



Remuneration 2022



Remuneration 2022

Dear Shareholders,

Year 2022 brought Fortum and the whole energy sector unprecedented events, unforeseen challenges, and tremendous complexity. We at Fortum had started the year full of plans – after all, year 2021 was very successful for us both financially and strategically. In 2021, the Group produced record-high results and took concrete steps towards Fortum and Uniper’s shared ambition to drive the clean energy transition in and for Europe. But as we entered 2022, our operating environment turned upside down due to Russia’s brutal attack on Ukraine and the consequent energy crisis in Europe.

During the year we had to make difficult decisions and take decisive actions driven by our responsibility towards all our stakeholders. We decided to pursue a controlled exit from Russia and to put an end to our five-year journey with Uniper. The Uniper divestment was completed in December 2022.

Fortum felt the impacts of the energy crisis also in the Nordic power market. The dramatically increased power derivatives prices led to unprecedentedly high collateral requirements for utility companies that hedge their power sales on the market. I am pleased that the Finnish State as Fortum’s largest shareholder lent a hand, and a bridge financing facility was announced in September. This arrangement ensured the availability of liquid funds for the winter.

Key activities of the Nomination and Remuneration Committee in 2022

- Evaluation of the business and individual performance of executives and executive remuneration
- Review of incentives, and salary costs across the wider workforce
- Review of talent development and succession planning
- Preparation of the matters related to the Solidium bridge financing facility with the Finnish State
- Setting the performance metrics, targets, and award levels for STI and preparing the LTI plans commencing in 2023

These events have had an impact on remuneration at Fortum. Due to the divestment of Uniper, the ESG (Environmental, Social and Governance) targets regarding on-going long-term incentive plans were adjusted in early 2023. In addition, the terms and conditions of the bridge financing facility with the Finnish State contain restrictions regarding management remuneration. The fixed salaries of the Fortum Executive Management as well as the fees to be paid to the Board of Directors will not be increased in 2022 as of the signing date of the agreement and 2023. The Executive Management will also not be paid short- or long-term incentives that are accumulated in 2022 and 2023.

Fortum’s stand-alone segments reached overall good results against the targets of the short-term incentive plan 2022, but Uniper being included in the target setting led to the situation where Group’s result did not reach the set threshold level. Therefore the total short-term incentives are cut by 50%. The 2020–2022 LTI plan resulted in a 14% outcome measured by Fortum share price development against our European peer companies and the outcome of the set ESG target.

Year 2022 did not treat Fortum kindly and we had to take tough decisions to overcome the current crisis and pave the way for a sustainable and successful future. During the last months, we have reviewed our strategy to outline our future direction. Together with our strategy, we are updating our vision, our brand, and our targets and ultimately the way we operate. We want to make sure Fortum is a company that our employees are proud to be part of, a company which customers want to work with, and which both our shareholders and the society as a whole trust.

Veli-Matti Reinikkala
Chair of the Nomination and Remuneration Committee

Remuneration report for the governing bodies 2022

Introduction

This report has been prepared by the Nomination and Remuneration Committee of Fortum's Board of Directors, based on the Remuneration policy for the company's governing bodies. It has been prepared in accordance with the requirements set forth by the amended EU Shareholders' Rights Directive ¹⁾, which was implemented in Finland in 2019 mainly into the Limited Liability Companies Act, the Securities Markets Act, the Decree of the Ministry of Finance on the remuneration policy and remuneration report of a share issuer (608/2019), and the Finnish Corporate Governance Code 2020, as well as taking into account the guidance set out in the Government Resolution on State-Ownership Policy. This report will be presented at Fortum Annual General Meeting (AMG) 2023, and the resolution of the AGM on the matter will be advisory. Fortum's external auditor Deloitte Oy has verified that this report contains the information required by the Decree of the Ministry of Finance (608/2019).

The Remuneration policy for the governing bodies was first presented to the AGM 2020 and it was approved in an advisory vote. Since then, the policy has been regularly reviewed by the Nomination and Remuneration Committee to ensure that it is aligned with the strategic objectives and long-term aims of Fortum. The Board of Directors will review the Remuneration Policy for the governing bodies during 2023 and it will be submitted to AGM 2024 for an advisory resolution in accordance with the established four-year cycle of presenting the policy to the AGM.

The aim of the report is to present how the Remuneration policy has been applied in 2022 in terms of the payments made and the alignment of remuneration with the successful delivery of the company's strategy and sustainable business results.

1) Directive (EU) 2017/828 of the European Parliament and of the Council amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement

Remuneration policy for the governing bodies at a glance

The Remuneration policy for the company’s governing bodies provides a remuneration structure that aligns the remuneration of the President and CEO with the successful delivery of Fortum’s long-term strategy, in accordance with its remuneration and leadership principles. The remuneration of the Board of Directors is resolved by the AGM on the basis of the proposal of the Shareholders’ Nomination Board. The adjacent table describes the contents of the policy at a glance. The full Remuneration policy is available on [► Fortum’s website.](#)

