

GENERATION SHIFT REQUIRES STRONG TALENT MANAGEMENT PROGRAMME

Vattenfall's success is dependent on good leadership, the right competence and strongly committed employees. Vattenfall is facing a generation shift that presents a major challenge. At the same time, competition is rising for the most qualified employees. As a result, it is essential that Vattenfall has resources and strategies in place to attract, develop and retain competence for the future.

In the years ahead it will be increasingly difficult to recruit highly competent employees. A large share of Vattenfall's work force is soon approaching retirement age. At the same time that experienced employees with unique knowledge will be retiring, as a result of demographic changes, competition for top talent increases. Major investment projects and the need to transfer knowledge are also affecting recruitment.

Profitable growth

International expansion has increased the complexity of Vattenfall's organisation, which is putting new demands on the Group's mix of competence.

Talent management

Talent management is the foundation of Vattenfall's efforts to attract, develop and retain competence for the future. This process includes both leadership development and competence planning.

Competence planning

Vattenfall needs to have a clear picture of the company's competence succession. Accordingly, a couple of years ago Vattenfall adopted an annual competence succession process in which all business units, as part of the business planning process, plan for their human resource needs in the short and long term. All units draw up action plans to ensure that they have the competence needed in their activities. These action plans cover such areas as efficiency improvement, implementation of new technology, new recruitment,

rotation programmes, trainee programmes and the use of consultants.

Vattenfall Business Institute (VBI) has special development programmes for certain functions, such as Control, IT, HR, Purchasing and Communication. In 2008 Vattenfall carried out both an international trainee programme and an international rotation programme.

Excellent leadership

Effective leadership is crucial for Vattenfall's success. The annual management succession process is a central part of Vattenfall's leadership development, where managers and potential managers are evaluated on the basis of performance reviews. This process is also part of the work on further developing a performance culture at Vattenfall.

Vattenfall Management Institute (VMI) is responsible for designing and conducting leadership and management development programmes that meet a high international standard of quality. The goal is to support the company's managers in their role as flexible leaders in an international, multicultural environment. VMI's activities include basic management training as well as advanced programmes at the strategic level for senior managers.

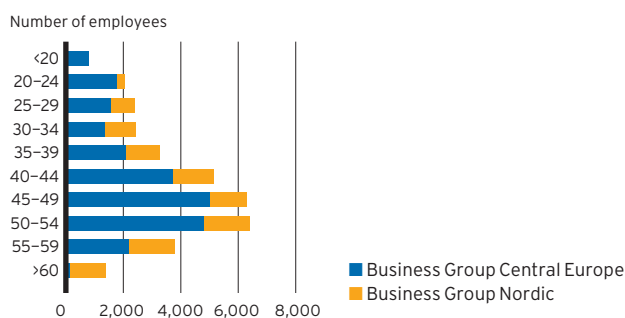
Committed employees

Every year Vattenfall conducts the My Opinion employee survey, which is a tool for developing the organisation and strengthening employee commitment. The results are used as a platform for dialogue and action plans in all areas of the organisation. Based on a number of questions in the My Opinion survey, a Commitment score is extrapolated. Despite a slightly higher response rate in 2008 than in 2007, the survey fell short of its goal of a Commitment Score of 72 (2007: 69; 2008: 70).

High ranking among engineers

Vattenfall is investing heavily in employer branding as part of its ambition to be an Employer of Choice. The company's aim is to be among the top ten ranked employers in its main markets. In 2008 a benchmark study was conducted by Universum, an external survey company, in which Vattenfall was ranked number 6 among engineering students in Sweden. In its other main markets as well, Vattenfall receives high scores from engineering students.

Age distribution at year-end 2008



Vattenfall International Trainee Programme (VITP)



Keen interest in Vattenfall's trainee programme

Vattenfall participates on a regular basis in student job fairs to present the company. Interest has been keen, as evidenced by the large number of new graduates applying to Vattenfall's trainee programme.

In 2008, 19 trainees were accepted to Vattenfall's International Trainee Programme (VITP), which is conducted every second year.

The VITP offers trainees a job combined with leadership training. Through the programme, trainees gain deeper insight into Vattenfall's broad base of operations and strategies. The programme combines theory with practice and includes two internship periods abroad. One positive effect of the programme has been an increase in international co-operation within the company.

Diversity

Vattenfall's international expansion and continued ambition to grow is leading to a need for diversity within the Group. It is important that the company has a broad mix with respect to cultural/ethnic background, age and gender. This creates even greater opportunities to be a more profitable, efficient and attractive company. The company is striving to establish diversity as a natural part of day-to-day work and to create equal opportunity and rights for all employees.

Health and safety

Vattenfall's goal is to ensure that no employee is injured or becomes ill because of his or her work situation. To create the best possible conditions for achieving this goal, Vattenfall has established a number of preventive health and safety programmes. The company also sponsors a variety of fitness

activities for employees and provides favourable offers in the area of health and rehabilitation.

Salaries and benefits

Attractive salaries and benefits – including performance-based compensation – are a prerequisite for being able to recruit and retain competent employees. Vattenfall offers competitive salary and benefit packages and strives to be perceived as an employer that focuses on potential and applies flexible solutions that facilitate employees in their work. The company has policies and routines in place for foreign assignments, and the number of employees stationed abroad is steadily increasing. Mobility across national borders plays an important role in Vattenfall's work on being a truly international company.