

# CEO'S BUSINESS REVIEW 2025





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99%  
of power generation  
from fossil-free sources

Comparable  
operating profit of  
**EUR 924**  
million

Dividend proposal  
for 2025 of  
**EUR 0.74**  
per share

Financial net  
debt-to-comparable  
EBITDA  
**1.2** times



Optimisation premium  
**9.7**  
EUR/MWh

Fleet availability  
nuclear  
**75%**  
hydro  
**94%**

Specific emissions  
(power)  
**8 g**  
CO<sub>2</sub>/kWh

Net zero  
**2040**  
target  
validated by SBTi

Fortum's 2025 reporting entity



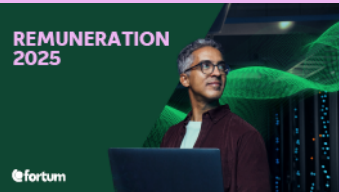
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## CEO's business review 2025

“For Fortum, 2025 was marked by a strong optimisation premium and solid achieved power price despite low generation volumes. At the end of the year, we updated our long-term financial targets as well as strategic targets and KPIs to ensure value creation from both existing operations and upcoming opportunities. We are confident that electricity demand in the Nordics will grow – driven by data centres, decarbonisation and electrification of industry, and the broader transition to a low-carbon society. With Fortum's unique position in the Nordics, we are ready to lead that wave.

In 2025, the Nordic power market was characterised by continued strong price volatility. A warm start to the year and the surplus in hydro reservoir levels lowered Nordic spot prices early in the year, especially in the north. Mild weather persisted into the second quarter. Reduced hydro inflows and increased generation soon decreased the surplus, pushing up prices by summer. At the beginning of the third quarter, low rainfall returned hydro reservoirs to average, further supporting prices. In the fourth quarter, Nordic spot prices were higher compared to the previous year due to lower reservoir levels and lower wind speeds. Nordic power demand remained unchanged compared to 2024, primarily sustained by non-industrial consumption, while electricity exports from the Nordic region saw a slight decrease.

Our 2025 financial year comparable result was affected by the decline in the Generation segment's result. The main reason was lower generation volumes, but also lower hedge power prices had a negative effect. Our nuclear and hydro output was as much as 3.9 TWh below last year's output, mainly due to the long unplanned outage at the Oskarshamn nuclear plant but also lower hydro inflows. However, our achieved power price of 51.4 EUR/MWh was strong, supported by successful physical optimisation and hedging. The optimisation premium of 9.7 EUR/MWh clearly improved from 2024. The optimisation premium in particular confirms Fortum's ability to create value from its very competitive outright generation portfolio. Further, we are very pleased that our Consumer Solutions segment recorded its strongest

full-year comparable operating profit so far, driven by improved gas and electricity margins and realised cost synergies from the brand mergers completed in 2024. The Other Operations segment also saw an improvement in its comparable result in 2025 due to divestments of non-core businesses carried out the year before.

**With Fortum's unique position in the Nordics, we are ready to drive decarbonisation in industries and be a leader in the energy transition towards a low-carbon society.**

Our financial position continues to be robust with a leverage for Financial net debt-to-Comparable EBITDA of 1.2 times, and we continued to have sufficient liquidity and credit line buffers at the end of the year.

Based on our Group results and financial position, Fortum's Board of Directors is proposing to the Annual General Meeting a dividend of EUR 0.74 per share corresponding to a 90% payout of comparable EPS, in line with Fortum's dividend policy. Adding the proposed dividend payment to the net debt-to-comparable EBITDA at the end of 2025, it would be 1.7 times.

In 2025, Fortum committed to its SBTi-validated short- and long-term targets and net zero target by 2040, and we will exit coal by the end of 2027. In 2025, 99% of Fortum's power generation came from renewable (hydro and wind) or nuclear sources, leading to one of the lowest specific CO<sub>2</sub> emissions among European utilities. We are proud to announce that in 2025 we already achieved our ambitious targets for specific emissions, both for total energy production and for power generation – reinforcing our position as a climate leader in the industry. In 2025, we also updated our terrestrial and aquatic biodiversity targets, outlined our first biodiversity plan with

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concrete actions for the upcoming years and published our terrestrial biodiversity footprint for the first time.

In November, we held our Investor Day and updated our strategic targets and KPIs regarding our strategic focus areas: operations, commercialisation and development. Our strategic priorities remained fundamentally the same.

Regarding our strategic priority to deliver reliable energy to our customers, in 2025 we focused on our core operations and advanced several significant projects to even better meet the needs of our customers, the society and the Nordic energy system. At the Loviisa nuclear power plant, the preparations for the lifetime extension until 2050 are advancing well, and we continued the introduction of Western fuel into the plant's second unit. A significant amount of the fuel load at Loviisa nuclear power plant is now of Western origin. In March, we announced the results of our extensive feasibility study exploring the prerequisites for new nuclear in Finland and Sweden. The study concluded that with the current power market outlook, new nuclear power is not economically viable on a merchant basis only. Fortum will continue to develop new nuclear power as a long-term option to meet projected customer demand growth. Fortum also started a feasibility study to explore possibilities for flexible pumped-storage hydropower in Sweden. In Consumer Solutions, we announced the acquisition of Orange Energia in June, one of the largest independent electricity solutions providers in Poland. The Espoo Clean Heat programme is making significant progress: we have now commissioned our own electrified district heat production at the Espoo and Kirkkonummi data centre sites with future waste heat offtake from the upcoming Microsoft data centres. Additionally, the electricity-powered district heating facility in Nuijala, Espoo, has also begun production. In the fourth quarter, we made the decision to invest EUR 85 million in decarbonisation of our Zabrze CHP plant in Poland, following last year's similar investment decision in the Czystochowa plant.

On our strategic priority to drive decarbonisation in industries, we have continued to develop several sites across Finland that can be offered to our customers for data centre or industrial use. In addition, we have continued in the role of energy partner to support a feasibility study exploring low-carbon aluminium manufacturing opportunities in Kokkola and Kruunupyy, Finland. In 2025, we also expanded our renewable energy development pipeline through two major onshore wind power portfolio acquisitions in Finland. We secured a 2.6-GW development portfolio from Enersense and a 4.4-GW development portfolio from ABO Energy, bringing our permitting-phase wind and solar pipeline across the Nordics to approximately 8 GW, with more projects in the early development phase.

To ensure competitiveness also in future years, Fortum's third strategic priority is to transform and develop. In 2025, Fortum concluded its efficiency improvement programme, reducing annual fixed costs by EUR 100 million (excluding inflation) by the end of 2025. In 2026, fixed costs are expected to be approximately EUR 870 million. Going forward, Fortum expects its Comparable operating profit to improve by EUR 330 million by 2030. This improvement is based on our own actions, for example improved fleet availability, efficiency improvements and organic growth. The improvement does not include impacts from capital expenditure, M&A or power price changes.

In the near term, the operating environment continues to be impacted by strong geopolitical tensions, which cause uncertainty and turbulence and may pose challenges to major industrial investments in the Nordics. However, we continue to see robust underlying customer demand from various industrial sectors, which we believe reflects the long-term power demand growth. We continue to develop our opportunities for customer-driven profitable growth as well as our competitiveness and efficiency.

To conclude, I want to sincerely thank all our employees for their commitment and effort over the past year. I'm also grateful to our customers, partners, shareholders, and other stakeholders for placing their trust in us as we work towards creating a world where people, businesses and nature thrive together."

**Markus Rauramo**  
President and CEO



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## Market development

The Nordic power market remains highly competitive in pricing and progressive in its decarbonisation efforts, demonstrating its leadership in Europe's energy transition. Backed by robust and reliable low-carbon energy production, the region has the capacity to drive sustainable growth and support climate ambition across sectors through electrification. Fortum is well-positioned to be a leader in this transition.