Remuneration element, purpose, and link to strategy	Applied to	Key features of the policy
Fixed compensation Compensates for the job responsibilities and reflects the skills, knowledge, and experience of the individual.	President and CEO	<p>The fixed compensation is typically reviewed annually.</p> <p>The Board of Directors will consider various factors when determining any change in the fixed compensation, including individual contribution, business performance, role, employee pay across Fortum, and alignment with external market levels.</p>
Pension and other benefits Provides a retirement benefit in addition to the statutory pensions, in line with local market practices, and supports employee recruitment, engagement, and retention.	President and CEO	<p>The pension arrangements reflect the relevant market practice. A supplementary pension plan is provided for the President and CEO as part of the total remuneration. The current President and CEO is eligible for a defined contribution plan with a maximum premium of 20% of the annual fixed compensation.</p> <p>Other benefits will be provided in line with appropriate levels indicated by the local market practice in the country of employment and may evolve year by year. The President and CEO is eligible to participate in programmes offered to Fortum’s employees at any given point, such as the Employee Share Savings programme, project and recognition awards, retention rewards paid in cash or shares, insurance benefits, seniority, or birthday remembrance.</p>
Fixed fee Ensures that Fortum is able to attract and retain Board members with relevant skills, industry knowledge, and international experience to oversee and decide on the company strategy.	Board of Directors	<p>The Shareholders’ Nomination Board is responsible for presenting a proposal for remuneration of the members of the Board of Directors to the AGM.</p>
Short-term incentives (STI) Support the achievement of Fortum’s annual financial, strategic, and sustainability targets.	President and CEO	<p>The performance measures, weightings, and targets for the selected measures are set annually by the Board of Directors to ensure they support the strategy. These may vary from year to year to reflect business priorities, and they typically include a balance of Fortum’s financial performance, safety, and individual strategic targets.</p> <p>After the year-end, the Board of Directors reviews the performance and determines the extent to which each of the targets has been achieved, in order to determine the final pay-out level.</p>
Long-term incentives (LTI) Support the delivery of sustainable long-term performance, align the interests of management with those of shareholders, and support in committing and retaining key individuals.	President and CEO	<p>Fortum’s LTI programme consists of annually commencing LTI plans with a three-year performance period. The performance measures, weightings, and targets are set by the Board of Directors to ensure they support the strategy, and they typically include financial or share-price related, and sustainability measures.</p> <p>Following the end of the performance period, the Board of Directors reviews the performance and determines the extent to which each of the targets has been achieved, in order to determine the final pay-out level.</p> <p>The LTI is allocated based on a maximum number of shares.</p>
Shareholding requirement Ensures alignment of the interests of the President and CEO with those of the shareholders.	President and CEO	<p>The President and CEO is required to build and maintain a holding of Fortum shares equivalent to 100% of the gross fixed compensation. 50% of the net shares (after-tax) received at each vesting must be retained until the shareholding requirement of 100% of gross fixed compensation is met.</p>



Annual report on remuneration

Major changes in the Group structure affecting remuneration

On 6 September 2022, Fortum signed a bridge financing arrangement with the Finnish state to cover the collateral needs in the Nordic power commodity market. The arrangement also contains certain restrictions regarding management remuneration. The fixed salaries of Fortum Executive Management as well as the fees to be paid to the Board of Directors will not be increased in 2022 (as of the signing date of the agreement) and 2023. The members of Fortum Executive Management will also not be paid any short- or long-term incentives (STI and LTI programmes) that are accumulated in 2022 and 2023. The remuneration restrictions concerning the STI and LTI programmes in 2022 and 2023 regarding Fortum Executive Management are presented on page 6.

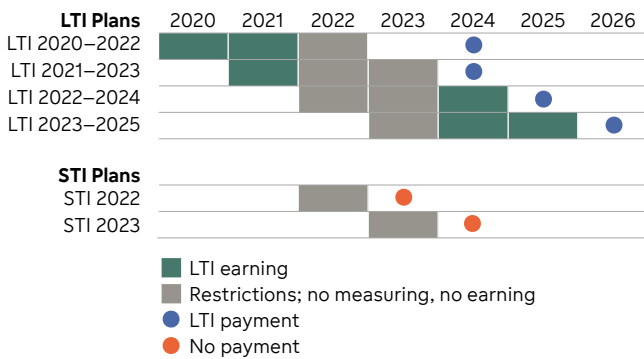
On 21 September 2022, Fortum, the German Government and Uniper signed an agreement in principle by which Fortum would sell its shares in Uniper SE to the German State. Since March 2020, Fortum had been the majority owner in Uniper SE and Uniper was consolidated as a subsidiary. According to the agreement in principle, Fortum fully divested its ownership in Uniper to the German State which resulted in Fortum losing control of Uniper and deconsolidating Uniper from the third quarter of 2022. The divested businesses included all operations in Fortum's Uniper segment. The agreement was completed on 21 December 2022. Due to the divestment of Uniper, the ESG targets regarding on-going long-term incentive plans were adjusted in early 2023. Concerning the short-term incentive plan 2022, Fortum's stand-alone segments reached overall good results, but Uniper being included in the target setting led to the situation where Group's result did not reach the set threshold level. Therefore the total short-term incentives are cut by 50%.

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Performance outcomes

The financial performance measures support the achievement of a solid financial position in the short term and long term, and the ESG measures support the strategy execution. The short-term incentive performance measures for 2021 and 2022 were based on comparable operating profit + share of profits from associates and joint ventures (CompOP) and safety targets. The safety targets in 2021 consisted of lost time injury frequency (LTIF) and in 2022 of the severity rate per total recordable injuries and completion of the safety leadership trainings. Additionally, individual and team targets were set by the Board of Directors for the President and CEO. Furthermore, a threshold is defined for the comparable operating profit + share of profits from associates and joint ventures on the Group level. If the result is below the set minimum level, the total short-term incentives will be cut by 50%. The performance measure of the long-term incentive plan 2019–2021 was based on the relative total shareholder return (TSR). The performance measures of the long-term incentive plan 2020–2022 were based on the relative total shareholder return (TSR), and the reduction of CO₂ emissions as well as the reduction of coal-based power

Remuneration restrictions concerning STI and LTI programmes in 2022 and 2023 regarding Fortum Executive Management



generation capacity in alignment with Fortum’s strategy. Due to the divestment of Uniper, the ESG targets regarding LTI 2020–2022 were adjusted. Fortum does not disclose target metrics in full due to commercial sensitivity.

