

Minutes 1/2021

Unofficial Translation

(Translation of the original document in the Finnish language. In case of discrepancy, the Finnish language shall prevail.)

ANNUAL GENERAL MEETING 2021 OF FORTUM CORPORATION

Time: Wednesday, 28 April 2021 at 2:00 p.m. (EEST) – 3:14 p.m. (EEST).

Venue: The company headquarters, Keilalahdentie 2-4, Espoo, Finland.

Present: The Board of Directors of Fortum Corporation has resolved, pursuant to Section 2(2) of the Act 677/2020, that shareholders and their proxy representatives can participate in the Annual General Meeting (the “Meeting”) and exercise shareholder rights only by voting in advance and by submitting counterproposals and asking questions in advance.

Shareholders were represented at the Meeting in accordance with the list of votes adopted at the Meeting ([Appendix 3](#)).

President and CEO Markus Rauramo, General Counsel Sirpa-Helena Sormunen, the Chair and the secretary of the Annual General Meeting, the person to confirm the minutes and to verify the counting of votes and technical personnel were present at the meeting venue. Chair of the company’s Board of Directors Matti Lievonen, Chair of the Shareholders’ Nomination Board Kimmo Viertola and the new Chair of the Board of Directors elected at the Meeting, Veli-Matti Reinikkala, participated via video connection. The representative of the company’s auditor and the representative of Euroclear Finland Oy participated via remote connection.

1 OPENING OF THE MEETING

Chair of the Board of Directors Matti Lievonen welcomed the shareholders to follow the Meeting, gave the opening speech of the Chair of the Board of Directors via video connection and opened the Meeting.

2 CALLING THE MEETING TO ORDER

Manne Airaksinen, attorney-at-law, acted as Chair of the Meeting in accordance with the Meeting notice, and he called Henrik Hinders, Vice President, Head of Corporate Legal, to act as secretary of the Meeting.

The Chair briefly presented the special measures taken by the company related to the coronavirus situation. It was noted that shareholders had had a possibility to participate in the Meeting and to exercise shareholder’s rights only by voting in advance and by submitting counterproposals and asking questions in advance. Shareholders had had a possibility to vote in advance by using the advance voting system provided by Euroclear

Minutes 1/2021

Unofficial Translation

Finland Oy, or by submitting the advance voting form available on the company's website, or the corresponding information to Euroclear Finland Oy. It was noted that shareholders had also been offered a possibility to follow the Meeting via live video stream, but following the Meeting via live video stream did not constitute participation in the Meeting, and the followers of the Meeting would not have the possibility, for instance, to ask questions, speak, make proposals or vote.

It was noted that the meeting would be conducted in Finnish, with simultaneous interpreting to English for the followers of the video stream.

It was noted that the proposals of the Shareholders' Nomination Board to the Annual General Meeting had been published by a stock exchange release and on the company's website on 29 January 2021 (and the updated proposals of the Shareholders' Nomination Board - on 29 March 2021) and as part of the notice to the Annual General Meeting published on 29 March 2021. The proposals of the Board of Directors of Fortum Corporation to the Annual General Meeting had been published by a stock exchange release and on the company's website as part of the notice to the Annual General Meeting published on 29 March 2021. The proposal of the State of Finland had been described in the notice to the Annual General Meeting and published on the company's website.

It was noted that the documents concerning the financial statements, the remuneration report for the company's governing bodies, and the proposals made to the Annual General Meeting, as well as other documents and information required by the Finnish Limited Liability Companies Act and the Securities Markets Act had been available for the shareholders on the company's website for the period required by the Companies Act prior to the Annual General Meeting.

It was noted that no counterproposals to be placed for a vote had been received by the company from shareholders by the deadline of 12 noon (EEST) on 6 April 2021. Shareholders had had a possibility to present questions to the company's management in accordance with the notice to the Annual General Meeting by 14 April 2021, and answers to the questions had been provided on the company's website on 19 April 2021.

Since participation in the Meeting has been possible only in advance, a vote has been conducted on all agenda items to be resolved. Furthermore, the Chair noted that under the temporary Act (677/2020) it had been possible to vote against each agenda item without submitting a counterproposal.

The summary list of votes cast in the advance voting and the voting results provided by Euroclear Finland Oy was attached to the minutes (Appendix 1). The Chair noted that it was possible in each agenda item that a shareholder had not provided a proper voting instruction, in which case the shareholder is not considered to be represented in the relevant agenda item. For this reason, the number of shareholders and shares represented is not the same in each agenda item.

It was noted that the meeting arrangements complied with the Finnish Limited Liability Companies Act, the temporary Act (677/2020) and the government bill concerning it, as well as company practice and recommendations of the Advisory Board of the Finnish Listed Companies. It was noted that the company or Euroclear Finland Oy were not

Minutes 1/2021

Unofficial Translation

aware of any technical or other problems or ambiguities related to the advance voting or the Meeting procedures, more generally, and that it has been possible to verify the participation rights of shareholders and validity of the counting of the votes through means equal to those used in ordinary general meetings.

3 ELECTION OF PERSON TO CONFIRM THE MINUTES AND TO VERIFY COUNTING OF VOTES

Veli Siitonen acted as the person to confirm the minutes and to verify the counting of votes in accordance with the Meeting notice.

4 RECORDING THE LEGAL CONVENING OF THE MEETING AND QUORUM

It was noted that the notice to the Meeting had been published by a stock exchange release and on the company's website on 29 March 2021. Information about the convening of the Meeting had also been published in Finnish newspaper Helsingin Sanomat on 8 April 2021.

It was noted that no considerations regarding the legal convening of the meeting had been presented to the company in the context of the Meeting procedure.

It was noted that the Annual General Meeting had been convened in accordance with the provisions of the Articles of Association and the Finnish Limited Liability Companies Act, as well as the Act 677/2020, providing for temporary deviation from certain provisions of the Companies Act, and therefore the Meeting was legitimate and constituted a quorum.

The notice to the Meeting was attached to the minutes ([Appendix 2](#)).

5 RECORDING THE ATTENDANCE AT THE MEETING AND ADOPTION OF THE LIST OF VOTES

A list of shareholders who had voted in advance during the advance voting period either in person or through a proxy representative and who according to Chapter 5, Section 6 and 6 a have a right to participate in the Meeting was presented. It was noted that a total of 1 793 shareholders had participated in the advance voting representing 622 116 972 shares and votes.

The list of attendees and the list of votes represented at the Meeting were attached to the minutes ([Appendix 3](#)).

Minutes 1/2021
Unofficial Translation

6 PRESENTATION OF THE FINANCIAL STATEMENTS, THE CONSOLIDATED FINANCIAL STATEMENTS, THE OPERATING AND FINANCIAL REVIEW AND THE AUDITOR'S REPORT FOR THE YEAR 2020

It was noted that because the shareholders or their proxy representatives had been able to participate in the Meeting only in advance, the annual report published on 16 March 2021, which includes the company's Annual Accounts, the review by the Board of Directors and the auditor's report, and which has been available on the company's website, is deemed to have been presented to the Annual General Meeting.

Markus Rauramo, President and CEO of the company, presented Fortum Corporation's financial statements, consolidated financial statements and the operating and financial review of the Board of Directors for the financial year of 1 January – 31 December 2020. The review was attached to the minutes ([Appendix 4](#)).

The documents concerning the financial statements and the auditor's report were attached to the minutes ([Appendices 5-6](#)).

7 ADOPTION OF THE FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS

It was recorded that 621 636 001 shares and votes representing approximately 69.98 % of all the shares and votes in the company participated in the vote. It was recorded that 621 166 827 votes representing approximately 99.92 % of the votes cast had voted for the adoption of the annual accounts and 469 174 votes representing approximately 0.08 % of the votes cast had voted against the adoption of the annual accounts. The number of shares that were represented in the agenda item but abstained from casting a vote was 478 166.

Based on the result of the vote, the Annual General Meeting resolved to adopt the financial statements and the consolidated financial statements for the financial year of 1 January – 31 December 2020.

8 RESOLUTION ON THE USE OF THE PROFIT SHOWN ON THE BALANCE SHEET AND THE PAYMENT OF DIVIDEND

It was noted that the Board of Directors had proposed to the General Meeting that a dividend of EUR 1.12 per share would be paid for the financial year that ended on 31 December 2020. The remaining part of the distributable funds will be retained in the shareholders' equity. According to the evaluation of the Board of Directors, payment of the dividend will not compromise the company's liquidity.