The warm start to 2025 and high hydro reservoir levels led to lower Nordic spot prices at the beginning of the year, especially in the northernmost price areas with abundant hydropower. Milder-than-usual weather continued into the early part of the second quarter, but the surplus reservoir balance decreased quickly due to low hydro inflows and slightly higher than average hydro generation. These factors, along with a cold end to spring, helped bolster Nordic spot prices leading up to summer. At the start of the third quarter, below-normal precipitation levels brought the reservoir balance back to average levels, further supporting spot prices. During the fourth quarter, the moderate reservoir deficit gradually increased into a moderate reservoir surplus, which pressured the Nordic spot prices. However, the spot realised at a higher level compared to a year ago due to lower hydro reservoir levels in combination with lower wind speeds.

In 2025, the Nordic power demand remained on the same level as in 2024, driven by slightly stronger non-industrial consumption which compensated for the slightly weaker industrial demand.

In 2025, the Nordic system price realised at 40 EUR/MWh compared to 36 EUR/MWh in 2024. The futures price for 2026 baseload delivery was at 35 EUR/MWh at the beginning of the year but increased to 38 EUR/MWh by the end of the year.

Average annual baseload prices in the Nordic power market have returned to pre-crisis levels, indicating a shift in the

dynamics of the Nordic power market. Growth in wind power especially in northern price areas and new interconnectors in southern Norway have led to a persistent price gap between north and south. Strengthening transmission capacity remains essential for advancing low-carbon energy across the Nordic region and supporting European climate and energy security goals.

The spot price volatility in the Nordics continued to be high during 2025 but at a slightly lower level than in 2024, with the most fluctuations seen in the Finnish, the northern Swedish and the Danish price areas. With wind production accounting for roughly 50% of Finland's power supply on windy days and due to limited export possibilities to neighbouring areas, the Finnish spot market once again recorded some of the highest numbers of negative price hours in Europe. Conversely, periods characterised by low wind, which at times coincided with both planned and unplanned nuclear maintenance or cold weather, resulted in a high but slightly lower number of spot prices above 200 EUR/MWh compared to 2024. The Nordic exports towards Continental Europe were slightly lower in 2025 than in the previous year, at 42 TWh. There is a strong link between the difference in spot prices between the Nordics and Continental Europe and the level of Nordic net exports. For example, when wind power production is high in the Nordics and prices decline, exports to the Continent tend to increase significantly.

In 2025, gas and carbon markets diverged. Both fell in the first half of the year as supply concerns eased and demand remained weak, with gas prices dropping on strong storage levels and steady LNG inflows in Continental Europe, while carbon prices decreased as a result of elevated renewable power generation. In the second half, gas prices stayed subdued, but carbon rebounded, ending the year higher as fossil generation rose during periods of low renewable output and confidence in a tighter EU Emissions Trading System (ETS) market grew. Overall, gas prices were stable, while carbon shifted from weakness to an upward trend.

Slightly lower gas prices in the fourth quarter and rising carbon prices largely balanced each other out, resulting in a neutral effect on European power spot markets, which developed slightly stronger compared to 2024. High price volatility during periods of low wind output also supported Continental spot prices in 2025. Futures prices remained stable in several Continental European markets for similar reasons.

## EU balancing climate ambition and competitiveness

At the end of 2025, the EU reinforced its commitment to climate action by agreeing on a legally binding 2040 target: a 90% net reduction in greenhouse gas emissions compared to 1990, paving the way to climate neutrality by 2050. This ambition is embedded in the European Climate Law and linked closely to EU's Clean Industrial Deal, which seeks to balance decarbonisation with competitiveness and energy security.

While Europe continues to prioritise electrification and decarbonisation, geopolitical uncertainty and economic headwinds pose challenges for investments and industrial transformation. The new target framework introduces flexibility mechanisms such as integration of carbon removals into the EU ETS while maintaining a strong focus on domestic action. Legislative proposals (e.g. revision of the EU ETS) to implement the 2040 target will be made starting in 2026.

These developments signal a decisive shift toward a climate-neutral economy, but execution will depend on building the physical, technological, and financial systems to deliver it while keeping Europe competitive and socially stable.

## The Nordics attract new demand

The Nordics have a robust energy mix, featuring flexible hydro assets and societally accepted baseload nuclear power with a ready permanent solution for nuclear waste fuel disposal in

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Finland. The Nordics also have strong opportunities for renewables like wind and solar, along with reliable grid infrastructure and effective energy policies. This combination enables the Nordic countries to provide some of the most competitively priced electricity in Europe.

Industrial companies, and notably data centre operators, are increasingly drawn to the Nordics for clear reasons beyond just power price levels. The region's low-carbon energy mix, virtually free from fossil fuels, is complemented by a highly reliable grid, strong infrastructure (including roads, harbours, and airports), and abundant land and water resources.

Additionally, the Nordics offer opportunities for waste heat utilisation, a skilled workforce, and a fairly stable political and regulatory environment. Notably, the permitting and licensing processes for new energy-intensive ventures are among the fastest in Europe, offering competitive time-to-market.

The capacity for future expansion is equally compelling as the Nordics can scale up power supply as power demand grows. Currently, power prices in Continental Europe are nearly double those in the Nordics. With interconnection capacity set to rise and annual cross-border electricity import/export potential exceeding 100 TWh, the Nordic region is increasingly interconnected with Continental Europe. This integration facilitates efficient electricity trade and ensures

the Nordics can respond dynamically to changing market conditions.

These fundamentals are driving more industrial investments and project activity in the Nordics. The data centre segment is currently the most active, driven by digitalisation and surging demand for cloud and AI services. The Nordics have become a preferred location for both hyperscalers and co-location data centres, supported by strong grid connections, a cold climate conducive to efficient cooling, and the capacity to build further renewable and low-carbon electricity capacity if needed.

Looking further ahead, Nordic power demand is projected to grow significantly, driven mainly by energy-intensive industries. While the recent growth has been led by district heating electrification and electric vehicles, the next wave is expected from large-scale industrial electrification. According to updated projections from the Nordic Transmission System Operators (TSOs), annual power demand is expected to reach 550 TWh by 2030 and projected to rise even to 975 TWh by 2050 – more than doubling the current demand. While there is large uncertainty to the long-term outlook, the direction is clear.

The Nordic region is ideally placed not only to serve as a major hub for fossil-free energy exports to Continental Europe but

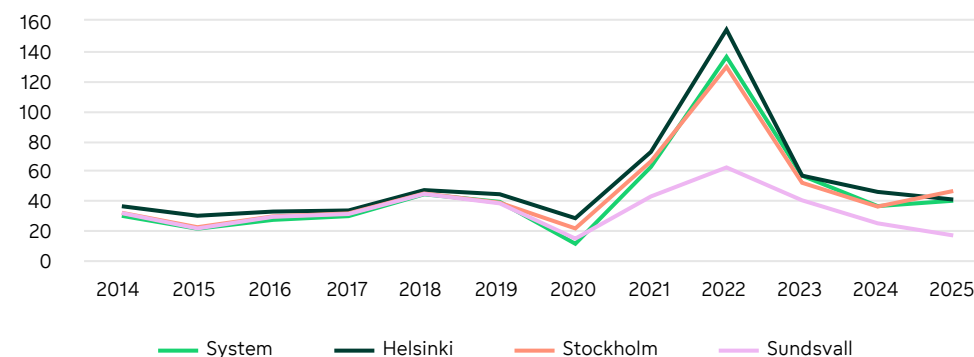
also to support strong domestic growth, with energy demand in the Nordics expected to rise significantly in the coming decades. As a trusted energy partner, Fortum is well-positioned to drive this transition, leveraging its competitive generation portfolio and deep industry expertise.

## Fortum's market position

Fortum is the third-largest power generator in the Nordics and its power generation has one of the lowest specific CO<sub>2</sub> emissions in Europe. In 2025, roughly 83% of the Group's comparable EBITDA originated from the company's Nordic outright power generation, which is mostly based on flexible hydro and baseload nuclear power, complemented by onshore wind based power generation. Fortum's total power generation in 2025 was 42.3 TWh.