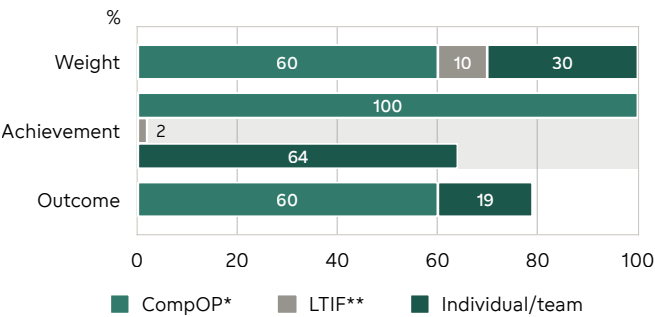
Short-term incentives for 2021

The outcome of the 2021 Group (including Uniper) level comparable operating profit + share of profits from associated and joint ventures (CompOP) was 100% of the maximum. Fortum Group (including Uniper) LTIF for 2021 was 1.5, which was 2% of the maximum.

In 2021, President and CEO Markus Rauramo had one joint Fortum Executive Management (FEM) target related to the progress in strategic priorities, and one individual target related to the co-operation with Uniper. The individual target was related to the progress in the strategic cooperation areas (Nordic hydro and physical trading optimisation, wind and solar, and hydrogen) and the progress in value creation and strategic portfolio development. The STI outcome of these joint FEM targets and the individual targets reached 64% of the maximum.

The earned incentives for the year 2021 were paid in April 2022 based on the decision by the Board of Directors made in

STI target setting and outcome for the President and CEO for the financial year 2021



*CompOP: Comparable operating profit + share of profits from associates and joint ventures
**LTIF: Lost Time Injury Frequency for own personnel and contractors

March 2022. The graph below presents the STI target setting and the outcome for President and CEO Markus Rauramo for the financial year 2021.

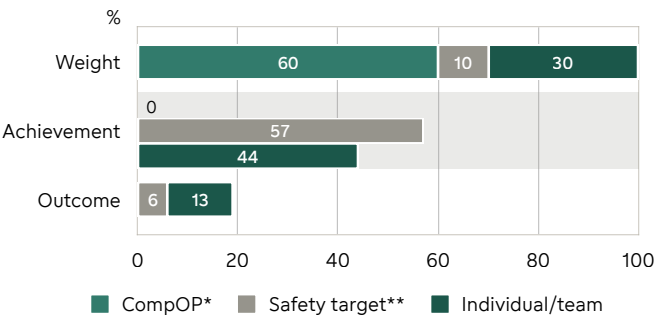
Short-term incentives for 2022

Group (including Uniper) level comparable operating profit + share of profits from associated and joint venture (CompOP) 2022 did not reach the set minimum level. The outcome of Fortum Group’s severity rate per total recordable injuries and completion of the safety leadership trainings for 2022 was 57% and the weighted outcome was 5.7%.

In 2022, President and CEO Markus Rauramo had two joint FEM targets and one individual target. These targets related to the structural changes in Fortum Group, various strategic projects and the review of Fortum Group strategy. The STI outcome of these joint FEM and individual targets reached 44% of the maximum.

The graph below presents the STI target setting and the outcome for the President and CEO for the financial year 2022. In accordance with the Solidium bridge financing facility with the Finnish State, President and CEO Markus Rauramo will not be paid the short-term incentives earned in 2022. In case the short-term incentives had been paid, 50% of the total outcome would have been cut because Group’s result did not reach the set threshold level.

STI target setting and outcome for the President and CEO for the financial year 2022



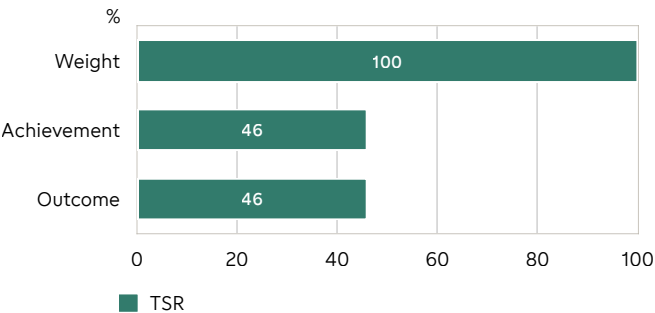
*CompOP: Comparable operating profit + share of profits from associates and joint ventures
**Severity rate per total recordable injuries and completion of the safety leadership trainings

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2019–2021 Long-term incentive plan

The performance measure for the 2019–2021 LTI plan was the relative TSR measured against a European utilities peer group. The outcome of the 2019–2021 LTI plan was 46% of the maximum. The share delivery took place in March 2022 based on the decision by the Board of Directors made in March 2022.

2019–2021 Long-term incentive plan

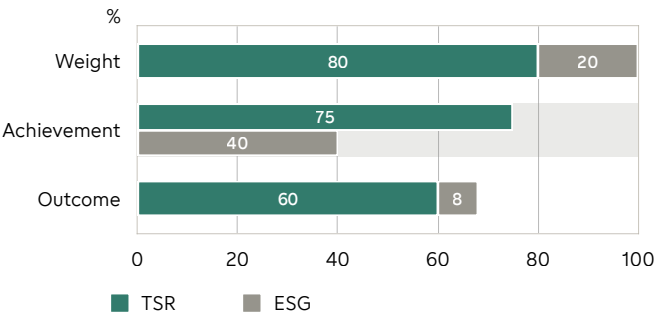


2020–2022 Long-term incentive plan

The performance measures for the 2020–2022 LTI plan were the relative TSR measured against a European utilities peer group and the ESG target. The ESG target related to the reduction of Fortum’s CO₂ emissions and the reduction of coal-based power generation capacity aligned with Fortum’s strategy.

