

Remuneration 2021



Key activities of the Nomination and Remuneration Committee in 2021

Nomination of new Executive Management team members and their remuneration arrangements
Market benchmarks of executive remuneration
Evaluation of the business and individual performance of executives and corresponding remuneration outcomes
Setting performance metrics, targets, and award levels for STI and LTI plans commencing in 2022
Setting targets for 2022 for Fortum’s Executive Management
Review of incentives, and salary costs across the wider workforce
Review of talent development and succession planning

Remuneration 2021

Dear Shareholders,

As the Chairman of the Nomination and Remuneration Committee, I am pleased to present Fortum’s remuneration report for the financial year 2021. The report provides information on how Fortum rewards its governing bodies (the President and CEO and the Board of Directors), other Fortum Executive Management team members, and personnel.

In 2021, we continued the determined execution of our transformation strategy with active portfolio rotation including the completion of many divestments. The efficient implementation of our strategy strengthened our financial position. The exceptional market dynamics and extreme commodity price movements we saw in our operating environment towards the year-end required unprecedented levels of liquidity. As a financially strong group, we held our course.

In order to accelerate the strategy execution across the Group, Fortum and Uniper took concrete steps in the joint ambition to drive the clean energy transition in and for Europe. For example, we announced new organisations in the three strategic cooperation areas of Nordic hydro and physical trading optimisation, wind and solar, and hydrogen. The principle behind all our cooperation actions is that they create value for both Fortum and Uniper, and, in particular, for the customers of both companies. Our cooperation at the leadership level stepped up as well, and we announced a more diverse and pan-European leadership team to leverage existing experience and expertise more widely and to develop a joint culture. During the year, we welcomed to our Fortum management team Simon-Erik Ollus as Executive Vice President of the Generation Division, Bernhard Günther as CFO, Eveliina Dahl as Senior Vice President of People and Procurement, Nora Steiner-Forsberg as General Counsel, and Nebahat Albayrak as Senior Vice President Corporate Affairs, Safety and Sustainability.

Our climate ambitions are higher than ever and our aim is to reach carbon neutrality by 2050. Within less than one year, we have been able to announce accelerated coal phase-out of six of our coal-fired power plants in Germany and the UK compared to the original timetable. We now also have a clear path to cease the use of coal

in our Fortum Russia segment as it discontinues its use of coal by the end of 2022 as the Chelyabinsk CHP-2 plant transitions from the use of coal to gas. In addition, at the end of 2021, we also announced our commitment to reduce the indirect greenhouse gas emissions of our up and downstream businesses – the so-called Scope 3 emissions – by 35% by 2035 at the latest.

During 2021, we were still affected by the COVID-19 pandemic. We continued to focus on securing the well-being of our employees, which enabled us to produce solid results and, moreover, ensured an uninterrupted supply of power and heat to our customers and societies around us. The key enablers in securing the high performance, commitment, and wellbeing of our people during the pandemic have been our Open Leadership principles and our strong corporate culture characterised by accountability and trust. Our employee engagement survey shows that these principles guide us in our everyday work and provide support in changing, demanding situations.

The outcome of the 2021 short-term incentive plan was very good concerning the financial performance measure comparable operating profit which reached the maximum level. Unfortunately, the result of the safety target of lost time injury frequency was far below the set target level. A safe and healthy working environment is a priority for us and we will continue to do our utmost to improve our performance. The 2019–2021 LTI plan resulted in a 46% outcome measured by Fortum share price development against our European peer companies.

Fortum Group is well-positioned to drive the energy transition aimed at curbing climate change. Our continued success relies to a great extent on the dedication and hard work of our people. We want to be a company where people grow, thrive, and exceed our – and their own – expectations. We trust that this is the best way to reach sustainable long-term success.

Veli-Matti Reinikkala
Chair of the Nomination and Remuneration Committee

Remuneration report for the governing bodies 2021

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. It has been prepared in accordance with the requirements set forth by the amended EU Shareholders' Rights Directive ¹⁾, which was implemented in Finland in 2019 mainly 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 remuneration report for the governing bodies 2020 was presented to the AGM 2021 and it was approved in an advisory vote. This report will be presented at Fortum's AGM 2022, 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 AGM 2024, 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 2021 in terms of the payments made and the alignment of remuneration with the successful delivery of long-term strategy and sustainable business results.