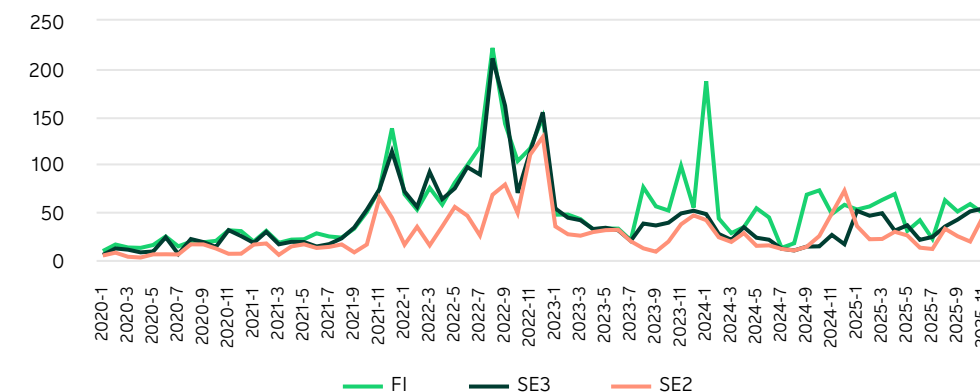
Fortum is also the largest electricity retailer in the Nordics with 2.0 million customers representing a market share of 12%. Furthermore, Fortum has district heating and cooling business in Finland and Poland. In 2025, Fortum produced 3.2 TWh of heat mainly from energy-efficient combined heat and power (CHP) plants. In addition, Fortum has electricity and gas retail business in Poland.

Spot price development 2014–2025, EUR/MWh



Source: Nord Pool

Nordic spot price volatility 2020–2025, standard deviation average, EUR/MWh



Source: Nord Pool

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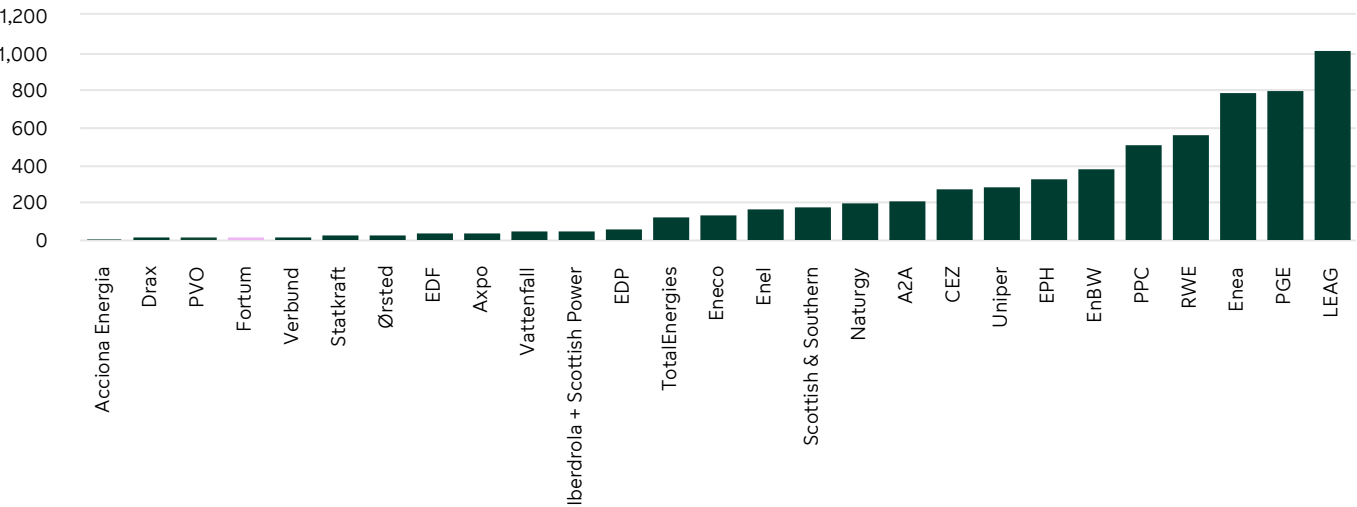
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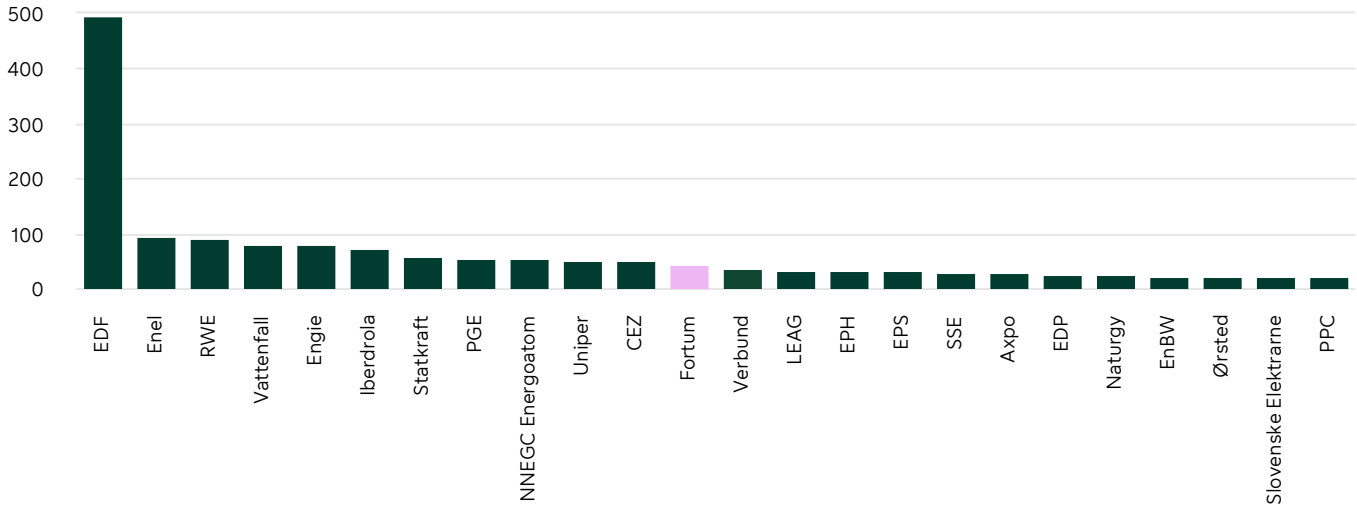
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Specific CO<sub>2</sub> emissions of major utilities in Europe, gCO<sub>2</sub>/kWh electricity



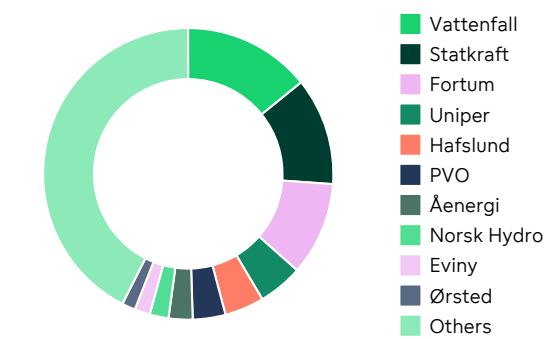
All figures include specific carbon dioxide emissions from power generation in Europe in 2024. For some companies, the PwC figures might also include heat production.  
Source: PwC, November 2025, Climate Change and Electricity.

Largest power generators in Europe, TWh



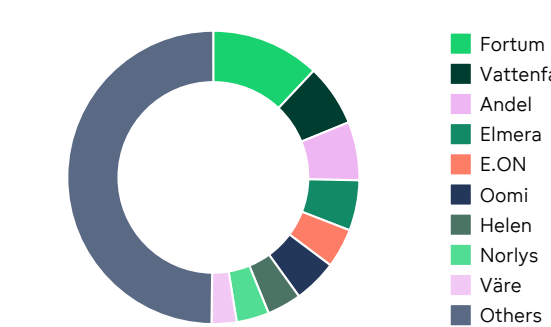
Source: Company information, Fortum analyses, 2024 figures pro forma.