According to the proposal of the Board of Directors, the dividend would be paid to shareholders who are recorded in the shareholders' register held by Euroclear Finland Oy on the record date of the dividend payment 30 April 2021. According to the proposal, the dividend would be paid on 7 May 2021.

The proposal of the Board of Directors was attached to the minutes ([Appendix 7](#)).

Minutes 1/2021

Unofficial Translation

It was recorded that 622 110 650 shares and votes representing approximately 70.03 % of all the shares and votes in the company participated in the vote. It was recorded that 622 110 650 votes representing 100.00 % of the votes cast had voted for the proposal of the Board of Directors and 0 votes representing 0 % of the votes cast had voted against the proposal of the Board of Directors. The number of shares that were represented in the agenda item but abstained from casting a vote was 4 336.

Based on the result of the vote, the Annual General Meeting resolved that a dividend is paid for the financial year that ended on 31 December 2020 in accordance with the proposal of the Board of Directors. The record date of the dividend payment is 30 April 2021 and the dividend will be paid on 7 May 2021.

9 **RESOLUTION ON THE DISCHARGE FROM LIABILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE PRESIDENT AND CEO FOR THE YEAR 2020**

It was noted that the discharge from liability for the financial year 1 January 2020 – 31 December 2020 concerned all the persons who served as members of the Board of Directors and as President and CEO during the financial year 2020:

The persons who served as Members of the Board of Directors for the whole of 2020:

Eva Hamilton

Essimari Kairisto

Matti Lievonen

Klaus-Dieter Maubach

Anja McAlister

Veli-Matti Reinikkala

Philipp Rösler

and

Kim Ignatius, until 23 April 2020

Teppo Paavola, as from 23 April 2020

Annette Stube, as from 23 April 2020

and

Pekka Lundmark, President and CEO until 30 June 2020

Markus Rauramo, President and CEO as from 1 July 2020.

It was noted that the auditor had supported in the auditor's report that all persons who had served as members of the Board of Directors and as President and CEO during the financial year 2020 be discharged from liability.

Minutes 1/2021

Unofficial Translation

It was recorded that 621 409 979 shares and votes representing approximately 69.96 % of all the shares and votes in the company participated in the vote. It was recorded that 621 396 627 votes representing approximately 100.00 % of the votes cast had voted for the discharge from liability and 13 352 votes representing approximately 0.00 % of the votes cast had voted against the discharge from liability. The number of shares that were represented in the agenda item but abstained from casting a vote was 590 510.

It was recorded that the persons who had served as members of the Board of Directors and as President and CEO during the financial year 2020 were not eligible to participate in the voting on this agenda item.

Based on the result of the vote, the Annual General Meeting resolved to discharge all persons who had served as members of the Board of Directors and as President and CEO during the financial year 1 January -31 December 2020 from liability.

10 PRESENTATION OF THE REMUNERATION REPORT FOR THE COMPANY'S GOVERNING BODIES

Chair of the Nomination and Remuneration Committee of the Board of Directors of the company Matti Lievonon presented the remuneration report for the company's governing bodies and remuneration of other management and personnel on the whole.

It was noted that because the shareholders or their proxy representatives had been able to participate in the Meeting only by voting in advance, the remuneration report for the company's governing bodies published by a stock exchange release on 16 March 2021 and which has also been available on the company's website is deemed to have been presented to the Annual General Meeting.

The remuneration report for the company's governing bodies was attached to the minutes (Appendix 8).

It was recorded that 613 910 575 shares and votes representing approximately 69.11 % of all the shares and votes in the company participated in the vote. It was recorded that 574 283 789 votes representing approximately 93.55 % of the votes cast had voted for the approval of the remuneration report and 39 626 786 votes representing approximately 6.45 % of the votes cast had voted against the approval of the remuneration report. The number of shares that were represented in the agenda item but abstained from casting a vote was 8 171 664.

Based on the result of the vote, the Annual General Meeting resolved to approve the remuneration report for the company's governing bodies presented to it. The resolution is advisory. It was noted that no considerations regarding the remuneration report had been presented to the company in the context of the Meeting procedure.

Minutes 1/2021

Unofficial Translation

11 RESOLUTION ON THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

It was noted that the company has a Shareholders' Nomination Board nominated by the General Meeting. The task of the Shareholders' Nomination Board is to prepare the proposals for the election and the remuneration of the Board of Directors for the Annual General Meeting.

Chair of the Shareholders' Nomination Board Kimmo Viertola presented the work of the Shareholders' Nomination Board and the proposals of the Nomination Board regarding the number of the members of the Board of Directors and the composition of the Board of Directors.

The Shareholders' Nomination Board had not reached a unanimous proposal, and consequently had not made a proposal for the remuneration to be paid to the Board of Directors for their following term of office. The Chair of the Meeting stated that the State of Finland had proposed that the remuneration to the members of the Board of Directors would remain unchanged, as follows:

- for the Chair: EUR 77,200 per year;
- for the Deputy Chair: EUR 57,500 per year; and
- for the Board members: EUR 40,400 per year each; as well as
- for the Chair of the Audit and Risk Committee, in case he/she is not simultaneously acting as Chair or Deputy Chair of the Board: EUR 57,500 per year.

In addition, a meeting fee of EUR 600 will be paid for the members of the Board of Directors for each Board and Board Committee meeting. For Board members living outside Finland in Europe, the fee to be paid for each meeting will be doubled and for Board members living outside Europe, the fee to be paid for each meeting will be tripled. For Board members living in Finland, the fee to be paid for each Board and Board Committee meeting will be doubled for meetings held outside Finland and tripled for meetings held outside Europe. For Board and Committee meetings held as a telephone conference a single fee will be paid to all members.

The proposal of the State of Finland was attached to the minutes ([Appendix 9](#)).

It was recorded that 600 529 748 shares and votes representing approximately 67.60 % of all the shares and votes in the company participated in the vote. It was recorded that 600 388 104 votes representing approximately 99.98 % of the votes cast had voted for the proposal of the State of Finland and 141 644 votes representing 0.02 % of the votes cast had voted against the proposal of the State of Finland. The number of shares that were represented in the agenda item but abstained from casting a vote was 14 320 246.

Based on the result of the vote, the Annual General Meeting resolved that the remuneration to the members of the Board of Directors will be paid in accordance with the proposal of the State of Finland.

Minutes 1/2021

Unofficial Translation

12 RESOLUTION ON THE NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS

It was noted that according to section 6 of the Articles of Association, the Board of Directors comprises a Chair, a Deputy Chair, and no less than three (3) and no more than eight (8) ordinary members.

It was recorded that the Shareholders' Nomination Board had proposed to the Annual General Meeting that the number of members to be elected to the Board of Directors would be seven (7).

The proposal was attached to the minutes ([Appendix 9](#)).

It was recorded that 615 849 016 shares and votes representing approximately 69.33 % of all the shares and votes in the company participated in the vote. It was recorded that 615 843 484 votes representing approximately 100.00 % of the votes cast had voted for the proposal of the Shareholders' Nomination Board and 5 532 votes representing approximately 0.00 % of the votes cast had voted against the proposal of the Shareholders' Nomination Board. The number of shares that were represented in the agenda item but abstained from casting a vote was 8 116.

The General Meeting resolved, in accordance with the proposal of the Shareholders' Nomination Board, that the number of members of the Board of Directors shall be seven (7), the Chair and the Deputy Chair included.

13 ELECTION OF THE CHAIR, DEPUTY CHAIR AND MEMBERS OF THE BOARD OF DIRECTORS

It was noted that according to section 6 of the Articles of Association, the term of office of a member, the Chair and the Deputy Chair of the Board of Directors expires at the closing of the next Annual General Meeting following the election.

It was recorded that the Shareholders' Nomination Board had proposed to the General Meeting in its updated proposal published on 29 March 2021 that Essimari Kairisto, Anja McAlister, Teppo Paavola, Veli-Matti Reinikkala, Philipp Rösler and Annette Stube would be re-elected as members of the Board of Directors, and that Luisa Delgado would be elected as new member of the Board of Directors. In addition, it was noted that the Shareholders' Nomination Board had proposed that Veli-Matti Reinikkala would be elected as Chair and Anja McAlister as Deputy Chair of the Board of Directors.

The proposal was attached to the minutes ([Appendix 9](#)).

It was recorded that 613 431 516 shares and votes representing approximately 69.06 % of all the shares and votes in the company participated in the vote. It was recorded that 572 479 528 votes representing approximately 93.32 % of the votes cast had voted for the proposal of the Shareholders' Nomination Board and 40 951 988 votes representing approximately 6.68 % of the votes cast had voted against the proposal of the Shareholders' Nomination Board. The number of shares that were represented in the agenda item but abstained from casting a vote was 2 411 049.