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

Remuneration policy for the governing bodies at a glance

The Remuneration policy for the governing bodies provides a remuneration structure that aligns the remuneration of the President and CEO with the successful delivery of Fortum’s long-term strategy, in accordance with its remuneration and leadership principles. The remuneration of the Board of Directors is 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. The full Remuneration Policy is available on Fortum’s website ▶ www.fortum.com/about-us/investors/corporate-governance/remuneration.

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 has been achieved, in order to determine the final pay-out level.
Long-term incentives (LTI) Support the delivery of sustainable long-term performance, align the interests of management with those of shareholders, and support in committing and retaining key individuals.	President and CEO	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 has been achieved, in order 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 those 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

The short-term incentive performance measures for 2020 and 2021 were based on comparable operating profit + share of profits from associates and joint ventures (CompOP) and lost time injury frequency (LTIF). Additionally, the Board of Directors set individual and team targets for the President and CEO. The performance measures of the long-term incentive plans were based on earnings per share (EPS) and/or total shareholder return (TSR). The performance measures of the ongoing long-term incentive plans as of 2020 are based on total shareholder return (TSR), and on actions related to CO₂ reduction as well as reduction of coal-based power generation capacity in alignment with 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.

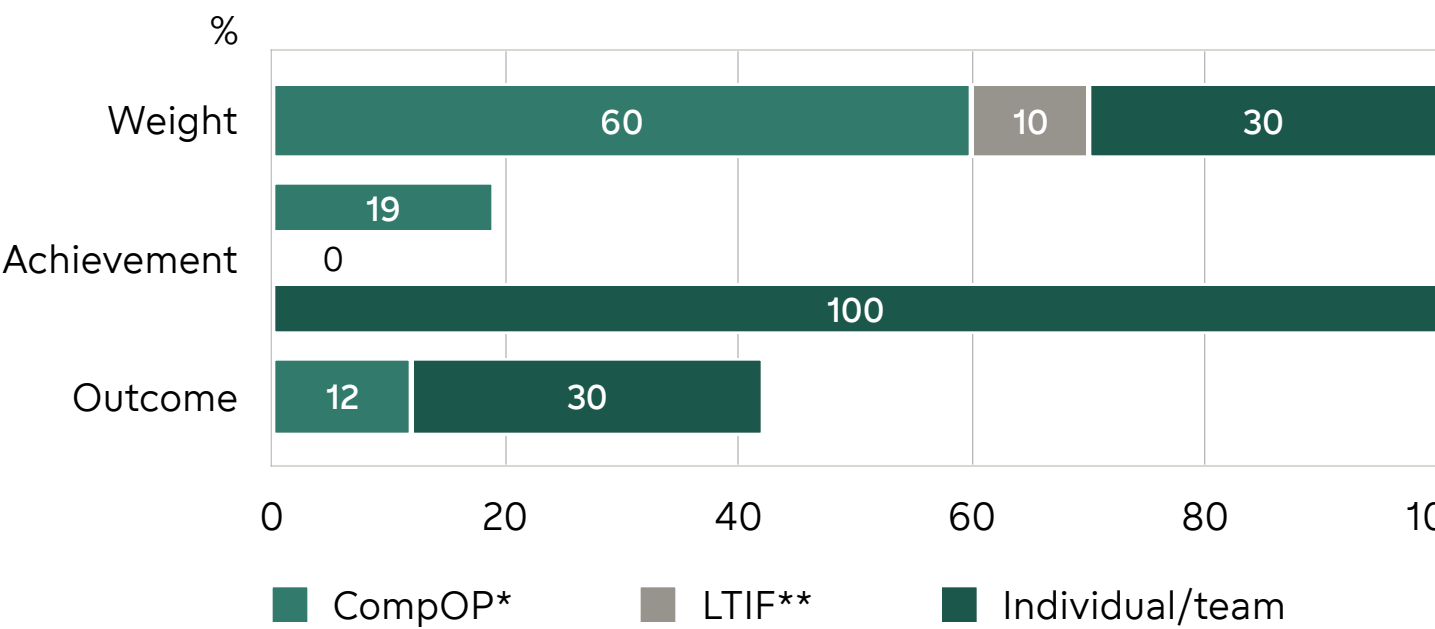
Short-term incentives for 2020, paid in 2021

The outcome of the 2020 Group (excluding Uniper) level comparable operating profit + share of profits from associates and joint ventures (CompOP) was 19% of the maximum. Fortum’s 2020 LTIF for own personnel and contractors declined from the previous year to 2.0, and did not reach the set minimum level.