Nordic power generation, 442 TWh, > 350 companies



Source: Fortum, company information, 2024 figures pro forma.

Nordic electricity retail, 17 million customers, ~350 companies



Source: Fortum, company information, 2025 pro forma.  
Väre is part of Helen.

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## Business model

Fortum has three business reporting segments: Generation, Consumer Solutions and Other Operations. The organisation is focused on effectively carrying out the company's purpose and strategy. The business structure reflects the main value drivers in Fortum's portfolio of low-carbon generation, robust commercial expertise, and dedication to customer needs.

### Generation segment

The Generation segment consists of the Hydro Generation, Nuclear Generation, Corporate Customers and Markets as well as the Renewables and Decarbonisation business units.

#### Hydro Generation

The Hydro Generation business unit is responsible for operating, maintaining and developing Fortum's 4.7 gigawatt (GW) hydropower assets in Finland and Sweden. The unit's key value drivers include safe operations and the ability to optimise and increase the assets' flexibility and availability.

#### Nuclear Generation

The Nuclear Generation business unit operates, maintains and develops Fortum's fully-owned 1.0 GW Loviisa nuclear power plant, and it manages Fortum's ownership in the co-owned nuclear assets in Finland and Sweden with a share of 2.2 GW. The business has significant in-house engineering competencies and it also offers expert services that cover the whole lifecycle of nuclear power plants, from newbuild to decommissioning and final disposal of nuclear waste fuel.

### Corporate Customers and Markets

The Corporate Customers and Markets business unit is responsible for working with Fortum's customers to create value and foster long-term partnerships, offering solutions that support decarbonisation and growth. The unit aims to secure Fortum's long-term success by encouraging power demand growth in the Nordic market. It also focuses on hedging and value creation in both physical and financial power markets and manages the supply for the Consumer Solutions unit.

### Renewables and Decarbonisation

The Renewables and Decarbonisation business unit is responsible for onshore wind and solar power business through project development and execution. The unit is also responsible for Fortum's district heating and cooling business and the decarbonisation of heat production assets. Furthermore, the business unit explores low-carbon hydrogen in the Nordics.

### Consumer Solutions segment

The Consumer Solutions segment comprises the Consumer Solutions business unit, which is responsible for offering energy solutions to consumers and small- and medium-sized enterprises predominantly in the Nordics and Poland, including customer service and invoicing services. With its over 2 million customers, Fortum is the largest energy solution provider in the Nordics.

### Other Operations segment

Other Operations segment includes innovation and venturing activities, enabling functions and corporate management. Fortum's enabling functions are Finance, Sustainability and Corporate Relations, People, Legal and IT.

The segment also includes the remaining Circular Solutions businesses, mainly the battery recycling business.



# Strategic focus on value creation

The Nordic energy sector is facing a significant turning point. The demand for reliable low-carbon power is set to accelerate – driven by data centres, decarbonisation and electrification of industry, and the broader transition to a low-carbon society. What sets Fortum apart is our comprehensive customer insight, ability to partner with industrial customers, and capacity to provide low-carbon power at scale based on customer needs.

Fortum is uniquely positioned, with our flexible hydro power and baseload nuclear fleet as well as our renewables development portfolio, to capture the upcoming growth. With extensive customer insight and a generation mix that is almost entirely decarbonised, Fortum can quickly respond as demand arises.

## Operating environment outlook

In the near term, the operating environment is impacted by strong geopolitical tensions, which cause uncertainty and turbulence in the general economic outlook and may affect international production chains and commodity markets. Despite interest rate cuts and reduced inflation, geopolitical

risks, heightened uncertainty and reduced visibility may pose challenges to major industrial investments in the Nordics.

In the longer term, electricity is expected to gain a significantly larger share of total energy consumption. The electricity demand growth rate will be influenced by macroeconomic and demographic development, improved energy efficiency, and decarbonisation through electrification of energy-intensive sectors.

According to a power demand projection update published in June 2025 by the Nordic Transmission System Operators (TSOs), Power demand is expected to grow by 2030 to 550 TWh per year from the current level of approximately 400 TWh per year. By 2050, the TSOs estimate the demand to increase to 975 TWh per year.



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Strategic focus areas

Fortum’s strategy execution focuses on optimising its current operations, leveraging its core capabilities through successful commercialisation, and developing opportunities for growth. In November, we added a new long-term profitability target of comparable RONA (return on net assets) of 14% for the Group.

The power market’s transition towards direct, long-term partnerships with industrial customers has prompted Fortum to prioritise these relationships and accelerate the commercialisation of customer-centric solutions. This strategic realignment positions Fortum as a preferred energy partner, offering flexible solutions that support our clients’ growth and decarbonisation goals. As demand for reliable, low-carbon power is expected to surge, Fortum is well-positioned to capitalise on long-term power supply contracts,

i.e. Power Purchase Agreements (PPAs), which present significant growth and earnings opportunities. Our focus is not only on leveraging these opportunities but also on enhancing profitability in ways that are less dependent on power market prices.

Operational excellence remains the cornerstone of our success. We are committed to ensuring that our generation assets consistently set industry benchmarks for availability, productivity, and efficiency. These are key drivers of value creation for both Fortum and our customers.

We are committed to developing our workforce, advancing digitalisation, and enhancing our organisational capabilities. These efforts, combined with targeted investments in new capacity, ensure that Fortum is ready to capture emerging opportunities in the Nordic energy market.

Capital expenditure

According to our strategy, we are prudent in our capital allocation to carefully manage the current operating environment. For the period of 2026–2030, Fortum’s committed capital expenditure is expected to be approximately EUR 2.0 billion excluding acquisitions. This includes total growth capex of approximately EUR 750 million and annual maintenance capex of approximately EUR 250 million. Should attractive investment opportunities arise, Fortum has potential to invest an additional EUR 2.5 billion until 2030.

For 2026, the total capital expenditure is expected to be approximately EUR 550 million excluding acquisitions. Ongoing investments include among others the lifetime extension of the Loviisa nuclear power plant in Finland, Espoo Clean Heat programme and the decarbonisation of our Czeszochowa and Zabrze power plants in Poland.