In accordance with the Solidium bridge financing facility with the Finnish State, President and CEO Markus Rauramo will not be paid any long-term incentives accumulated in 2022, thus the outcome of the 2020–2022 LTI plan was calculated taking into account only the years 2020 and 2021. The overall outcome for 2020–2022 LTI plan at the end of 2021 was 68% of the maximum. The earned long-term incentives will be paid to President and CEO Markus Rauramo in 2024.

2020–2022 Long-term incentive plan

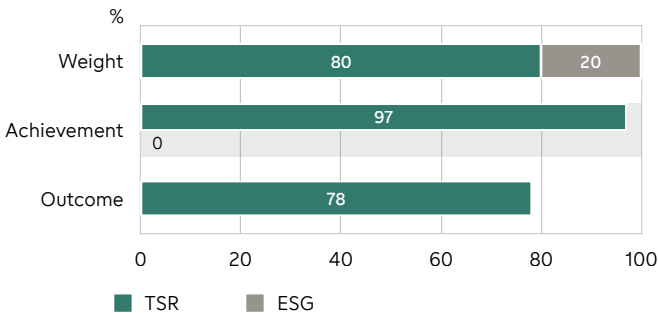


2021–2023 Long-term incentive plan

The performance measures for the 2021–2023 LTI plan are the relative TSR measured against a European utilities peer group and the ESG target, which is linked to the reduction of Fortum’s coal-based power generation capacity in line with Fortum’s coal-exit path.

In accordance with the Solidium bridge financing facility with the Finnish State, President and CEO Markus Rauramo will not be paid any long-term incentives accumulated in 2022 and 2023, thus the outcome of the 2021–2023 LTI plan was calculated taking into account only the year 2021. The overall outcome for the 2021–2023 LTI plan at the end of 2021 was 78% of the maximum. The earned long-term incentives will be paid to President and CEO Markus Rauramo in 2024.

2021–2023 Long-term incentive plan



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Remuneration of the President and CEO

The Board of Directors considers various factors when determining the fixed compensation of the President and CEO, including individual contribution, business performance, role, employee pay across Fortum, and alignment with external market levels.

The terms of the service agreement of President and CEO Markus Rauramo are in line with Fortum’s Remuneration policy for the governing bodies. The malus and clawback provisions for the President and CEO were not utilised in 2022. As resolved by the Board of Directors, the variable elements in total (STI and LTI pay-outs) are limited to a maximum of 120% of the individual’s annual fixed compensation. The maximum STI is limited to 40% of the annual fixed compensation. In accordance with the Solidium bridge financing facility with the Finnish State, Markus Rauramo will not be paid the short- or long-term incentives (STI and LTI programmes) that accumulated in 2022 and 2023.

In 2022, the monthly fixed compensation of the President and CEO was EUR 125 000. The fixed compensation includes a company car and phone as fringe benefits. In addition, the President and CEO received an electric vehicle subsidy of 25% of the taxable value of the full car benefit in accordance with Fortum’s Global Company Car Instructions. In line with the Solidium bridge financing facility with the Finnish State, Markus Rauramo’s salary will not increase in 2022 (as of the signing date of the agreement) and 2023.

Markus Rauramo participated in the 2022 savings period of the forShares Employee Share Savings (ESS) programme. Markus Rauramo has also participated in the 2020 ESS programme in which the holding period of the purchased shares ended at the end of 2022. Based on the participation in the ESS programme in 2020 and the number of ESS shares held on 31 December 2022, the President and CEO earned a total of 280 matching shares (gross) at the maximum. The matching share amount (gross) will be confirmed and the delivery of the net number of matching shares will take place in the spring of 2023.

The retirement age of the President and CEO is determined in accordance with the Finnish Employees’ Pension Act. In addition to the statutory pension, the President and CEO is entitled to participate in the supplementary group pension

plan for the members of the Fortum Executive Management. The annual defined contribution premium is 20% of the annual fixed compensation. If Markus Rauramo’s contract is terminated before the retirement age, the President and CEO is entitled to retain the funds that have accrued in the pension arrangement up to that time.

In addition to the information provided in the tables below, President and CEO Markus Rauramo has received compensation for serving as the Chair of the Supervisory Board of Uniper SE. The compensation for serving on Uniper’s Supervisory Board is paid according to the policies in force at Uniper. The fee for the service as the Chair until 21 December

2022 was EUR 204,247. In connection with the change in this Supervisory Board role in 2021, the Board of Directors of Fortum resolved that Markus Rauramo’s total compensation would not increase due to the changing role, and therefore the excess of the compensation paid based on the Deputy Chair role will be decreased from the Fortum incentive payments. In accordance with the terms of the Solidium bridge financing facility with the Finnish State, the President and CEO will not be paid any short- or long-term incentives that are accumulated in 2022 and 2023. Therefore the Board of Directors resolved that the agreed deduction will be done from the LTI payment in the spring 2024.

EUR thousand		Markus Rauramo 2022	Markus Rauramo Earned 2022
Fixed compensation	57%	1,549	
Supplementary pension	12%	315	
Short-term incentives	16%	423	1)
Long-term incentives	15%	412	2)
Total remuneration	100%	2,699	

1) In accordance with the Solidium bridge financing facility with the Finnish State, the STI earned in 2022 will not be paid.
2) The number of the shares earned (gross) for the 2020–2022 LTI plan (accrued in 2020–2021) is 28,499, and for the 2021–2023 LTI plan (accrued in 2021) 21,999. The earned long-term incentives will be paid in 2024, and the value of actual earning will be disclosed in 2024.