Minutes 1/2021

Unofficial Translation

Based on the result of the vote, the Annual General Meeting resolved to elect the Chair, the Deputy Chair, and the members of the Board of Directors for the term of office expiring at the closing of the next Annual General Meeting in accordance with the proposal of the Shareholders' Nomination Board.

14 RESOLUTION ON THE REMUNERATION OF THE AUDITOR

It was noted that the Board of Directors had, on the recommendation of the Audit and Risk Committee, proposed to the Annual General Meeting that the auditor's fee would be paid pursuant to an invoice approved by the company.

The proposal was attached to the minutes ([Appendix 10](#)).

It was recorded that 615 826 368 shares and votes representing approximately 69.33 % of all the shares and votes in the company participated in the vote. It was recorded that 615 357 436 votes representing approximately 99.92 % of the votes cast had voted for the proposal of the Board of Directors and 468 932 votes representing approximately 0.08 % of the votes cast had voted against the proposal of the Board of Directors. The number of shares that were represented in the agenda item but abstained from casting a vote was 29 170.

Based on the result of the vote, the Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, that the auditor's fee will be paid pursuant to an invoice approved by the company.

15 ELECTION OF THE AUDITOR

It was noted that according to section 11 of the Articles of Association, the company shall have one regular auditor, which must be an auditing firm. It was noted that term of office of the auditor shall expire at the closing of the first Annual General Meeting following the election.

It was noted that, on the recommendation of the Audit and Risk Committee, the Board of Directors had proposed to the General Meeting that Deloitte Oy would be re-elected as the auditor, and that the General Meeting would request the auditor to give a statement on the granting of discharge from liability to the members of the Board of Directors, the President and CEO and the possible Deputy President and CEO, and on the Board of Directors' proposal for the distribution of funds.

It was noted that the company had been notified by Deloitte Oy that Jukka Vattulainen, Authorised Public Accountant, would act as principal auditor, if Deloitte Oy was elected as auditor.

It was noted that the Board of Directors' proposal in its entirety had been included in the AGM material.

The proposal was attached to the minutes ([Appendix 11](#)).

Minutes 1/2021

Unofficial Translation

It was recorded that 615 811 375 shares and votes representing approximately 69.33 % of all the shares and votes in the company participated in the vote. It was recorded that 614 014 925 votes representing approximately 99.71 % of the votes cast had voted for the proposal of the Board of Directors and 1 796 450 votes representing approximately 0.29 % of the votes cast had voted against the proposal of the Board of Directors. The number of shares that were represented in the agenda item but abstained from casting a vote was 33 012.

Based on the result of the vote, the Annual General Meeting resolved to elect the auditor of the company and to request the statements of the auditor in accordance with the proposal of the Board of Directors.

16 **AUTHORISING THE BOARD OF DIRECTORS TO DECIDE ON THE REPURCHASE OF THE COMPANY'S OWN SHARES**

It was noted that the Board of Directors had proposed to the General Meeting that the Board of Directors would be authorised to decide on the repurchase of the company's own shares, as follows:

The maximum number of own shares to be repurchased would be 20,000,000 shares, which corresponds to approximately 2.25 per cent of all the shares in the company.

Only the unrestricted equity of the company could be used to repurchase own shares on the basis of the authorisation. Own shares could be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market.

The Board of Directors would decide how own shares will be repurchased. Own shares could be repurchased using, inter alia, derivatives. Own shares could be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

The authorisation would cancel the authorisation resolved by the Annual General Meeting of 2020 to decide on the repurchase of the company's own shares, and it would be effective until the next Annual General Meeting, and in any event, no longer than for a period of 18 months.

The proposal was attached to the minutes ([Appendix 12](#)).

It was recorded that 615 724 306 shares and votes representing approximately 69.32 % of all the shares and votes in the company participated in the vote. It was recorded that 615 250 486 votes representing approximately 99.92 % of the votes cast and approximately 99.90 % of the shares represented in the agenda item had voted for the proposal of the Board of Directors, and 473 820 votes representing approximately 0.08 % of the votes cast and approximately 0.08 % of the shares represented in the agenda item had voted against the proposal of the Board of Directors. The number of shares that were represented in the agenda item but abstained from casting a vote was 120 698.

Minutes 1/2021

Unofficial Translation

Based on the result of the vote, the Annual General Meeting resolved to authorise the Board of Directors to decide on the repurchase of the company's own shares in accordance with the proposal of the Board of Directors.

17 **AUTHORISING THE BOARD OF DIRECTORS TO DECIDE ON THE DISPOSAL OF THE COMPANY'S OWN SHARES**

It was noted that the Board of Directors had proposed to the General Meeting that the Board of Directors would be authorised to decide on the disposal of the company's own shares as follows:

The number of shares to be disposed based on the authorisation shall not exceed 20,000,000 shares, which corresponds to approximately 2.25 per cent of all the shares in the company.

The Board of Directors would decide on the conditions of the disposals, including to whom, at what price and in which manner the company's shares are disposed. Disposals could also be made in deviation from the shareholders' pre-emptive rights (directed share issue).

The authorisation would cancel the authorisation resolved by the Annual General Meeting of 2020 to decide on the disposal of the company's own shares, and it would be effective until the next Annual General Meeting, and in any event, no longer than for a period of 18 months.

The proposal was attached to the minutes ([Appendix 13](#)).

It was recorded that 615 833 736 shares and votes representing approximately 69.33 % of all the shares and votes in the company participated in the vote. It was recorded that 615 363 475 votes representing approximately 99.92 % of the votes cast and approximately 99.92 % of the shares represented in the agenda item had voted for the proposal of the Board of Directors, and 470 261 votes representing approximately 0.08 % of the votes cast and approximately 0.08 % of the shares represented in the agenda item had voted against the proposal of the Board of Directors. The number of shares that were represented in the agenda item but abstained from casting a vote was 10 808.

Based on the result of the vote, the Annual General Meeting resolved to authorise the Board of Directors to decide on the disposal of the company's own shares in accordance with the proposal of the Board of Directors.

18 **AUTHORISING THE BOARD OF DIRECTORS TO DECIDE ON CHARITABLE CONTRIBUTIONS**

It was noted that the Board of Directors had proposed to the General Meeting that the Board of Directors would be authorised to decide on charitable contributions in the total maximum amount of EUR 500,000 for charitable or similar purposes, and to decide on the recipients, purposes and other terms of the contributions. The authorisation would be effective until the next Annual General Meeting.

Minutes 1/2021

Unofficial Translation

The proposal was attached to the minutes (Appendix 14).

It was recorded that 615 824 803 shares and votes representing approximately 69.33 % of all the shares and votes in the company participated in the vote. It was recorded that 615 812 728 votes representing approximately 100.00 % of the votes cast had voted for the proposal of the Board of Directors and 12 075 votes representing approximately 0.00 % of the votes cast had voted against the proposal of the Board of Directors. The number of shares that were represented in the agenda item but abstained from casting a vote was 24 981.

Based on the result of the vote, the Annual General Meeting resolved to authorise the Board of Directors to decide on charitable contributions in accordance with the proposal of the Board of Directors.

19 CLOSING OF THE MEETING

It was noted that there were no other matters to be considered. The participants did not have any considerations regarding the attending to the items.

The Chair noted that the items on the agenda had been attended to and that the minutes of the Meeting would be available on the company's website as from 12 May 2021 at the latest.

The Chair closed the Meeting at 3:14 p.m.

[Signatures on the following page]

Minutes 1/2021

Unofficial Translation

Chair of the Annual General Meeting:

Manne Airaksinen
MANNE AIRAKSINEN

In fidem:

Henrik Hinders
HENRIK HINDERS

Minutes reviewed and confirmed by:

Veli Siitonen
VELI SIITONEN

Minutes 1/2021
Unofficial Translation

APPENDICES

| | |
|--------------------|---|
| <u>Appendix 1</u> | Summary of the votes cast in the advance voting and the voting results |
| <u>Appendix 2</u> | Notice to the Annual General Meeting |
| <u>Appendix 3</u> | List of attendees and votes |
| <u>Appendix 4</u> | The President and CEO's review |
| <u>Appendix 5</u> | Financial statements |
| <u>Appendix 6</u> | Auditor's report |
| <u>Appendix 7</u> | Proposal by the Board of Directors for the use of the profit shown on the balance sheet |
| <u>Appendix 8</u> | Remuneration report for the company's governing bodies |
| <u>Appendix 9</u> | Proposal of the State of Finland regarding the remuneration to be paid to the Board of Directors, and the proposals of the Shareholders' Nomination Board regarding the number of the members of the Board of Directors and the election of the Chair, the Deputy Chair and the members of the Board of Directors |
| <u>Appendix 10</u> | Proposal by the Board of Directors for the auditor's remuneration |
| <u>Appendix 11</u> | Proposal by the Board of Directors for the election of the auditor |
| <u>Appendix 12</u> | Proposal by the Board of Directors to authorise the Board to decide on the repurchase of the company's own shares |
| <u>Appendix 13</u> | Proposal by the Board of Directors to authorise the Board to decide on the disposal of the company's own shares |
| <u>Appendix 14</u> | Proposal by the Board of Directors to authorise the Board to decide on charitable contributions |

The proxies delivered to the company will be kept separately from the minutes.