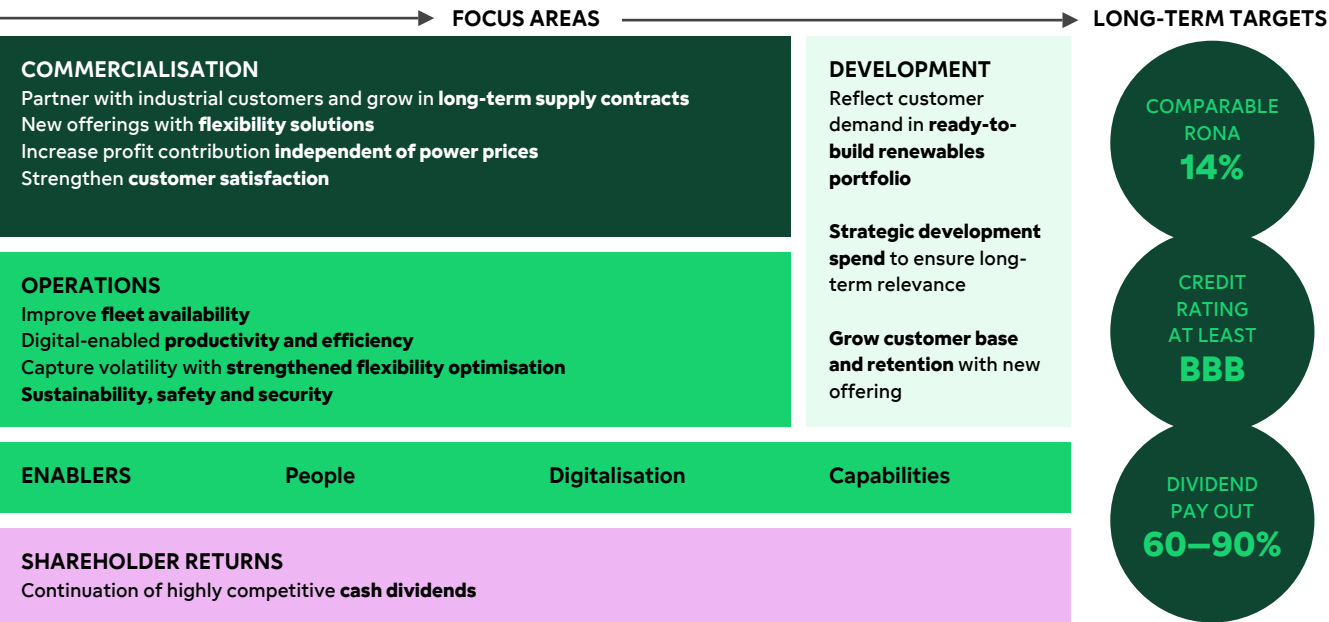
For our investment decisions, we apply investment criteria such as investment hurdles of 150–400 basis points on top of project WACC. Investment decisions will also be evaluated against the company’s sustainability targets.

Financial flexibility with strong  
balance sheet

Fortum’s strong balance sheet and low leverage provide a substantial buffer to accommodate for the current market conditions as well as to build preparedness for future growth. Fortum’s financial net debt-to-comparable EBITDA ratio was 1.2 times at the end of 2025.

To ensure a credit rating of BBB, Financial net debt-to-Comparable EBITDA can be a maximum of 2.5 times. Fortum’s current credit rating is BBB+ with Stable Outlook from both S&P Global Ratings and Fitch Ratings.

Strategy execution – optimise existing businesses, utilise core competences and grow



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## Dividend policy

The dividend policy – a payout ratio of 60–90% of Comparable EPS – reflects potential earnings fluctuations of Fortum's power generation portfolio. The upper end of the range of the pay-out ratio is applied in situations with a strong balance sheet and low investments, while the lower end of the range is applied with high leverage and/or significant investments and high capital expenditure.

For the financial year 2025, Fortum's Board of Directors proposes a dividend of EUR 0.74 per share and that the dividend will be paid in the second quarter. The proposed dividend corresponds to 90% payout of the Group's comparable earnings per share (EPS) of EUR 0.82.

## Ambitious climate targets

At Fortum, sustainability is at the core of our strategy and operations. It represents our commitment to our purpose, to power a world where people, businesses, and nature thrive together.

Fortum's science-based net-zero target across the value chain by 2040 and near- and long-term science-based emissions reduction targets are validated by the international Science Based Targets initiative (SBTi). The targets are aligned with the level of greenhouse gas emission reduction needed to limit global warming to 1.5°C. Fortum's transition plan includes decarbonisation of our own operations and in the value chain.

Fortum prioritises direct emissions reductions and all residual emissions will be neutralised in line with the SBTi criteria in order to reach net-zero emissions. The reduction of emissions in the value chain includes increased sales of electricity certified by 'Guarantees of Origin' and adjusting the energy mix within our product portfolio.

Fortum has also set targets for specific emissions: below 20 g CO<sub>2</sub>/kWh for total energy production and below 10 g CO<sub>2</sub>/kWh for power generation by 2028. We achieved these targets already in 2025 but continue to take further

steps such as phasing out coal from our operations and pursuing ongoing decarbonisation projects in district heating.

We updated our biodiversity targets in November 2025 and published a biodiversity footprint and transition plan. The revised biodiversity targets address the impacts of Fortum's own operations, including land use in all operations, the effects of hydropower on aquatic ecosystems, and the supply chain land use impacts from sourcing biomass.

## Strategy implementation in 2025

### Deliver reliable energy to customers

Fortum's biggest strength is the ability to deliver reliable energy to customers and to the Nordic energy system. Best-in-class operations are the basis for our success, and our priority in the short term is to maintain the high availability, efficiency and safety of our Nordic fleet while continuing to play a key role in the region's electricity system.

An example of Fortum's dedication to reliable energy supply is the lifetime extension by approximately 20 years until 2050 of its Loviisa nuclear power plant in Finland. Over the course of the new license period, the plant is expected to generate up to 180 TWh of electricity. In 2023–2050, investments related to the continuation of operations and lifetime extension will amount to approximately EUR 1 billion. Individual investment decisions related to the project will be made separately.

In March, Fortum announced the results of its extensive feasibility study exploring the prerequisites for new nuclear in Finland and Sweden. The study concluded that with the current power market outlook, new nuclear power is not economically viable on a merchant basis only. Fortum will continue to develop new nuclear power as a long-term option to meet projected customer demand growth. Fortum also started a feasibility study to explore possibilities for flexible pumped-storage hydropower in Sweden to complement other flexibility solutions, including batteries and electrified district heating.

In June, Fortum completed the acquisition of Orange Energia, one of the largest independent electricity solutions providers in Poland on a cash and debt-free basis for a maximum of approximately PLN 120 million (EUR 28 million). As part of the agreement, Fortum will continue to sell electricity and related digital services through Orange Polska's nationwide retail sales distribution network at least until the end of 2028.

Fortum supports the City of Espoo in achieving its goal of carbon neutrality by 2030, primarily through the decarbonisation of district heat production and distribution in the Espoo, Kauniainen and Kirkkonummi areas. The project, Espoo Clean Heat, features large-scale local heating solutions using electric boilers and heat pumps, with Fortum investing approximately EUR 300 million in total and approximately EUR 225 million during 2023–2027. During 2025, EUR 101 million of the investments materialised, and, since the beginning of 2023, Fortum's investments in the programme totalled approximately EUR 232 million. The largest new sites are two plants in Espoo and Kirkkonummi with electric boilers, heat pumps and, later, heat offtake from Microsoft's planned large-scale data centres, as well as a new electricity-based district heat production plant in the Nuijala area in Espoo. These plants' heat capacity will be 410 MW, and some of the operations have begun in the 2025–2026 heating season. The use of coal was discontinued in April 2024, more than a year ahead of schedule.

Fortum is actively advancing its decarbonisation efforts also in Poland through significant investments in two combined heat and power (CHP) plants. In total, Fortum will invest approximately EUR 185 million from the end of 2024 until the end of 2027 to retrofit the Czystochowa CHP plant with biomass technology and the Zabrze CHP plant with both biomass and refuse-derived fuel technologies. The Zabrze investment was announced in October 2025. These projects will collectively decrease Fortum's coal-based capacity by 0.2 GW, reducing it to 0.8 GW, and are expected to cut annual direct fossil CO<sub>2</sub> emissions by approximately 455,000 tonnes.



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Drive decarbonisation in industries

Decarbonisation of industries requires large volumes of reliable, low-carbon electricity. Fortum’s strategic ambition is to develop and build new low-carbon power in partnerships with strategic customers and actively develop a project pipeline to serve customers and enable future growth.

Fortum offers tailored industrial site development solutions in Finland, catering to global energy-intensive industrial developers and investors. With strong commitment to driving industry decarbonisation, Fortum offers its support to customers to enable low-carbon investments by providing sites matching to customers’ requirements.

In addition, Fortum has continued in the role of energy partner to support a feasibility study exploring low-carbon aluminium manufacturing opportunities in Kokkola and Kruunupyy, Finland. This facility developed by Arctial, if realised, would consume approximately 7 TWh of electricity annually.