Summary of granted, earned and paid share-based incentives to the President and CEO

LTI Plan	2019–2021	2020–2022	2021–2023	2022–2024	2023–2025
Maximum number of shares granted (gross)	52,000	42,021 ¹⁾	28,331 ¹⁾	20,702 ¹⁾	⁴⁾
Grant date	28 February 2019	28 February 2020	28 February 2021	28 February 2022	⁴⁾
Share price at grant, EUR	19.52	19.28	20.69	18.84	⁴⁾
Number of shares earned (gross)	23,821	28,499 ²⁾	21,999 ³⁾	-	-
Number of shares delivered (net)	12,661	²⁾	³⁾	-	-
Share delivery date	14 March 2022	²⁾	³⁾	-	-
Share price at delivery, EUR	17.30	²⁾	³⁾	-	-
Shareholding requirement ⁵⁾	100% of individual annual fixed compensation	100% of individual annual fixed compensation	100% of individual annual fixed compensation	100% of individual annual fixed compensation	100% of individual annual fixed compensation

1) The number of shares granted (gross) has been revised taking into account the remuneration restrictions regarding FEM members in 2022 and 2023.
2) The shares earned accrued in 2020–2021. Share delivery will take place in 2024 based on the share price at delivery.
3) The shares earned accrued in 2021. Share delivery will take place in 2024 based on the share price at delivery.
4) The allocation of shares for the 2023–2025 LTI plan will take place after the publication of the Remuneration Report 2022.
5) The Fortum shareholding of the President and CEO as of 31 Dec, 2022 was 112,739 shares in total meeting shareholding requirement set for the role.

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Remuneration and shareholding of the Board of Directors

The Shareholders' Nomination Board proposed to the Annual General Meeting 2022 that the following fees, presented in the table below, be paid to the members of the Board of Directors for a term ending at the end of the Annual General Meeting 2023.

The Annual General Meeting held on 28 March 2022 approved the proposals of the Shareholders' Nomination Board.

Fees for the Board and Board Committee work in 2022

Annual Fee for the Board work, EUR	2022
Chair	88,800
Deputy Chair	63,300
Chair of the Audit and Risk Committee (If not simultaneously the Chair or Deputy Chair of the Board)	63,300
Members	43,100
Fixed Fee for the Committee work, EUR	
Member of the Audit and Risk Committee	3,000
Chair of the Nomination and Remuneration Committee	5,000
Member of the Nomination and Remuneration Committee	2,000
Chair of any additional Committee established by a Board decision	5,000
Member of any additional Committee established by a Board decision	2,000
Meeting fees (incl. Committee meetings)	
Meeting fee	800
Meeting fee in case member travels to the meeting outside his/her country of residence	1,600
Meeting fee when member participates in the meeting via remote connection or for decisions that are confirmed without convening a meeting	800

EUR thousand	Annual Fee for the Board work paid 2022 ¹⁾	Fixed Fee for the Committee work paid 2022	Meeting fees paid 2022	Total remuneration paid 2022	Board service 2022	Shares owned 31 Dec 2022
Veli-Matti Reinikkala Chair	109	10	62	181	1 Jan–31 Dec	7,029
Anja McAlister Deputy Chair	78	2	42	122	1 Jan–31 Dec	1,446
Ralf Christian	43	3	43	90	28 Mar–31 Dec	985
Luisa Delgado	54	2	47	102	1 Jan–31 Dec	985
Essimari Kairisto Chair of the Audit and Risk Committee	78	2	55	135	1 Jan–31 Dec	985
Teppo Paavola	54	5	58	117	1 Jan–31 Dec	985
Philipp Rösler	54	5	43	101	1 Jan–31 Dec	985
Annette Stube	54	5	47	105	1 Jan–31 Dec	985
Kimmo Viertola	43	4	38	86	28 Mar–31 Dec	985
Total	566	38	435	1,039		15,370

1) The amounts stated in the table also include the fixed annual fees paid in January-March 2022 based on the resolutions of the 2021 Annual General Meeting.

As a new element, the annual fee for the Board work of the Board members is paid in company shares and in cash in such a way that approximately 40% of the amount of the annual fee is payable in shares acquired on behalf and in the name of the Board members, and the remainder in cash. The company pays the costs and the transfer tax related to the purchase of the company shares. The meeting fees and the fixed fees for the Committee work are paid fully in cash.

The Board members are not in an employment relationship or service contract with Fortum and therefore they have not been given the opportunity to participate in Fortum's STI or LTI programmes, nor has Fortum had a pension plan in which they could have opted to take part. The travel expenses are compensated to the members of the Board of Directors in accordance with Fortum's travel policy.

During 2022, Fortum's operating environment changed drastically by Russia's attack on Ukraine and the effects from the consequent European energy crisis, due to which the number of Board meetings increased in 2022 compared to previous year. In 2022, there were a total of 42 Board meetings, while in 2021 the number of meetings was 18 in total. Furthermore, the Board of Directors established temporary committees on liquidity and on geopolitical escalation. The change in the number of Board meetings is reflected in the compensation amounts paid to the members of the Board of Directors in 2022. Further information on the number of Board meetings held in 2022 is available

► Governance 2022 report.

In line with the Solidium bridge financing facility with the Finnish State, the fees to be paid to the Board of Directors will not be increased in 2022 (as of the signing date of the agreement) and 2023.

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Remuneration and company performance over the last five financial years

Fortum's performance targets for the short- and long-term incentives are strongly linked to the company's profitability, the development of Fortum's share price and the development of set ESG targets. The business performance is directly reflected in the performance-based rewards paid to the President and CEO.

The adjacent table presents the development of the remuneration of the Board of Directors and the President and CEO and of the average employee, as well as the financial performance of the company in the past five years (2018–2022).