The following appendices appear in the Financial Statements for 2020 which can be found from Fortum Corporation's webpage at the following address:

www.fortum.com/financials2020

Appendix 5 Financial statements

Appendix 6 Auditor's report (pages 140-144)

PROPOSAL BY THE BOARD OF DIRECTORS FOR USE OF THE PROFIT SHOWN ON THE
BALANCE SHEET

PROPOSAL BY THE BOARD OF DIRECTORS FOR USE OF THE PROFIT SHOWN ON THE BALANCE SHEET AND THE PAYMENT OF DIVIDEND

The distributable funds of Fortum Corporation as at 31 December 2020 amounted to EUR 4,915,857,735 including the profit of the financial period 2020 of EUR 1,678,521,550. The company's liquidity is good and the dividend proposed by the Board of Directors will not compromise the company's liquidity.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.12 per share be paid for 2020.

Based on the number of registered shares as at 11 March 2021, the total amount of dividend would be EUR 994,889,801. The Board of Directors proposes that the remaining part of the distributable funds be retained in the shareholders' equity.

Dividend shall be paid to shareholders who on the record date of the dividend payment 30 April 2021 are recorded in the company's shareholders' register held by Euroclear Finland Ltd. The Board of Directors proposes that the dividend be paid on 7 May 2021.

Espoo, 11 March 2021

Fortum Corporation

The Board of Directors

REMUNERATION POLICY FOR THE COMPANY'S GOVERNING BODIES

Remuneration 2020



Key activities of the Nomination and Remuneration Committee in 2020

- Nomination of a new President and CEO as well as CFO and their remuneration arrangements
- Market benchmarks of executive remuneration
- Evaluating the business and individual performance of executives and the corresponding remuneration outcomes
- Setting 2021 performance metrics, targets, and award levels
- Setting the targets for 2021 for Fortum's Executive Management
- Defining the remuneration policy for the governing bodies
- Review of the remuneration policy, incentives, and salary costs across the wider workforce

Remuneration 2020

Dear Shareholder,

On behalf of the Nomination and Remuneration Committee, I present Fortum's Remuneration 2020 report. The structure of the report is somewhat different than previous years as we have adapted our reporting to the requirements of the EU Shareholders' Rights Directive. The report aims to set out how Fortum rewards its governing bodies (the President and CEO and the Board of Directors), other Fortum Executive Management team members, and personnel, in a readable and transparent manner. It also describes the decisions made regarding remuneration in the year 2020.

The section 'Remuneration report for the governing bodies 2020' will be presented at the Annual General Meeting 2021 for an advisory vote. The section 'Additional information on remuneration of other Fortum Executive Management and personnel 2020' will also be presented at the AGM, but is not subject to an AGM resolution. As a German stock-exchange listed company and a subsidiary of Fortum, Uniper SE publishes its remuneration reporting separately.

In 2020, the Covid-19 pandemic shook the world and affected different sectors and companies very differently. Fortum's businesses were quite resilient to the pandemic and we were able to continue the safe production and supply of power and heat in our operations, although naturally also our businesses were affected by the overall economic decline and lower energy and service demand. During the year, we have worked in tight cooperation with Uniper aligning our strategies and consolidating our financial results since April. In August, we increased our ownership in Uniper reaching an ownership of slightly more than 75%. In December, we presented Fortum Group's aligned strategy, including Uniper as one of our segments.

After his resignation in early 2020, our former President and CEO Pekka Lundmark left Fortum during the summer. The Board of Directors established a temporary committee for the recruitment of the President and CEO and ran a full international search process for a replacement

with several excellent candidates. I was very pleased to announce the appointment of Markus Rauramo as President and CEO, who was clearly the best match in terms of experience, competences, and character. In December, we were also able to announce the recruitment of Fortum's new Chief Financial Officer Bernhard Günther, who joined the team as of 1 February 2021. I am also pleased that Bernhard joined the team, bringing very relevant experience from the energy sector and transformation processes. During 2020, the committee has also closely followed the progress and further development of the Open Leadership culture in Fortum.

The outcome of the 2020 short-term incentive plan unfortunately did not reach the set target level. The result of the financial performance measure comparable operating profit was between the minimum and the target. The safety measure lost time injury frequency declined from the previous year and did not reach the ambitious minimum level. We have a very high ambition in safety, and are not satisfied with the 2020 performance. We will continue to do our utmost to improve our performance. The 2018–2020 LTI plan resulted in a 67% outcome mainly due to strong earnings per share performance.

Fortum's Nomination and Remuneration Committee continues to develop our remuneration practices to ensure alignment with the expectations of all our stakeholders. I would like to welcome any feedback or comments on Fortum's Remuneration 2020 report and on remuneration matters in general.

Matti Lievonon

Chair of the Nomination and Remuneration Committee

Remuneration report for the governing bodies 2020

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 governing bodies presented at the Annual General Meeting (AGM) 2020. It has been prepared in accordance with the requirements set forth by the amended EU Shareholders' Rights Directive¹, which was implemented in Finland in 2019 mainly in 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. The report will be presented at Fortum's 2021 AGM, 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).

In accordance with the established four-year cycle of presenting the policy to the shareholders, the Nomination and Remuneration Committee will regularly review it to ensure that it remains aligned with the strategic objectives and long-term aims of Fortum prior to the next presentation at the 2024 AGM, unless the Board of Directors considers substantial changes to it before that and brings it for an advisory resolution to an earlier AGM.

The aim of the report is to present how the policy has been applied in 2020 in terms of the payments made and the alignment of remuneration with the successful delivery of long-term strategy and sustainable business results.

In 2020, the President and CEO's financial short-term incentive performance measures were comparable operating profit (CompOP) and lost time injury frequency (LTIF). The performance measures of the ongoing long-term incentive plans are based on earnings per share (EPS), total shareholder return (TSR), and actions related to CO₂ reduction according to Fortum's strategy. The financial performance measures support the achievement of a solid financial position in the short-term and long-term, and environmental, social, and governance (ESG) measures support the strategy execution.

In 2020, the remuneration of the Board of Directors was based on fixed annual fees and meeting fees, both paid in cash. In accordance with the policy, the fixed annual fees were slightly increased.



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 governing bodies provides a remuneration structure that aligns the remuneration for 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 decided by the AGM based on the proposal by the Shareholders' Nomination Board. 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. | President and CEO | The fixed compensation is typically reviewed annually. 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. |
| 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 | 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. 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. |
| 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 | The Shareholders' Nomination Board is responsible for presenting a proposal for remuneration of the members of the Board of Directors to the AGM. |
| Short-term incentives (STI) Support the achievement of Fortum's annual financial, strategic, and sustainability targets. | President and CEO | 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 typically include a balance of Fortum's financial performance, safety, and individual strategic targets. After year-end, the Board of Directors reviews the performance and determines the extent to which each of the targets have been achieved, in order to determine the final pay-out level. |
| Long-term incentives (LTI) Support the delivery of sustainable long-term performance, aligns the interests of management with that of shareholders, and supports in committing and retaining key individuals. | President and CEO | Fortum's LTI programme consists of annually commencing LTI plans with a three-year performance period. Performance measures, weightings, and targets are set by the Board of Directors to ensure they support the strategy and typically include financial or share-price related, and sustainability measures. Following the end of the performance period the Board of Directors reviews the performance and determines the extent to which each of the targets have been achieved, to determine the final pay-out level. The LTI is allocated based on a maximum number of shares. |
| Shareholding requirement Ensures alignment of the interests of the President and CEO with that of shareholders. | President and CEO | 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. |

Annual report on remuneration

Performance outcomes

Short-term incentives for 2019, paid in 2020

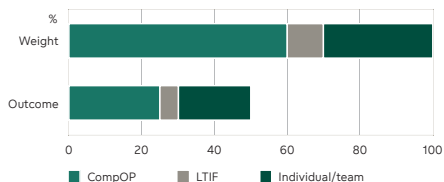
The outcome of the 2019 Group¹⁾ level comparable operating profit + share of profits from associates and joint ventures (CompOP) was between the minimum and the target. Fortum's 2019 LTIF for own personnel and contractors improved and was 1.7, achieving the set target level (≤ 1.7).