In 2025, Fortum expanded its renewable energy development pipeline through two major onshore wind power portfolio acquisitions in Finland. We secured a 2.6 GW development portfolio from Enersense and a 4.4 GW development portfolio

from ABO Energy, bringing our permitting-phase wind and solar pipeline across the Nordics to approximately 8 GW, with more projects in the early development phase. These acquisitions demonstrate Fortum’s commitment to growing its position in renewable energy in the Nordics. No investment commitments have been made, and any investment decision will depend on power market conditions with special focus on power demand development from the industrial sector. Fortum does not intend to invest in new merchant wind or solar capacity, but aims to have the preparedness to offer new capacity to meet customer demand.

Fortum is building a 2-MW hydrogen pilot production plant in Loviisa. The Kalla Test Center produced its first hydrogen in December, and it is expected to be fully operational during spring 2026.

Transform and develop

To ensure competitiveness also in future years, Fortum’s third strategic priority is transformation and development.

In 2024 and 2025, Fortum executed an efficiency improvement programme, achieving a reduction of its annual fixed costs by EUR 100 million (excluding inflation) by the end

of 2025, with the full impact realised from the beginning of 2026. The reduction of EUR 100 million corresponds to approximately 10% of the Group’s fixed cost base for 2022. Fortum estimates that the new run-rate for its fixed cost base in 2026 will be approximately EUR 870 million.

Going forward, Fortum expects its Comparable operating profit to improve by EUR 330 million by 2030 compared to EUR 930 million for the last twelve months (Q3 2025). This improvement is based on own actions, for example improved fleet availabilities, efficiency improvements and organic growth. The improvement does not include impacts from capital expenditure, M&A or power price impacts.

New strategic KPIs

In November, Fortum set new and updated strategic targets to capture long-term opportunities and mitigate business and market risks as well as to measure its strategy implementation in the strategic focus areas of operations, commercialisation and development (see table below).

STRATEGIC FOCUS AREAS	OPERATIONS	COMMERCIALISATION	DEVELOPMENT
Rationale	Strong competitiveness and optimisation	Stable, scenario-resilient cash flows	Future-proofed portfolio
Targets	Reach full value creation potential of existing operations	Create customer-centric products and services	Develop customer-driven growth options
Key Performance Indicators	<b>Fleet availability</b> >90% for nuclear >95% for hydro	<b>Hedged share of rolling 10-year outright generation volume</b> >25% by end of 2028	<b>Ready-to-build pipeline for solar and onshore wind</b> 1.2 GW by end of 2028
	<b>Optimisation premium for outright portfolio</b> 8–10 EUR/MWh in 2026 6–8 EUR/MWh 2027–	<b>Customer satisfaction index (CSI)</b> 76 by end of 2028	<b>New ready-to-deploy flexibility*</b> 2.5 GW by end of 2028
2025 outcomes	<b>Availability</b> 75% for nuclear 94% for hydro	<b>10-year rolling hedge ratio</b> 19%	<b>Ready-to-build pipeline</b> 70 MW Currently ~8 GW in permitting phase
	<b>Optimisation premium</b> 9.7 EUR/MWh	<b>CSI</b> 76	<b>New ready-to-deploy flexibility</b> 730 MW

# Sustainability at Fortum

Energy production is one of the most critical areas in our efforts to combat climate change. At the same time, a functioning modern society depends on an uninterrupted and reliable supply of energy. Approximately three-quarters of global greenhouse gas emissions are still energy-related, making the way we produce power and heat central to achieving climate goals. Fortum is one of the largest energy producers in the Nordics, and our operations play a key role in this transition.

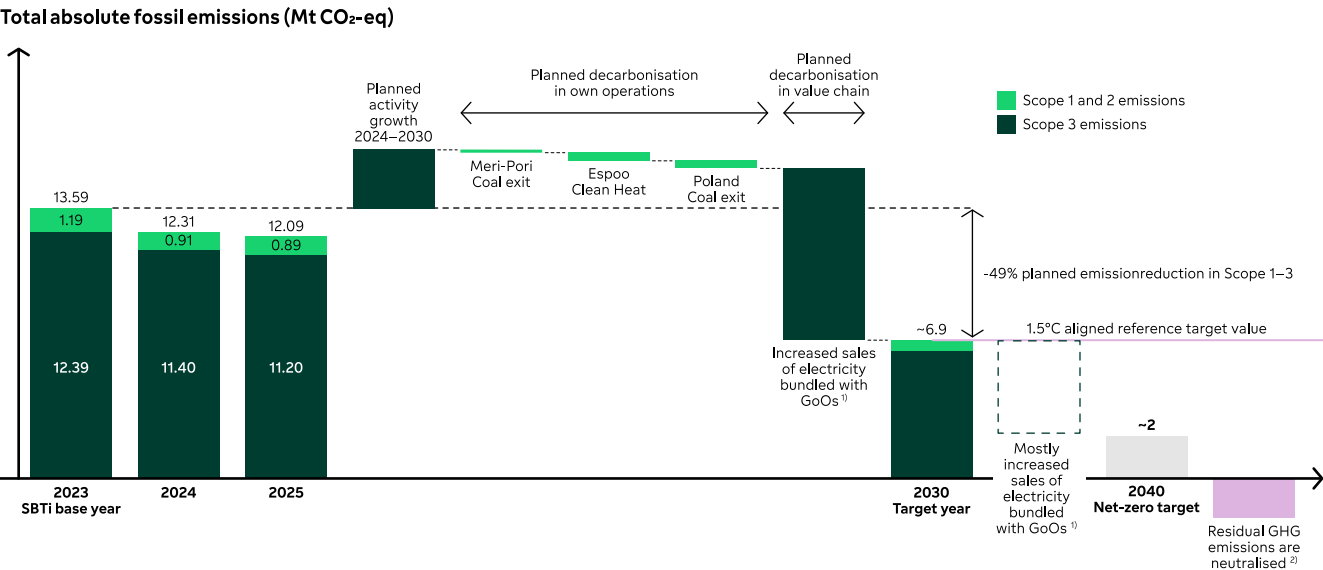
Electrification is one of the most effective ways to reduce reliance on fossil and combustion-based energy sources. Therefore, Fortum plays a vital role in the decarbonisation of society and industries. We operate, develop, and build new low-carbon power solutions, helping to steer societies towards their climate targets.

Fortum is the third-largest power generator in the Nordics and its power generation has one of the lowest specific CO<sub>2</sub> emissions in Europe. Our energy production is based on low-carbon hydro and nuclear power, complemented by onshore wind power. In addition, Fortum has district heating and cooling operations and electricity and gas retail business. By improving the energy efficiency of our power and heat production, we can reduce emissions relative to the energy produced and lower production costs.

Socially, we play a central role in ensuring security of supply for electricity and energy in general. Society must be able to rely on us to consistently and sustainably produce essential energy for its operations, even in an uncertain operating environment.

Sustainability is essential to Fortum’s businesses and at the core of our strategy. Our actions are guided by our ambitious sustainability targets as we continue to take steps towards net-zero emissions, that also benefit the climate, biodiversity,

## Illustrative transition plan for climate change mitigation



1) Guarantee of origin (GoO) refers to an electronic document that provides evidence that a given share or quantity of energy has been produced with, for example, renewable sources or nuclear power.

2) Residual emissions are either decarbonised from our own value chain or neutralised to reach net-zero emissions in 2040.

and our customers. This is also a clear competitive advantage for Fortum.

In our 2025 Sustainability Statement we have evaluated our most material sustainability matters based on their impacts, risks and opportunities. In this sustainability review, we focus on climate change, biodiversity, people and wellbeing, safety and security, supply chain sustainability, and community involvement. In the following, we elaborate on our main goals and achievements in these areas in 2025. You can read more information in our Sustainability Statement included in our Financials 2025.

## Climate change

Fortum is committed to delivering its climate promise by taking concrete steps towards net-zero emissions. Fortum’s near- and long-term science-based emissions reduction targets and science-based net-zero target by 2040 are validated by the international Science Based Targets initiative (SBTi).