The annual fee of the members of the Board of Directors was increased and a new fixed fee for the Committee work was introduced in 2022. The changes in the fees were approved by the Annual General Meeting 2022 in accordance with the proposal of the Shareholders' Nomination Board. During 2022, Fortum's operating environment changed drastically by Russia's attack on Ukraine and the effects from the consequent European energy crisis, due to which the number of Board meetings increased in 2022 compared to previous years. The change in the number of Board meetings is reflected in the compensation amounts paid to the members of the Board of Directors in 2022. Further information on the number of Board meetings held in 2022 is available

► **Governance 2022 report.**

EUR thousand	2022	2021	2020	2019	2018
Current Board members					
Veli-Matti Reinikkala	181	92	77	58	54
Anja McAllister	122	65	57	59	60
Ralf Christian	90	-	-	-	-
Luisa Delgado	102	34	-	-	-
Essimari Kairisto	135	76	72	56	42
Teppo Paavola	117	58	45	-	-
Philipp Rösler	101	55	57	44	-
Annette Stube	105	57	42	-	-
Kimmo Viertola	86	-	-	-	-
Former Board members					
Matti Lievonen	-	32	101	89	80
Klaus-Dieter Maubach	-	15	65	71	54
Eva Hamilton	-	19	55	54	54
Sari Baldauf	-	-	-	-	20
Heinz-Werner Binzel	-	-	-	12	54
Kim Ignatius	-	-	21	67	65
Marco Ryan	-	-	-	19	-
Board of Directors	115	50	59	53	54
Total remuneration, average					
Board of Directors	43 ¹⁾	40	40	40	40
Ordinary member annual fixed fee					
President and CEO					
Markus Rauramo	2,699	3,136	965	-	-
Average employee total remuneration ²⁾	61	59 ³⁾	67 ⁴⁾	56	50
Comparable operating profit, continuing operations, EUR million	1,871	1,429 ³⁾	1,344 ⁴⁾	1,191	987
Earnings per share, continuing operations, EUR	1.14	4.49 ³⁾	2.05 ⁴⁾	1.67	0.95

1) Excluding annual fixed Committee fee.

2) Based on the figures in the consolidated financial statements (excluding the President and CEO). The financial statements include costs accrued for the year.

3) Comparative information for 2021 was restated following the classification of Uniper as discontinued operations in 2022. For additional information, see Financials 2022.

4) Including Uniper.

Additional information on remuneration of other Fortum Executive Management team members and personnel in 2022

This report regarding the remuneration of other Fortum Executive Management and personnel has been prepared by the Nomination and Remuneration Committee in accordance with the Remuneration policy for the personnel and the Finnish Corporate Governance Code 2020, as well as taking into account the guidance set out in the Government Resolution on State-Ownership Policy. The report will be presented at the AGM 2023 of Fortum Corporation but is not subject to an AGM resolution.

The report presents the decisions made regarding Fortum Executive Management’s (excluding the President and CEO) pay in 2022 and the remuneration for the past five years on an aggregated level.

Remuneration elements for other Fortum Executive Management team members and personnel

The Remuneration policy for the personnel provides a remuneration structure that aligns the remuneration of the FEM members and personnel with the successful delivery of Fortum’s long-term strategy in accordance with its remuneration and leadership principles. The adjacent table describes the content of the policy at a glance.

Remuneration element, purpose, and link to strategy	Applied to	Key features of the policy
Fixed compensation Compensates for the job responsibilities and reflects the skills, knowledge, and experience of the individual.	All personnel	<p>The fixed compensation is typically reviewed annually and is targeted at a competitive level vs. relevant peer group/market.</p> <p>For the FEM members, the Board of Directors will consider various factors when determining any change in the fixed compensation, including individual contribution, business performance, role, employee pay across Fortum, and alignment with external market levels.</p>
Pension and other benefits Provides a retirement benefit in addition to the statutory pensions, in line with local market practices, and supports employee recruitment, engagement, and retention.	All personnel	<p>The pension arrangements reflect the relevant market practice.</p> <p>For the FEM members, a supplementary pension plan is provided as part of the total remuneration in accordance with the relevant market practice. All supplementary pension arrangements since the year 2008 are defined contribution plans. For members joining the FEM after the end of the year 2016, the pension premium is 20% of the annual base salary.</p> <p>Other benefits are provided in line with appropriate levels indicated by the local market practice in the country of employment and may evolve year by year. Various benefits are typically provided within the same framework and similar coverage for all employees within a country, with the exception of certain benefits based on the position. The personnel is also eligible to participate in programmes that may be offered at any given point, such as the Employee Share Savings programme, project and recognition awards, retention rewards payable in cash or shares, insurance benefits, seniority, or birthday remembrance.</p>
Short-term incentives (STI) Support the achievement of Fortum’s annual financial, strategic, and sustainability targets.	All personnel	<p>The STI programmes are designed to reward for the achievement of the company, division, unit, function, team, and individual performance. The STI target and maximum incentive potential percentages (on top of the base salary) depend on the position and reflect the possibility to influence the company performance. The incentive potential percentages may vary to reflect the local market practice as well as the specific nature of the position.</p> <p>The Group performance measures, weightings, and targets for the selected measures are set annually by the Board of Directors to ensure that they continue to support the strategy.</p>
Long-term incentives (LTI) Support the delivery of sustainable long-term performance, align the interests of the management with those of shareholders, and support in committing and retaining key individuals.	FEM and other key individuals	<p>Fortum’s LTI programme consists of annually commencing LTI plans with a three-year performance period. The performance measures, weightings, and targets are set by the Board of Directors to ensure that they support the strategy, and they typically include financial or share-price related, and sustainability measures.</p> <p>Following the end of the performance period, the Board of Directors reviews the performance and determines the extent to which each of the targets has been achieved, to determine the final pay-out level.</p> <p>The LTI are allocated based on a maximum number of shares.</p>
Shareholding requirement Ensures alignment of the interests of the FEM members with those of shareholders.	FEM	<p>The FEM members are required to build and maintain a holding of Fortum shares equivalent to 100% of their gross fixed compensation. 50% of the net shares (after-tax) received at each vesting must be retained until the shareholding requirement of 100% of gross fixed compensation is met.</p>