The achieved performance based on the individual or team targets (Individual/team) was evaluated in connection with the individual performance review and confirmed at the beginning of 2020. In 2019, the President and CEO Pekka Lundmark had one individual target related to the co-operation with Uniper and one joint Fortum Executive Management target related to operational excellence. The combined outcome of President and CEO Pekka Lundmark's individual and team targets was between the target and the maximum.

The accrued incentives for the year 2019 were paid in April 2020.

The graph below presents the STI target setting and outcome for the President and CEO Pekka Lundmark for the financial year 2019.

1) Excluding Uniper



Short-term incentives for 2020, payable in 2021

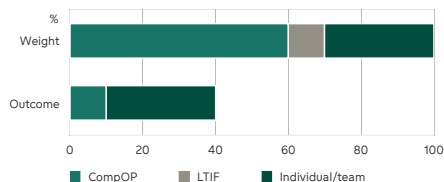
The outcome of the 2020 Group¹⁾ level CompOP was between the minimum and the target. Fortum's 2020 LTIF for own personnel and contractors declined from the previous year and was 2.0 and did not reach the set minimum level.

In 2020, the President and CEO Pekka Lundmark had one individual target related to the co-operation with Uniper and two joint FEM targets related to operational excellence and the progress in strategic priorities. The President and CEO Pekka Lundmark resigned and therefore forfeited his right to short-term incentive for the year 2020.

The President and CEO Markus Rauramo's individual targets were related to the preparation of the updated strategy for the Fortum Group including Uniper, as well as the launch of the intensive cooperation across the companies. The results of this work were presented at the Capital Markets Day in December and included the updated strategy, new financial, climate, and safety targets, as well as targeted cooperation benefits. The STI outcome of these targets reached the maximum level.

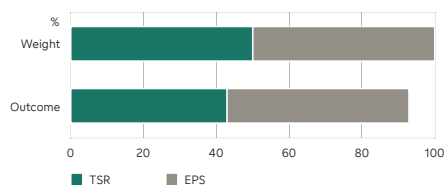
The accrued incentives for the year 2020 will be paid in April 2021.

The graph below presents the STI target setting and outcome for the President and CEO Markus Rauramo for the financial year 2020.



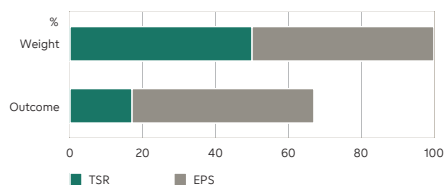
2017–2019 Long-term incentive plan (paid in 2020)

The performance measures for the 2017–2019 LTI plan were TSR measured against a European utilities peer group and EPS. Due to the strong performance of 93% of the maximum in the 2017–2019 LTI plan as well as a good performance in 2019 STI plan, the combined outcomes of the LTI and STI would have exceeded the set cap of 120% of the President and CEO Pekka Lundmark's annual salary. In accordance with the decision of maximum variable compensation made by the Board of Directors, the LTI payment was cut to limit the total variable compensation to a maximum of 120% of the individual's annual base salary.



2018–2020 Long-term incentive plan (payable in 2021)

The performance measures for the 2018–2020 LTI plan were TSR measured against a European utilities peer group and EPS. The outcome of the 2018–2020 LTI plan was 67% of the maximum mainly due to strong EPS result.



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 the President and CEO Markus Rauramo, effective as of 1 July 2020, are in line with Fortum's Remuneration policy for the governing bodies. The former President and CEO Pekka Lundmark forfeited his unvested rewards due to his departure. In 2020, malus and clawback provision for the President and CEO were not utilised. As decided by the Board of Directors, the variable elements (STI and LTI pay-outs) were limited to a maximum of 120% of the individual's annual fixed compensation.

In 2020, the President and CEO Pekka Lundmark's monthly fixed compensation was EUR 84,000. As of July 2020, President and CEO Markus Rauramo's monthly fixed compensation is 125,000 EUR. The fixed compensation includes a free car and phone allowance as fringe benefits. In addition, the President and CEO received an electric vehicle subsidy of 30% of the taxable value of the free car benefit in accordance with Fortum's car instructions. The President and CEO Markus Rauramo participated in the 2020 savings period of the forShares employee share savings plan.

As stated in Fortum's Remuneration policy for the governing bodies, the Board of Directors may, on recommendation of the Nomination and Remuneration Committee, temporarily deviate from any section of the policy based on its discretion. The Board of Directors decided that the President and CEO Markus Rauramo's LTI reward related to the 2018–2020 LTI plan is calculated based on his annual fixed compensation as the President and CEO.

| EUR thousand | Markus Rauramo Accrued 2020, payable in 2021 | Markus Rauramo Jul–Dec/2020 | Pekka Lundmark Jan–Jun/2020 |
|--|---|--|--|
| Fixed compensation | - | 808 | 521 |
| Supplementary pension | - | 158 | 132 |
| Short-term incentives | 163 | - | 200 |
| Long-term incentives | 1,009 ²⁾ | - | 1,178 |
| Total remuneration | - | 965 | 2,033 |
| LTI Plan | 2018–2020 | 2017–2019 | 2017–2019 |
| Maximum number of shares granted (gross) | ¹⁾ | ¹⁾ | 68,000 |
| Grant date | ¹⁾ | ¹⁾ | 10 Mar 2017 |
| Share price at grant | ¹⁾ | ¹⁾ | 14.36 |
| Number of shares earned (gross) | 48,770 | ¹⁾ | 53,181 |
| Number of shares delivered (net) | ³⁾ | ¹⁾ | 28,527 |
| Share delivery date | ³⁾ | ¹⁾ | 17 Feb 2020 |
| Share price at delivery | ³⁾ | ¹⁾ | 22.16 |
| Shareholding requirement | 100% of individual annual fixed compensation | 100% of individual annual fixed compensation | 100% of individual annual fixed compensation |
| Shares owned 31 Dec 2020 | | 72,949 | ¹⁾ |

- 1) Not disclosed; not acting as the President and CEO of Fortum when the event occurred
2) Estimated LTI earning, the value of actual LTI earning will be disclosed after publication of the remuneration report
3) Share delivery will take place after publication of the remuneration report

In addition to the information provided on the table above, the President and CEO Markus Rauramo received compensation of EUR 56,102 as of July 2020 for acting as the Deputy Chairman of the Supervisory Board of Uniper SE. The compensation for acting on Uniper's Supervisory Board is paid according to the policies in force at Uniper. The annual fee for the Deputy Chairman is EUR 140,000, out of which 20% is variable remuneration which is determined as described in Uniper's Annual report and is paid as virtual shares.

Remuneration and shareholding of the Board of Directors

In 2020, the Shareholders' Nomination Board reviewed the remuneration for the Chair, Deputy Chair and members of the Board of Directors in comparison to companies of similar size and complexity, but did not reach a unanimous proposal on the fees. Based on the resolution of the 2020 AGM, the remuneration of the Board of Directors was slightly increased and took a form of fixed annual fees and meeting fees, both paid in cash. Company shares were not granted to the Board of Directors. The fixed annual fees remained low in comparison to companies of similar size and complexity to Fortum. In order to increase Board remuneration and to achieve the market level, the Shareholders' Nomination Board agreed to develop a step-by-step plan by the end of 2020 supported by the major shareholders.