Fortum’s commitment to ambitious SBTi-aligned targets is a significant milestone on Fortum’s sustainability journey, at the core of the company’s strategy, and a vital part of its execution. In 2025, 99% of Fortum’s power generation derived from renewable or nuclear sources. In line with the science-based net-zero targets, Fortum will further reduce its

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greenhouse gas emissions from power and heat generation as well as sold electricity, gas and heat.

Fortum’s transition plan to net zero includes decarbonisation of its own operations (Scope 1&2 GHG emissions) and in the value chain (Scope 3). We prioritise direct emission reductions and all residual emissions will be neutralised in line with the SBTi criteria. Fortum is committed, for example, to exit coal-based generation in the company’s own operations by the end of 2027. In the Espoo Clean Heat programme, the last coal-fired unit used for district heat production in Finland was closed down already in spring 2024. Fortum is also investing EUR 185 million in total in the decarbonisation of the Czystochowa and Zabrze combined heat and power (CHP) plants in Poland which are expected to be completed by the end of 2026 and 2027, respectively. The Meri-Pori coal-fired power plant will be in national strategic reserve until the end of 2026 and would only run in situations of severe disruptions and national emergencies. The reduction of emissions in the value chain includes increased sales of ‘Guarantees of Origin’ -certified electricity and changes in the energy mix of the product portfolio, such as increasing the share of biogas.

In 2025, Fortum’s total Scope 1, 2 and 3 market-based GHG emissions were 12.09 Mt CO<sub>2</sub>-eq, a decrease of 0.78 Mt CO<sub>2</sub>-eq (6%) compared to 2024. Scope 1 GHG emissions decreased by 0.59 Mt CO<sub>2</sub>-eq mainly due to the divestment of the Recycling and Waste business in November 2024 (0.45 Mt CO<sub>2</sub>-eq) and the closure of the Suomenoja coal-fired CHP plant in April 2024 (0.14 Mt CO<sub>2</sub>-eq). Scope 2 market-based GHG emissions increased by 0.11 Mt CO<sub>2</sub>-eq as heat network losses were reclassified from Scope 3 to Scope 2. For Scope 3, GHG emissions from fuel- and energy-related activities declined by 0.4 Mt CO<sub>2</sub>-eq mainly due to lower emissions associated with sold electricity. Conversely, an increase in gas sales volumes in the Polish market resulted an additional 0.13 Mt CO<sub>2</sub>-eq. of downstream Scope 3 GHG emissions from the use of sold gas.

Fortum reached its targets for specific emissions three years ahead of the 2028 target year. In 2025 the specific emissions of total energy (power and heat) production were

16 gCO<sub>2</sub>/kWh (target below 20 gCO<sub>2</sub>/kWh), and of power generation 8 gCO<sub>2</sub>/kWh (target below 10 gCO<sub>2</sub>/kWh).

## Biodiversity

At Fortum, our main terrestrial biodiversity impacts are related to the impacts from GHG emissions, land use and fuel procurement. In 2025, Fortum updated the company’s terrestrial and aquatic biodiversity targets and outlined its first biodiversity plan with concrete actions for the upcoming years. Fortum also published its terrestrial biodiversity footprint for the first time.

Terrestrial impacts are identified with a Biodiversity Footprint Assessment (BFA, by Global Biodiversity Score® Tool). Fortum updated its BFA for 2024, and the key results were published for the first time in 2025. According to the BFA, the majority of Fortum’s impact on terrestrial biodiversity comes from GHG emissions, especially in the supply chains that have an impact on biodiversity loss through climate change pressure. This impact is tackled by reducing emissions in line with the climate transition plan based on Fortum’s SBTi-validated emissions reduction targets. Other terrestrial impacts are related to change in land use, both in Fortum’s own operations and its supply chain, for which Fortum has outlined concrete actions in the biodiversity transition plan. The transition plan will be updated over time.

Fortum will continue to work with local communities, NGOs, and regulators to ensure meaningful participation and long-term positive impacts on biodiversity. Reaching the milestones in the transition plan is partially dependent on permit processes. The actions can include both voluntary and mandatory actions.

## Biodiversity targets and transition plan

### Aquatic

- Increase the ecological value in river stretches where actions have the most ecological benefit, by 2040

### Terrestrial

- Achieve a net positive biodiversity impact on land use for our own operations from 2030 onwards
- No increase in land use negative impact on biodiversity from procured biomass in existing operations compared to 2024 levels

### Biodiversity transition plan

1. Increase the ecological value in river stretches where actions have the most ecological benefit, by 2040:
  - Systematically assess sites and by 2035 undertake at least 15 biodiversity actions compared to 2024
  - Remove at least 30 obsolete dams in Sweden by 2035 compared to 2024
  - Contribute to habitat and water quality restorations
  - Participate in R&D initiatives on aquatic biodiversity, impacts of hydropower and effectiveness of mitigation measures
2. Achieve a net positive impact on land use for our own operations 2030 onwards
  - 50% of new wind and solar projects that reach ready-to-build status in 2027 have plans for reaching net positive land use impact
3. No increase in land use impact from procured biomass in existing operations compared to 2024
  - Ensure that increase in biomass use is done through purchasing certified residual biomass



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## Health & Safety

For Fortum, excellence in safety is an absolute necessity for efficient and uninterrupted operations. We strive to ensure a healthy and safe workplace, supporting the wellbeing of our employees and contractors. Our comprehensive safety management system covers all our operations and we aim to prevent all work incidents with proactive plans and measures.

As part of our safety and security management, we ensure sufficient resources to guarantee our preparedness to operate in all kinds of circumstances. With a risk-based approach, we have implemented crisis management procedures, continuity plans, and both physical and cyber protective measures. We practice regularly and execute development programs to enhance our security and preparedness.

## People & wellbeing

Fortum's goal regarding workplace wellbeing activities is to promote its employees' health and occupational safety and the functionality of the work community. Fortum measures its employees' perceptions on health and wellbeing as well as Fortum's efforts to support them on mental, physical and social wellbeing through an employee survey carried out twice a year. Fortum's November 2025 health and wellbeing score was 8.1 (+0.2 from previous), +0.2 points above the energy and utility sector peer benchmark.

In 2025, we continued to implement our Diversity, Equity, and Inclusion (DEI) roadmap to make all of us feel valued at work. To ensure leadership alignment on Fortum's approach, workshops on DEI at Fortum were arranged for leadership teams. To build a shared understanding, nanolearnings on Fortum's approach to DEI were distributed to all employees. Additionally, analysis of Equity in Fortum's Recruitment process started and will continue in 2026. To further improve our ways of working with DEI, Fortum participated in external initiatives, such as the UN Global Compact Program on Non-Discrimination.

DEI-related questions are included in Fortum's internal employee survey. In 2025 the score measuring Inclusiveness

increased to 8.3 (+0.3) taking us 0.2 above the industry benchmark. We continue our ongoing DEI journey with systematic efforts.

## Supply chain management

Fortum has well-established principles and processes for supply chain sustainability management, such as our Supplier Code of Conduct, supplier qualifications and audits. Additionally, several teams are involved in developing supply chain due diligence further. In 2025, we conducted procurement category sustainability risk assessments. The assessments allow us to better prioritise and target the most relevant categories with customised supply chain sustainability mitigation actions.

## Community involvement

Fortum's operations and investments benefit communities in multiple ways. We boost economic activity by employment and work together with a wide contractor network, and generate income locally through land leases, property taxes and voluntary wind funds. Furthermore, we are in continuous dialogue with local communities and stakeholders.

Additionally, Fortum promotes the common good in society, together with organisations and communities through our Corporate Social Responsibility (CSR) Programme. In 2025, among other things, we helped clean the rivers near our hydropower plants in Sweden (an annual event with 'Städa Sverige'), and supported Save the Children's and other organisations' work improving children's welfare in Finland, Sweden, Norway and Poland.