Remuneration of other Fortum Executive Management team members

EUR thousand	Other Fortum Executive Management 2022	Other Fortum Executive Management 2021	Other Fortum Executive Management 2020	Other Fortum Executive Management 2019	Other Fortum Executive Management 2018
Fixed compensation	3,447	3,727	3,195	3,382	3,101
Supplementary pension	717	513	527	586	533
Short-term incentives	1,032	478	657	631	926
Long-term incentives	1,223	2,250	3,598	2,360	885
Total remuneration	6,419	6,968	7,977	6,958	5,445
Shareholding requirement	100% of individual annual fixed compensation	100% of individual annual fixed compensation	100% of individual annual fixed compensation	100% of individual annual fixed compensation	100% of individual annual fixed compensation

The figures in the table above include the following change in Fortum Executive Management in 2022: Alexander Chuvaev, the head of Fortum Russia division and the CEO of subsidiary PAO Fortum, stepped down from Fortum Executive Management as of 1 September 2022.

In addition to the information provided in the table above, Bernhard Günther and Nora Steiner-Forsberg also served as members of the Supervisory Board of Uniper SE until 21 December 2022. They received compensation for their roles in the Supervisory Board of Uniper SE amounting to a total of EUR 213,205.

In accordance with the terms of the Solidium bridge financing facility with the Finnish State, Fortum Executive Management will not be paid the short-term incentives earned in 2022* and 2023, and their salaries will not be increased in 2022 (as of the signing date of the agreement) and 2023. Furthermore, the FEM members will not be paid the long-term incentives accumulated in 2022 and 2023. Therefore the outcome of the 2020–2022 LTI plan was calculated taking into account only the years 2020 and 2021 and the outcome of the 2021–2023 LTI plan was calculated taking into account only the year 2021. The earned long-term incentives will be paid to FEM members in 2024.

All five of the current FEM members (excl. the President and CEO) who were employed by the company in 2020 participated in the 2020 Employee Share Savings (ESS) programme in which the holding period of the shares purchased ended at the end of 2022. Based on the participation in the ESS programme in 2020 and the number of ESS shares held on 31 December 2022, the FEM members earned a total of 611 matching shares (gross) at maximum. The matching share amount (gross) will be confirmed and the delivery of the net number of the matching shares will take place in the spring of 2023.

*In case the short-term incentives earned in 2022 had been paid, 50% of the total outcome would have been cut because Group's result did not reach the set threshold level.



Information on incentive plans

The Group-level metrics and outcomes of the short-term incentive plans 2021 and 2022 are described on page 6.

For 2023, the Group-level STI targets are based on the achievement of the Group financial performance, divisional targets, as well as individual or team targets (as in 2022). The STI performance measures are comparable operating profit + share of profits from associates and joint ventures (50% weight), the ESG target (20% weight), and individual or team targets (30% weight). The ESG target consists of the customer satisfaction index (10% weight) and the safety target, which includes management safety leadership training (5% weight) as well as identification and completion of key safety actions to improve the safety culture (5% weight). The growing importance of the ESG targets in the incentive schemes has been taken into account, thus the weight of the ESG target has been increased by 10% compared to the STI structure for 2022 and the weight of the financial target (CompOP) has been decreased respectively. In addition, ESG targets are encouraged to be included as part of the individual/team targets whenever feasible in the role. In the Remuneration policy for the governing bodies approved in 2020, the weight of the financial target in STI structure is set at 60% of the maximum. This will be taken into account when reviewing the Remuneration policy during 2023. The reviewed Remuneration policy will be submitted to AGM 2024.

Fortum’s LTI programme consists of the annually commencing LTI plans with a three-year performance period. The relative TSR measured against a peer group of European utilities, has been the financial target in the LTI programme since 2019. Fortum introduced an ESG related target as part of the LTI target setting for the first time in the 2020–2022 LTI plan. The ESG target in that plan was related to the reduction of Fortum’s CO₂ emissions and the reduction of coal-based power generation capacity aligned with Fortum’s strategy. Due to the divestment of Uniper, the ESG target was adjusted accordingly.

In the 2021–2023 LTI plan, the set ESG target was linked to the reduction of Fortum’s coal-based power generation capacity in line with Fortum’s coal-exit path, with a minimum level requiring exceeding the communicated ambition level.

The relative TSR remained as a measure in the LTI plan, selected gas companies were added to the existing peer group comprising selected European utility companies. The ESG target was adjusted in early 2023 due to the divestment of Uniper.

In the 2022–2024 LTI plan, the ESG target is related to the reduction of the absolute CO₂ emissions in the European fossil fleet, based on a fossil fleet review addressing the Group’s European generation portfolio and a pathway developed to reach Fortum Group’s 2030 and 2035 climate targets. The relative TSR measured against a peer group consisting of European utilities and gas companies also remained as a measure in the plan. The ESG target was adjusted in early 2023 due to the divestment of Uniper.

In the 2023–2025 LTI plan, the ESG target is linked to emission reduction targets based on the climate science (SBTi 1.5°C) and related to emissions in Europe, and Fortum’s reputation index development among key stakeholders. The

relative TSR measured against a peer group of European utilities remains as a measure in the plan.