On 23 April 2020, the 2020 AGM confirmed the following annual fees for the members of the Board of Directors:

| EUR | 2020 |
|---|--------|
| Chair | 77,200 |
| Deputy Chair | 57,500 |
| Chair of the Audit and Risk Committee | |
| If not Chair or Deputy Chair simultaneously | 57,500 |
| Members | 40,400 |
| Meeting fees | |
| Members living in Finland | 600 |
| Members living outside Finland in Europe | 1,200 |
| Members living outside Europe | 1,800 |
| Meeting held as a telephone conference | 600 |

The board members were not in an employment relationship or service contract with Fortum and they were not given the opportunity to participate in Fortum's STI or LTI programmes, nor did Fortum have a pension plan that they could opt to take part in. Travel expenses were compensated to the members of the Board of Directors in accordance with Fortum's travel policy.

| EUR thousand | Fixed annual fee 2020 | Meeting fees 2020 | Total remuneration 2020 | Board service 2020 | Shares owned 31 Dec 2020 |
|---|-----------------------|-------------------|-------------------------|--------------------|-----------------------------|
| Matti Lievonon Chair | 77 | 24 | 101 | 1 Jan–31 Dec | 4,500 |
| Klaus-Dieter Maubach Deputy Chair until 23 April 2020 | 46 | 19 | 65 | 1 Jan–31 Dec | 0 |
| Eva Hamilton | 40 | 15 | 55 | 1 Jan–31 Dec | 40 |
| Essimari Kairisto | 52 | 20 | 72 | 1 Jan–31 Dec | 0 |
| Anja McAllister | 40 | 17 | 57 | 1 Jan–31 Dec | 0 |
| Teppo Paavola | 30 | 15 | 45 | 23 Apr–31 Dec | 0 |
| Veii-Matti Reinikkala Deputy Chair as of 23 April 2020 | 52 | 25 | 77 | 1 Jan–31 Dec | 5,000 |
| Philipp Rösler | 41 | 16 | 57 | 1 Jan–31 Dec | 0 |
| Annette Stube | 30 | 12 | 42 | 23 Apr–31 Dec | 0 |
| Former Board members | | | | | |
| Kim Ignatius | 19 | 2 | 21 | 1 Jan–23 Apr | ¹⁾ |
| Total | 427 | 166 | 593 | | 9,540 |

- 1) Not disclosed

In addition to the information provided on the above table, Klaus-Dieter Maubach received compensation of EUR 117,355 for acting as the Chairman of the Supervisory Board of Uniper SE as of April 2020. Compensation for acting in Uniper's Supervisory Board was paid according to the policies in force at Uniper, the annual fee for the Chairman being EUR 210,000 out of which 20% is variable remuneration, which is determined as described in Uniper's Annual report and is paid as virtual shares.

Five-year remuneration development

The adjacent table presents the development of the remuneration of the Board of Directors and the President and CEO and the average employee, as well as the financial performance of the company in the years 2016–2020.

| EUR thousand | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|-------|-------|-------|-------|-------|
| Current Board members | | | | | |
| Matti Lievonen | 101 | 89 | 80 | 49 | - |
| Klaus-Dieter Maubach | 65 | 71 | 54 | - | - |
| Eva Hamilton | 55 | 54 | 54 | 54 | 56 |
| Essimari Kairisto | 72 | 56 | 42 | - | - |
| Anja McAlister | 57 | 59 | 60 | 47 | - |
| Teppe Paavola | 45 | - | - | - | - |
| Veli-Matti Reinikkala | 77 | 58 | 54 | 58 | 44 |
| Philipp Rösler | 57 | 44 | - | - | - |
| Annette Stube | 42 | - | - | - | - |
| Former Board members | | | | | |
| Minoo Akhtarzand | - | - | - | 16 | 61 |
| Sari Baldauf | - | - | 20 | 84 | 87 |
| Heinz-Werner Binzel | - | 12 | 54 | 57 | 61 |
| Kim Ignatius | 21 | 67 | 65 | 67 | 70 |
| Tapio Kuula | - | - | - | 43 | 52 |
| Marco Ryan | - | 19 | - | - | - |
| Petteri Taalas | - | - | - | - | 17 |
| Jyrki Talvitie | - | - | - | 17 | 70 |
| Board of Directors | 59 | 53 | 54 | 49 | 58 |
| Total remuneration, average | | | | | |
| Board of Directors | 40 | 40 | 40 | 40 | 40 |
| Ordinary member annual fixed fee | | | | | |
| President and CEO | | | | | |
| Markus Rauramo (as of Jul/2020) | 965 | - | - | - | - |
| Pekka Lundmark (until Jun/2020) | 2,033 | 2,478 | 1,846 | 1,634 | 1,368 |
| Average employee total remuneration ¹⁾ | 59 | 56 | 50 | 47 | 40 |
| Comparable operating profit, EUR million | 1,344 | 1,191 | 987 | 811 | 644 |
| Earnings per share, EUR | 2.05 | 1.67 | 0.95 | 0.98 | 0.56 |

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

Additional information on remuneration of other Fortum Executive Management and personnel 2020

This report has been prepared by the Nomination and Remuneration Committee in accordance with the Remuneration policy for 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 2021 AGM of Fortum Corporation, but is not subject to an AGM resolution.

The report presents the decisions made regarding Fortum's Executive Management (FEM) members (excluding the President and CEO) pay in 2020 and the remuneration for the past five years on an aggregate level.

Remuneration elements for other Fortum Executive Management and personnel

The Remuneration policy for personnel provides a remuneration structure that aligns the remuneration of FEM members and personnel with the successful delivery of Fortum's long-term strategy in accordance with its remuneration and leadership principles. The adjacent outlined 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 | The fixed compensation is typically reviewed annually and is targeted on a competitive level vs. relevant peer group/market. 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. |
| 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 | The pension arrangements reflect the relevant market practice. 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 as well for those current members to whom the premium has been below 20% of the annual salary, the pension premium is 20% of the annual base salary. 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. Various benefits are typically provided within the same framework and similar coverage for all employees within a country, with exception of certain benefits based on position. Personnel is also eligible to participate in programmes which 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. |
| Short-term incentives (STI) Support the achievement of Fortum's annual financial, strategic, and sustainability targets. | All personnel | The STI programmes are designed to reward for achievement of the company, division, unit, function, team, and individual performance. The STI target and maximum incentive opportunity %:s (on top of base salary) depend on the position and reflect the possibility to influence company performance. The incentive opportunity %:s may vary to reflect the local market practice as well as specific nature of the position. The Group performance measures, weightings, and targets for the selected measures are set annually by the Board of Directors to ensure they continue to support the strategy. |
| Long-term incentives (LTI) Support the delivery of sustainable long-term performance, aligns the interests of management with that of shareholders, and supports in committing and retaining key individuals. | FEM and other key individuals | Fortum's LTI programme consists of annually commencing LTI plans with a three-year performance period. Performance measures, weightings, and targets are set by the Board of Directors to ensure they support the strategy and typically include financial or share-price related, and sustainability measures. Following the end of the performance period the Board of Directors reviews the performance and determines the extent to which each of the targets have been achieved, to determine the final pay-out level. The LTI is allocated based on a maximum number of shares. |
| Shareholding requirement Ensures alignment of the interests of the FEM members with that of shareholders. | FEM | The FEM members are 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. |

Remuneration of other Fortum Executive Management

| EUR thousand | Other Fortum Executive Management 2020 | Other Fortum Executive Management 2019 | Other Fortum Executive Management 2018 | Other Fortum Executive Management 2017 | Other Fortum Executive Management 2016 |
|---------------------------|--|--|--|--|--|
| Fixed compensation | 3,195 | 3,382 | 3,101 | 3,387 | 3,581 |
| Supplementary pension | 527 | 586 | 533 | 636 | 560 |
| Short-term incentives | 657 | 631 | 926 | 962 | 233 |
| Long-term incentives | 3,598 | 2,360 | 885 | 877 | 1,694 |
| Total remuneration | 7,977 | 6,958 | 5,445 | 5,862 | 6,068 |
| 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 include Markus Rauramo for the period he was a member of the Fortum Executive Management until 30 June 2020, but not for his period as the President and CEO from 1 July 2020 onwards.

In 2020, in addition to the information provided on the above table, Markus Rauramo before starting as the President and CEO, Tiina Tuomela, and Sirpa-Helena Sormunen received compensation amounting to a total of EUR 126,740 for their roles in the Supervisory Board of Uniper SE as of April 2020. Compensation for acting in Uniper's Supervisory Board was paid according to the policies in force at Uniper. As described in Uniper's Annual report, 20% of the compensation is variable and paid as virtual shares.



Information on incentive plans

The Group level metrics and outcomes of the short-term incentive plans 2019 and 2020 are described in the Remuneration report for the governing bodies 2020.

For 2021, the Group level STI targets are based on the achievement of Group financial performance, divisional targets, as well as individual or team targets (as in 2020). The STI performance measures are comparable operating profit + share of profits from associates and joint ventures (60% weight), LTIF for own personnel and contractors (10% weight), and individual or team targets (30% weight). For the members of FEM the financial measure is comparable operating profit (Fortum excluding Uniper) + share of profits from associates and joint ventures added with Uniper's adjusted EBIT.