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## Key drivers and risks

Fortum's operations are exposed to a number of financial, operational, strategic and sustainability-related risks. Fortum is exposed to these risks both directly and indirectly through its subsidiaries, associated companies and joint ventures. The principal associated companies and joint ventures are Teollisuuden Voima Oyj, Forsmarks Kraftgrupp AB, OKG AB and Kemijoki Oy. For more information, see Fortum's Financials 2025.

One of the key objectives in Fortum's strategy is to reduce the Group's strategic business risks. The Nordic power price exposure remains the single largest key driver and financial risk for Fortum, as Fortum's main generation assets are located in the Nordics. It is a key priority for Fortum to mitigate this market risk, including managing the related credit and liquidity risks from hedging this exposure. The main strategic risks are development of the business and/or regulatory environment in ways that have not been foreseen and prepared for.

The current geopolitical and economic uncertainty continues to pose material operational and business risks for Fortum as the owner and operator of power and heat generation in the Nordics and Poland. Future energy market, regulatory and climate scenarios, as well as scenarios for how the current geopolitical situation develops, including the impact of these on Fortum's existing and potential new businesses, are regularly updated and used in the development of the strategy.

Sustainability-related risks, including exposure to climate change, continue to be a focus area for Fortum, and Fortum is well positioned with the existing portfolio of largely low-carbon power generation to take advantage of opportunities in the green energy transition.

## Business operating environment

Fortum operates in a global business environment, with a main operational focus in the Nordics, and is therefore

exposed to political and other risks that affect the macroeconomic development and consumer behaviour in Fortum's markets.

The global landscape has experienced a further escalation of conflict and increasing geopolitical uncertainty. The heightened uncertainty has intensified the trend of nationalistic policies and protectionism, which may lead to further trade restrictions or sanctions, which, in turn, could affect demand for Fortum's products and services, production capabilities, asset values and access to financing. Several regional and territorial disputes have worsened, increasing instability and insecurity in energy-producing regions, potentially disrupting energy supply chains and raising concerns about energy security.

Russia's attack on Ukraine in February 2022 severely impacted Fortum's businesses. A number of geopolitical risks have realised, while other risks remain on an elevated level as a result of the ongoing Russian aggression. Following the unlawful seizure by the Russian authorities and loss of control of the Russian operations in spring 2023, the Russian assets were fully written down, deconsolidated and discontinued. Fortum sent notices of dispute to the Russian Federation in order to protect its legal position and shareholder interests. In February 2024, Fortum initiated legal proceedings against the Russian Federation due to the violations of international investment treaty protection. A further escalation of the war may increase the risk of hostile actions by the Russian Federation against foreign companies. This could have severe implications, such as an increased risk of sabotage, including direct physical or cyber-attacks on, for example, energy infrastructure in Fortum's operating countries. The EU, US and UK have implemented a broad range of sanctions on Russia, the scope of which may be further increased. The unpredictable nature of sanctions remains a risk for Fortum, despite having lost control of the Russian business.

## Regulatory environment

The energy sector is heavily influenced by national and EU-level energy and climate policies and regulations. The overall complexity and possible regulatory changes in Fortum's operating countries pose risks and create opportunities for the generation and consumer businesses. Fortum analyses and assesses a number of future market and regulatory scenarios, including the impact of these on different generation forms and technologies, as part of its strategy. Fortum maintains an active dialogue with different policymakers and legislators involved in the development of laws, policies and regulations in order to manage these risks and to proactively contribute to the development of the energy and climate policy and regulatory framework in line with Fortum's strategic objectives.

## Nordic power price exposure and related risks

The earnings capability and profitability of Fortum's outright power generation, such as hydro, nuclear and wind power generation, are primarily exposed to fluctuations in the Nordic power prices. In the Nordics, power prices exhibit significant short- and long-term variations on the back of several factors, including, but not limited to, weather conditions, outage patterns in production and transmission lines, CO<sub>2</sub> emission allowance prices, commodity prices, energy mix and the supply-demand balance. An economic downturn, lower commodity prices, warm weather or wet hydrology could lead to significantly lower Nordic power prices, which would negatively impact earnings from Fortum's outright power production. The increased geopolitical uncertainty and fears of escalation of other conflicts may impact power and other commodity prices and volatility, especially in case of disturbances to other sources of power or gas supply. In general, price volatility is expected to continue also with the increasing share of intermittent generation and the occasionally re-emerging concerns over security of energy

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supply. This also increases the risk of further political market interventions going forward. Fortum hedges its exposure to commodity market prices in order to improve predictability of future results by reducing volatility in earnings while ensuring that there is sufficient cash flow and liquidity to cover financial commitments.

Fortum's business is exposed to liquidity and refinancing risks primarily through the need to finance its business operations, including margining payments and collaterals issued for hedging activities. Higher and more volatile commodity prices increase the net margining payments toward clearing houses and clearing banks. Fortum mitigates this risk by entering into over-the-counter (OTC) derivatives contracts directly with bilateral counterparties without margining requirements. Consequently, credit exposure from hedges with OTC counterparties has increased. Due to Fortum's net short position in Nordic power hedges, the credit exposure would increase in line with the value of hedges if Nordic power prices decrease. OTC trading also exposes the Group to liquidity risk in case of a counterparty default. A default could trigger a termination payment in cases where the net market value of the bilateral contracts is positive for the counterparty.

Fortum's objective is to maintain a solid investment-grade rating of at least BBB. A downgrade in the credit ratings, in particular to below investment-grade level (BB+ or below), could trigger counterparties' rights to demand additional cash or non-cash collateral. A possible downgrade to below investment-grade level would affect access to the capital markets and increase the cost of new financing. The current long-term credit rating for Fortum by S&P Global Ratings and Fitch Ratings is BBB+ with Stable Outlook. Fortum continues to constantly monitor all rating-related developments and to regularly exchange information with the rating agencies.

## Operational risks

Fortum's business activities include energy generation, storage and control of operations, as well as the construction, modernisation, maintenance and decommissioning of power plants or other energy-related industrial facilities. Any

unwanted operational event (which could be caused by, e.g., technical failure, human or process error, natural disaster, sabotage, failure of key suppliers, or terrorist attack) can endanger personal safety or lead to environmental or physical damage, business interruptions, project delays and possible third-party liability. The associated costs can be high, especially in Fortum's largest units and projects.

## Climate change

Fortum believes that the growing awareness and concern about climate change will increase the demand for low-carbon and resource- and energy-efficient energy products and services. The company is leveraging its know-how in hydro, nuclear, wind and solar power by offering its customers low-carbon energy solutions. The electrification of energy-intensive industry, services and transportation is likely to increase the consumption of low-carbon electricity in particular. The development of the hydrogen economy, and especially renewable hydrogen produced with renewable power, will potentially offer future business opportunities for Fortum.

Driving the transition to a low-carbon economy is therefore an integral part of Fortum's strategy. Fortum's strategy includes ambitious sustainability and decarbonisation targets. However, the transition to a low-carbon economy poses a number of strategic and operative risks related to changes in energy and climate policy and regulation, technology development and the business environment in which Fortum operates.

Fortum's operations are exposed to the physical risks caused by climate change, including changes in weather patterns that could alter energy production volumes and energy demand. Fluctuating precipitation, flooding and extreme temperatures may affect, e.g., hydropower generation, dam safety, availability of cooling water, and the price and availability of biofuels. Hydrological conditions, precipitation, temperatures, and wind conditions also affect the short-term electricity price in the Nordic power market. In addition to climate change mitigation, we also aim to adapt our operations, and we take climate change into consideration in, among other

things, the assessment of growth projects and investments, as well as in operation and maintenance planning. Fortum identifies and assesses its assets' resilience towards different acute and chronic physical climate-related risks within different Intergovernmental Panel on Climate Change (IPCC) climate scenarios and creates adaptation plans for the most material risks.