swedish Companies Act (2005:551) on the proposed distribution of profits.

## 13. Resolution on the Board's proposed guidelines for remuneration to senior executives

The Board proposes that guidelines for remuneration to senior executives are resolved in accordance with **Appendix 1**. The proposal corresponds to the Government's principles for remuneration and other terms of employment for senior executives in state-owned companies, adopted by the Government on 27 February 2020, with a deviation regarding how these are to be applied in Vattenfall AB's subsidiaries.

## 15. Number of directors

The shareholder proposes that the number of AGM-elected directors shall be nine (9) with no deputies.

## 16. Fees for Board Members

The shareholder proposes that directors' fees for the time until the conclusion of the next Annual General Meeting shall be payable in the amount of SEK 830 000 for the Chairman of the Board and SEK 380 000 for other AGM-elected director.

In addition, the shareholder proposes that for work on the Audit Committee, a fee of SEK 99 000 be paid to the Committee chair and SEK 75 000 be paid to Committee member, for the time until the conclusion of the next Annual General Meeting, and for work on the Remuneration Committee, a fee of SEK 60 000 be paid to the Committee chair and SEK 45 000 be paid to Committee member, for the time until the conclusion of the next Annual General Meeting.

No fees are payable to employees of the Swedish Government Offices or to employee representatives.

## 17. Board Members and Chairman of the Board

The shareholder proposes, for the time until the conclusion of the next Annual General Meeting, re-election of

**Lars G Nordström**  
**Viktoria Bergman**  
**Ann Carlsson**  
**Håkan Erixon**  
**Tomas Kåberger**  
**Jenny Lahrin**  
**Fredrik Rystedt**  
**Åsa Söderström Winberg**  
and new election of **Mats Granryd**.

with the following motivation: The proposed Board members are deemed to have skills, experience and background being relevant for the company's governance, why the owner proposes election of the aforementioned directors by the AGM.

The proposed Board is deemed to have a, with respect to the company's operations, stage of development and other circumstances, appropriate composition, characterised by versatility and breadth with regard to directors' expertise, experience and background. The composition reaches the Government's goal of gender balance, in accordance with what is stated by the Swedish State's ownership policy.

The shareholder proposes that Lars G Nordström be elected as Chairman of the Board.

# Proposed resolutions

## 18. Number of auditors

The Board proposes that one (1) chartered accounting firm is elected.

## 19. Fees for the auditor

The Board proposes that fees are to be paid for the auditor's work in accordance with an approved invoice.

## 20. Auditor

The Board proposes re-election of the chartered accounting firm Ernst & Young AB.

The accounting firm will, at the Annual General Meeting, inform who has been appointed as auditor-in-charge.

## 21. Resolution on the Government's principles for state-owned companies

The shareholder proposes that the Government's principles for corporate governance in state-owned companies, for external reporting in state-owned companies as well as for terms of employment for senior executives in state-owned companies, will apply for Vattenfall AB.

## Other information

The Annual and Sustainability Report, including the Corporate Governance Report, the audit reports and the auditor's statement pursuant to Ch. 8 § 54 of the Swedish Companies Act, will be held available at the company's offices, address Evenemangsgatan 13, Solna, Sweden, as from 30 March 2020. The documents, will, as from the same date, be available on the company's website [group.vattenfall.com/se](http://group.vattenfall.com/se). The Annual and Sustainability Report will be held available at the Annual General Meeting. This notice to attend the Annual General Meeting and the complete proposals for decision are available on the company's website [group.vattenfall.com/se](http://group.vattenfall.com/se) (translations available on [group.vattenfall.com](http://group.vattenfall.com))

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Solna, 30 March 2020

Vattenfall AB (publ)

THE BOARD OF DIRECTORS

# Appendix 1

## The Board's proposed guidelines for remuneration to senior executives

The Board proposes that the 2020 Annual General Meeting resolves to adopt the Board's proposal which corresponds to the Government's principles for terms of employment for senior executives of state-owned companies, adopted by the Government on 27 February 2020 ([www.regeringen.se](http://www.regeringen.se)), with the deviation set out below.

In accordance with a resolution by the Annual General Meeting on 11 April 2019, Vattenfall deviates from the definition of senior executive of a subsidiary. Instead of using the definition of senior executive set forth in the Swedish Companies Act, senior executives shall be defined based on whether they have significant influence on the Group's earnings. Through application of the International Position Evaluation (IPE) model, executives with positions of IPE 68 and higher shall be considered to be senior.

### **The guidelines' promotion of the company's business strategy, long-term interests and sustainability**

Vattenfall has defined a strategy with the purpose to Power Climate Smarter Living and enable fossil free living within one generation. The business strategy is further described on the web page <https://group.vattenfall.com/who-we-are/about-us/our-goals-and-strategy>.

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.

### **Salary and employment conditions for employees**

In the preparation of the Board's proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on increase and growth rate over time, in the Remuneration Committee's and the Board's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

### **The decision-making process to determine, review and implement the guidelines**

The Board has established a Remuneration Committee. The Committee's tasks include preparing the Board's decision to propose guidelines for executive remuneration. The Board shall prepare a proposal for new guidelines and annually submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in Vattenfall. The members of the Remuneration Committee are independent of Vattenfall and its executive management. The CEO and other members of the executive management do not participate in the Board's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

# Appendix 1

The Board certifies that the compensation in question is in compliance with the guidelines set by the general meeting in such way that before a decision is made on compensation and other terms of employment for a senior executive, written documentation shall be available that shows the company's total cost. The proposal for decision shall be drafted by the Board's remuneration committee and thereafter be put to the Board for a decision. The company's auditors shall perform a review to ensure that the set compensation levels and other terms of employment have not been exceeded and, in accordance with the Companies Act, shall once a year – not later than three weeks before the General Meeting – issue a written statement as to whether the adopted guidelines have been adhered to.

## **The Board's explanation for deviations from the Government's principles**

The deviation from the Government's principles for terms of employment for senior executives of state-owned companies, decided on by the owner at the 2019 Annual General Meeting, entails use of a generally accepted ranking model instead of the definition of senior executive of a subsidiary in the Swedish Companies Act. The Board is of the opinion that the following, special reasons exist for deviating from the principles.

Like other international groups, Vattenfall governs its operations from a commercial perspective and not according to the legal company structure. For commercial and legal reasons, the Vattenfall Group has approximately 300 subsidiaries. Through application of the Government's principles for subsidiaries, a very large number of executives would be considered to be senior, without them having any significant influence on the Group's earnings.

The proposed deviation reflects these circumstances. The criteria used to define what constitutes a senior executive are the individual subsidiary's size based on sales, the number of employees and number of steps in the value chain, as well as the requirements on the individual executive for innovation, knowledge, strategic/ visionary role and international responsibility.

The International Position Evaluation (IPE) model is used as support for determining in a systematic manner which positions can be considered to be senior. The Board's conclusion is that, in addition to the members of the Executive Group Management, executives in positions of IPE 68 or higher should be considered to be senior.