In the 2020–2022 LTI plan, Fortum introduced an ESG related target for the first time. The ESG target is related to actions driving reduction of Fortum's CO₂ emissions and reduction of coal generation capacity aligned with Fortum's strategy. The relative TSR measured against a peer group of European utilities has remained as a measure in the LTI plan. Reported EPS was a performance measure in the 2017–2019 and 2018–2020 LTI plans.

| LTI plan | 2017–2019 | 2018–2020 | 2019–2021 | 2020–2022 | 2021–2023 |
|--------------------------------------|--------------------|--------------------|-------------|--------------------|--------------------|
| Earnings period | 2017–2019 | 2018–2020 | 2019–2021 | 2020–2022 | 2021–2023 |
| Share delivery year | 2020 | 2021 | 2022 | 2023 | 2024 |
| Measures | 50% TSR 50% EPS | 50% TSR 50% EPS | 100% TSR | 80% TSR 20% ESG | 80% TSR 20% ESG |
| Outcome | 93% | 67% | | | |
| Number of shares granted | 595,064 | 607,620 | 608,051 | 626,475 | 754,000 |
| Number of share forfeited | 111,878 | ¹⁾ | | | |
| Number of shares delivered | 196,864 | ¹⁾ | | | |
| Number of participants (at delivery) | 95 | ¹⁾ | | | |
| Grant date | 10 Mar 2017 | 28 Feb 2018 | 28 Feb 2019 | 28 Feb 2020 | 28 Feb 2021 |
| Share price at grant | 14.36 | 18.05 | 19.52 | 19.28 | 20.69 |
| Share price at delivery | 22.16 | ¹⁾ | | | |

¹⁾ The share delivery will take place after the publication of the remuneration report

The table below presents the number of shares delivered to the Fortum Executive Management.

| LTI plan | 2017–2019 | 2018–2020 | Shares owned 31 Dec 2020 |
|--|----------------------|---------------|--------------------------|
| Arun Aggarwal, Senior Vice President, Business Technology | 4,012 | ¹⁾ | 4,461 |
| Alexander Chuvaev, Executive Vice President, Russia Division | 36,417 ²⁾ | ¹⁾ | 54,602 |
| Per Langer, Executive Vice President, City Solutions Division | 5,656 | ¹⁾ | 44,155 |
| Risto Penttinen, Senior Vice President, Strategy, People and Performance | 6,612 | ¹⁾ | 30,559 |
| Markus Rauramo, CFO until 30 June 2020 | 12,273 | ¹⁾ | 72,949 |
| Arto Rätty, Senior Vice President, Corporate Affairs and Communications | 5,392 | ¹⁾ | 10,592 |
| Mikael Rönblad, Executive Vice President, Consumer Solutions Division | 6,787 | ¹⁾ | 10,356 |
| Sirpa-Helena Sormunen, General Counsel | 6,230 | ¹⁾ | 21,195 |
| Tiina Tuomela, Executive Vice President, Generation Division | 7,239 | ¹⁾ | 32,439 |
| Total | 90,618 | ¹⁾ | 208,359 |

¹⁾ The share delivery will take place after the publication of the remuneration report

²⁾ The estimated number of shares after deduction of local taxes and tax related expenses. Due to local legislation, share rights will be paid in cash instead of shares

³⁾ Disclosed in the remuneration report for the governing bodies

The figures include Markus Rauramo for the period he was a member of the FEM until 30 June 2020, but not for his period as the President and CEO from 1 July 2020 onwards.

Employee share savings programme – forShares

The purpose of Fortum's employee share savings programme, forShares, is to motivate employees to invest and retain ownership in the company. The programme consists of annually commencing savings periods, during which the employees can save a proportion of their salaries to be used for the purchase of Fortum shares with the accrued savings. After a holding period, the participants will be granted matching shares for the purchased savings shares.

Based on the decision by the Board of Directors, the matching ratio for the 2020 and 2021 savings periods was 2:1. The participation rate in the 2020 savings period was 41% and in the 2021 savings period 43% of the eligible employees.

Fortum Personnel Fund

Fortum employees in Finland, who are not participating in the long-term incentive programme, are eligible for the Fortum Personnel Fund. The amount paid annually to the Personnel Fund is based on the achievement of annual targets. The payments to the fund in 2020 totalled EUR 1.7 million (EUR 2.4 million in 2019).



PROPOSAL OF THE STATE OF FINLAND REGARDING THE REMUNERATION TO BE
PAID TO THE BOARD OF DIRECTORS, AND THE PROPOSALS OF THE
SHAREHOLDERS' NOMINATION BOARD REGARDING THE NUMBER OF THE
MEMBERS OF THE BOARD OF DIRECTORS AND THE ELECTION OF CHAIR, DEPUTY
CHAIR AND THE MEMBERS OF THE BOARD OF DIRECTORS

Proposal of the Finnish State on agenda item 11 Resolution on the remuneration of the members of the Board of Directors of the Annual General Meeting of Fortum Corporation to be held on 28 April 2021

The Finnish State informs that the proposal of the Finnish State on agenda item 11 Resolution on the remuneration of the members of the Board of Directors of the Annual General Meeting of Fortum Corporation to be held on 28 April 2021 is that, given the prevailing exceptional circumstances, increasing the fees of the Board of Directors for the coming period is not justified, so the fees would be as follows:

- Chair: EUR 77,200/year
- Deputy Chair: EUR 57,500/year, and
- Members: EUR 40,400/year
- The Chair of the Audit and Risk Committee, if he/she does not simultaneously act as Chair or Deputy Chair of the Board: EUR 57,500/year.

For each meeting the fee is EUR 600. The fee is paid for the Board and Board Committee meetings. For Board members resident outside Finland in Europe, the fee for each meeting is doubled and for Board members resident outside Europe, the fee for each meeting is tripled. For Board members living in Finland, the fee for each Board and Board Committee meeting is doubled for meetings held outside Finland and tripled for meetings held outside Europe. For Board and Committee meetings held as telephone conference the fee is paid as single to all members.

PRIME MINISTER'S OFFICE

29 March 2021

UPDATED PROPOSALS BY FORTUM'S SHAREHOLDERS' NOMINATION BOARD TO THE 2021 ANNUAL GENERAL MEETING ON THE NUMBER OF THE BOARD MEMBERS, THE COMPOSITION OF THE BOARD OF DIRECTORS AND THE REMUNERATION OF THE BOARD OF DIRECTORS

Fortum's Annual General Meeting on 9 April 2013 established a permanent Shareholders' Nomination Board, in accordance with the proposal of the Board of Directors. The purpose and task of the Shareholders' Nomination Board is to prepare and present to the annual general meeting proposals on the number of the Board members, the composition of the Board of Directors and the remuneration of the Board of Directors.

The Shareholders' Nomination Board proposes to the Annual General Meeting 2021 that the Board of Directors consist of seven (7) members, the Chair and the Deputy Chair included.

The Shareholders' Nomination Board proposes that the following persons be elected to the Board of Directors for a term ending at the end of the 2022 Annual General Meeting:

Proposed to be re-elected as members:

Essimari Kairisto
Anja McAlister
Teppo Paavola
Veli-Matti Reinikkala
Philipp Rösler, and
Annette Stube.

Proposed to be elected as new member:

Luisa Delgado.

Veli-Matti Reinikkala is proposed to be elected as Chair and Anja McAlister as Deputy Chair of the Board of Directors.

All candidates have consented to the appointment and are independent of the Company and its significant shareholders.

Biographical details of the proposed new Board member are attached as Appendix 1.

Remuneration of the Board of Directors:

The Shareholders' Nomination Board did not reach a unanimous proposal, and consequently did not make a proposal for the remuneration paid to the Board of Directors for their following term of office.

The Chairman of the Nomination Board has informed the Nomination Board and the company that the Finnish State will propose to the 2021 Annual General Meeting that, given the prevailing exceptional circumstances, increasing the fees of the Board of Directors for the coming period is not justified.

The Finnish State will propose the following remuneration of the Board of Directors for the term 2021.

Chair: EUR 77,200/year
Deputy Chair: EUR 57,500/year
Members: EUR 40,400/year

The Chair of the Audit and Risk Committee, if he/she does not simultaneously act as Chair or Deputy Chair of the Board: EUR 57,500/year.

For each meeting, the fee is EUR 600. The fee is paid for the Board and Board Committee meetings. For Board members resident outside Finland in Europe, the fee for each meeting is doubled and for Board members resident outside Europe, the fee for each meeting is tripled. For Board members living in Finland, the fee for each Board and Board Committee meeting is doubled for meetings held outside Finland and tripled for meetings held outside Europe. For Board and Committee meetings held as a telephone conference the fee is paid as single to all members.