Fortum has decided that it will pursue a controlled exit from the Russian market, with potential divestments of its Russian operations as the preferred path. Thus Russia is not included in target setting regarding the ongoing incentive plans.

Since 2020, Fortum has also had a restricted share plan (RSP) as a supplement to the LTI programme. In the RSP, a maximum number of shares can be allocated for a three-year plan period in accordance with the customary LTI plan, but the plan is excluded from the performance targets. On 31 December 2022, the amount of the shares allocated was 28,500 in the RSP 2020–2022, 14,500 in the RSP 2021–2023 and 15,700 in the RSP 2022–2024. The delivery of the RSP 2020–2022 reward is expected to take place in the spring of 2023.

LTI Plan	2019–2021	2020–2022	2021–2023	2022–2024	2023–2025
Earnings period	2019–2021	2020–2022	2021–2023	2022–2024	2023–2025
Share delivery year	2022	2023 ¹⁾	2024	2025	2026
Measures	100% TSR	80% TSR 20% ESG	80% TSR 20% ESG	80% TSR 20% ESG	70% TSR 30% ESG
Outcome	46%	14% ¹⁾	¹⁾		
Number of shares granted	608,051	410,488 ²⁾	491,168 ²⁾	435,833 ²⁾	⁴⁾
Number of shares forfeited	94,340	³⁾			
Number of shares earned (gross)	222,631	³⁾			
Number of participants (at delivery)	110	³⁾			
Grant date	28 Feb 2019	28 Feb 2020	28 Feb 2021	28 Feb 2022	⁴⁾
Share price at grant, EUR	19.52	19.28	20.69	18.84	⁴⁾
Share price at delivery, EUR	17.30	³⁾			

1) The outcome of the TSR target was 0% and the ESG target was 14% of the maximum resulting the overall outcome of 14% for the 2020–2022 LTI plan. In accordance with the terms of the Solidium bridge financing facility with the Finnish State, the FEM members will not be paid the long-term incentives accumulated in 2022 and 2023. Therefore, the outcome of the 2020–2022 LTI plan for the FEM members has been calculated taking into account only the years 2020–2021 and the outcome of the 2021–2023 LTI plan has been calculated taking into account only the year 2021. The overall outcome for the 2020–2022 LTI plan at the end of 2021 was 68%, and for the 2021–2023 LTI plan at the end of 2021 78% of the maximum. The earned long-term incentives will be paid to the FEM members in 2024.

2) The number of shares granted presents the situation on 31 December 2022 (the remuneration restrictions regarding the FEM members in 2022 and 2023 have also been taken into account).

3) The share delivery will take place after the publication of the Remuneration Report 2022 (excluding the FEM members to whom the share delivery will take place in 2024).

4) The allocation of the shares for the 2023–2025 LTI plan will take place after the publication of the Remuneration Report 2022.

Summary of shares delivered (net) to the Fortum Executive Management

LTI Plan	2019–2021	2020–2022	2021–2023	Shares owned 31 Dec 2022
Nebahat Albayrak, Senior Vice President, Corporate Affairs, Safety and Sustainability	-	¹⁾	²⁾	555
Eveliina Dahl, Senior Vice President, People and Procurement	1,127	¹⁾	²⁾	2,554
Bernhard Günther, CFO	-	¹⁾	²⁾	555
Per Langer, Executive Vice President, City Solutions Division	3,102	¹⁾	²⁾	52,265
Simon-Erik Ollus, Executive Vice President, Generation Division	1,847	¹⁾	²⁾	6,462
Markus Rauramo, President and CEO	12,661	¹⁾	²⁾	112,739
Mikael Rönblad, Executive Vice President, Consumer Solutions Division	4,112	¹⁾	²⁾	20,619
Nora Steiner-Forsberg, General Counsel	716	¹⁾	²⁾	1,461
Total	23,565	¹⁾	²⁾	197,210
Former FEM members				
Alexander Chuvaev	16,034 ³⁾			
Total	16,034			

1) The delivery of earned shares accrued in 2020–2021 will take place in 2024.
2) The delivery of earned shares accrued in 2021 will take place in 2024.
3) The estimated number of the shares after deduction of the local taxes and tax related expenses. Due to local legislation, share rights were paid in cash instead of shares.

Employee Share Savings Programme – forShares

The objective of Fortum’s Employee Share Savings programme, forShares, is to motivate employees to invest in Fortum shares and retain ownership in the company. The programme consists of annually commencing savings periods, and the annual launch of each period is separately resolved by the Board of Directors. The participants of the ESS programme will invest a part of their monthly salary, and based on this investment they will, as a gross reward, be granted matching shares for the purchased savings shares after approximately three years from the beginning of the savings period.

Based on the decisions made by the Board of Directors, the matching ratio for the 2022 and 2023 savings periods is 2:1. The employee participation rate in the 2022 savings period was 45% of the eligible employees, and 35% in the 2023 savings period.

Due to the restrictions regarding management remuneration as a part of the terms of the Solidium bridge financing facility with the Finnish State, Fortum assessed and concluded that Fortum Executive Management does not participate in the ESS programme 2023.

The holding period for the shares purchased under the 2020 ESS programme ended at the end of 2022. The participants have earned matching shares (gross) according to the terms and conditions of the programme. The matching ratio for the 2020 savings period was 2:1. The delivery of the net number of the matching shares will take place in the spring of 2023.

Fortum Personnel Fund

Fortum employees in Finland who do not participate in the long-term incentive programme are eligible for the Fortum Personnel Fund. The amount annually paid to the Personnel Fund is based on the achievement of the annual targets. The payments to the fund in 2022 totalled EUR 4.3 million (EUR 0.42 million in 2021).