In Fortum's stock exchange release of 31 January 2020, the Nomination Board stated that the annual fees of Fortum's Board of Directors have fallen significantly behind market levels and that a step-by-step plan, supported by the major shareholders, to gradually increase board remuneration must be developed. It has been decided to launch a program from 2022 onwards, to bring the fees of the Board of Directors to market levels by the year 2026. The Finnish State's support for the program is in accordance with the guidance set out in the Government Resolution on State Ownership Policy. The policy states that "account should be taken, inter alia, of the following factors when deciding on remuneration for board work: The company's role in society, the market situation, the requirements imposed by the global aspects of board service and the need to increase shareholder value as well as the common interests of all shareholders".

The Shareholders' Nomination Board supports the increase of fees of the Board of Directors in the longer term in order to reach the prevailing market level, and that the remuneration proposals are annually submitted to the Annual General Meeting in accordance with the Charter of the Nomination Board.

The Shareholders' Nomination Board comprised Kimmo Viertola, Director General, Prime Minister's Office, Ownership steering department (Chairman), Risto Murto, President and CEO of Varma Mutual Pension Insurance Company, Jouko Pölönen, President and CEO of Ilmarinen Mutual Pension Insurance Company, and the Chairman of Fortum's Board of Directors Matti Lievonen.

Matti Lievonen did not take part in the decision-making on the remuneration paid to the Board of Directors.

Appendix 1: Biographical details of the proposed new Board member

Luisa Deplazes de Andrade Delgado

Born 1966, Swiss and Portuguese citizen LL.M, Law, King's College, University of London, UK, Licence en droit, Law, University of Geneva, Switzerland, Postgraduate Diploma, European Studies, Universidade Lusíada, Portugal

Board professional, Investor & Entrepreneur, Advisor

Primary working experience:

- Safilo SpA, CEO and Board Member 2013–2018
- SAP AG, Executive Board Member and Chief Human Resources Officer 2012–2013
- Procter & Gamble Company 1991–2012
 - Vice President and General Manager Nordic, Stockholm, 2007–2012
 - Vice President, Human Resources Western Europe, Geneva, 2003–2007
 - Director, Human Resources Western Europe, Geneva, 2000–2003
 - Associate Director Human Resources Europe Middle East & Africa, Organization Design & Effectiveness, EU Labor Relations, Diversity, Employee Communications, Brussels, 1997–1999
 - Division Human Resources Manager UK & Ireland Fabric/Home, Baby and Feminine care, and Food, Newcastle, 1995–1997
 - Country Human Resources and Public Affairs & Communications Manager Portugal, Lisbon, 1993–1995
 - Recruitment, Training & Development, Plant Human Resources Specialist Portugal, Lisbon and Porto, 1991–1993

Positions of trust:

- AO World plc, Board member, Remunerations Committee chair, Audit Committee and Nominations Committee member
 - Aryzta AG, Board member and Lead Independent Director, Nominations & Governance Committee chair, Audit Committee Member
 - Barclays Bank (Suisse) SA, Board Vice Chair • INGKA (IKEA) Holding BV, Board member, Remunerations Committee member
 - Schleich GmbH, Advisory Board Chair, Strategy Committee chair
 - Zertus GmbH, Supervisory Board member
-

PROPOSAL BY THE BOARD OF DIRECTORS FOR THE AUDITOR'S REMUNERATION

PROPOSAL BY THE BOARD OF DIRECTORS FOR AUDITOR REMUNERATION

On the recommendation of the Audit and Risk Committee, the Board of Directors proposes that the auditor's fee be paid pursuant to an invoice approved by the company.

The fee paid to the auditor for services rendered and invoiced in 2020 totalled approximately EUR 2,642,000. In addition, the audit firm was paid a total of approximately EUR 731,000 in fees for non-audit services rendered and invoiced.

Espoo, 29 March 2021

Fortum Corporation

The Board of Directors

PROPOSAL BY THE BOARD OF DIRECTORS FOR THE ELECTION OF THE AUDITOR

PROPOSAL BY THE BOARD OF DIRECTORS FOR ELECTION OF THE AUDITOR

On the recommendation of the Audit and Risk Committee, the Board of Directors proposes that Deloitte Oy be re-elected as the auditor, and that the Annual General Meeting request the auditor to give a statement on the granting of discharge from liability to the members of the Board of Directors, the President and CEO and the possible Deputy President and CEO, and on the Board of Directors' proposal for the distribution of funds.

Deloitte Oy has notified the company that in the event it is elected as auditor, Jukka Vattulainen, APA, would be the responsible auditor.

RECOMMENDATION TO THE BOARD OF DIRECTORS FOR THE APPOINTMENT OF A STATUTORY AUDITOR

This recommendation has been prepared and submitted in accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the "*Audit Regulation*"). Under paragraph 2 of the Article 16 of the Audit Regulation, Fortum Corporation's ("*Fortum*") Audit and Risk Committee shall submit a recommendation to Fortum's Board of Directors for the appointment of a statutory auditor.

The Audit and Risk Committee recommends to the Board of Directors that the engagement of Deloitte Oy as statutory auditor of Fortum be renewed and Deloitte Oy be re-elected as the statutory auditor of Fortum for the term ending at the end of the Annual General Meeting 2022.

As required by the Audit Regulation, the Audit and Risk Committee hereby confirms that this recommendation is free from influence by a third party and that no clause of the kind referred to in paragraph 6 of the Article 16 of the Audit Regulation, which would restrict the choice by the Annual General Meeting as regards the appointment of the auditor, has been imposed upon it.

This recommendation is included in the Board of Directors' proposal to the Annual General Meeting 2021.

Audit and Risk Committee of the Board of Directors of Fortum Corporation.

Espoo, 29 March 2021

Fortum Corporation
The Board of Directors

PROPOSAL BY THE BOARD OF DIRECTORS TO AUTHORISE THE BOARD TO DECIDE
ON THE REPURCHASE OF THE COMPANY'S OWN SHARES

PROPOSAL BY THE BOARD OF DIRECTORS TO AUTHORISE THE BOARD TO DECIDE ON THE REPURCHASE OF THE COMPANY'S OWN SHARES

The Board of Directors proposes to the Annual General Meeting that the Board of Directors be authorised to decide on the repurchase of the company's own shares.

The aggregate maximum number of own shares to be repurchased would be 20,000,000 shares, which corresponds to approximately 2.25 per cent of all the shares in the company. Only the unrestricted equity of the company could be used to repurchase own shares on the basis of the authorisation.

Own shares could be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market.

The Board of Directors would decide how own shares will be repurchased. Own shares could be repurchased using, inter alia, derivatives. Own shares could be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

The authorisation would cancel the authorisation resolved by the Annual General Meeting of 2020 to decide on the repurchase of the company's own shares, and it would be effective until the next Annual General Meeting and in any event no longer than for a period of 18 months.

Espoo, 29 March 2021

Fortum Corporation

The Board of Directors

PROPOSAL BY THE BOARD OF DIRECTORS TO AUTHORISE THE BOARD TO DECIDE
ON THE DISPOSAL OF THE COMPANY'S OWN SHARES

PROPOSAL BY THE BOARD OF DIRECTORS TO AUTHORISE THE BOARD TO DECIDE ON THE DISPOSAL OF THE COMPANY'S OWN SHARES

The Board of Directors proposes to the Annual General Meeting that the Board of Directors be authorised to decide on the disposal of the company's own shares.

The number of shares to be disposed based on the authorisation shall not exceed 20,000,000 shares, which corresponds to approximately 2.25 per cent of all the shares in the company.

The Board of Directors would decide on the conditions of the disposals, including to whom, at what price and in which manner the company's shares are disposed. Disposals could also be made in deviation from the shareholders' pre-emptive rights (directed share issue).

The authorisation would cancel the authorisation resolved by the Annual General Meeting of 2020 to decide on the disposal of the company's own shares, and it would be effective until the next Annual General Meeting and in any event no longer than for a period of 18 months.

Espoo, 29 March 2021

Fortum Corporation

The Board of Directors

PROPOSAL BY THE BOARD OF DIRECTORS TO AUTHORISE THE BOARD TO DECIDE
ON CHARITABLE CONTRIBUTIONS

PROPOSAL BY THE BOARD OF DIRECTORS TO AUTHORISE THE BOARD TO DECIDE ON CHARITABLE CONTRIBUTIONS

The Board of Directors proposes that the Board of Directors be authorised to decide on contributions in the total maximum amount of EUR 500,000 for charitable or similar purposes, and to decide on the recipients, purposes and other terms of the contributions.

The authorisation would be effective until the next Annual General Meeting.

Espoo, 29 March 2021

Fortum Corporation

The Board of Directors