President and CEO Markus Rauramo had two joint Fortum’s Executive Management (FEM) targets related to operational excellence and the progress in strategic priorities. The 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 2020 and included the updated strategy, new financial, climate, and safety targets, as well as targeted cooperation benefits. The outcome of these targets reached the maximum level. The achieved performance based on the individual and team targets was evaluated in connection with the individual performance review and confirmed by the Board of Directors at the beginning of 2021.

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

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



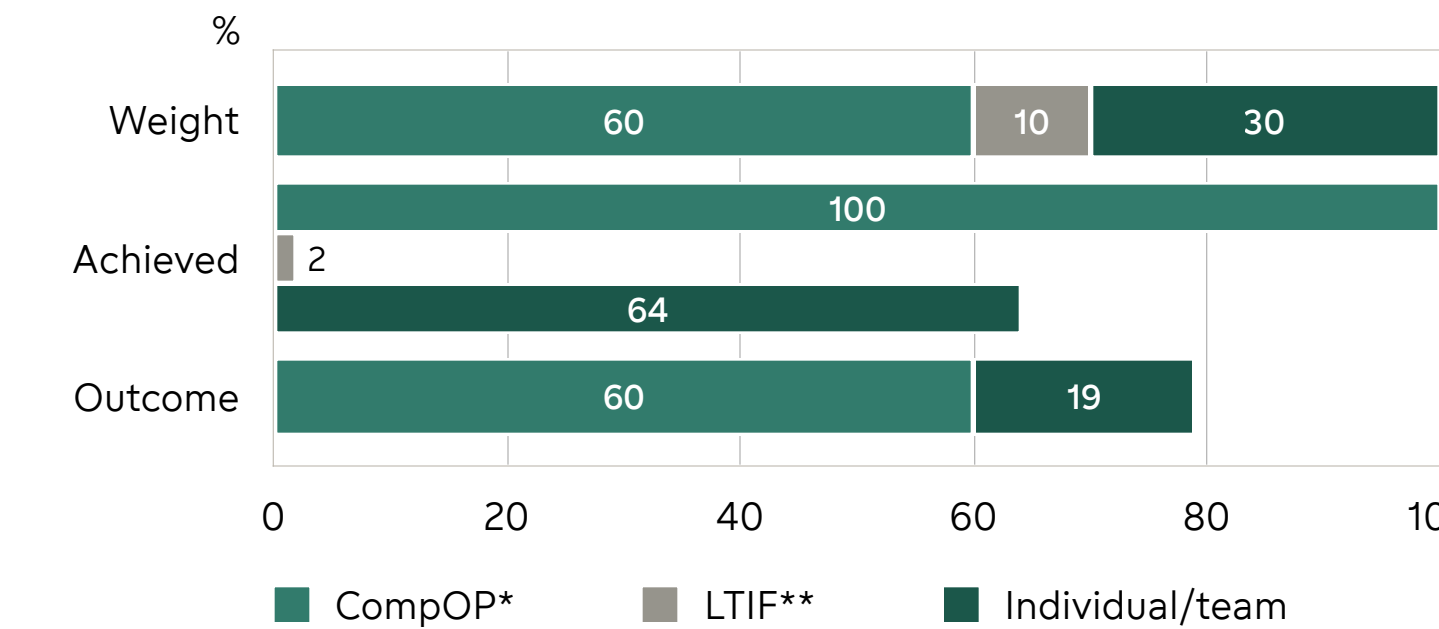
Short-term incentives for 2021, payable in 2022

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

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

The accrued incentives for the year 2021 will be paid in April 2022.

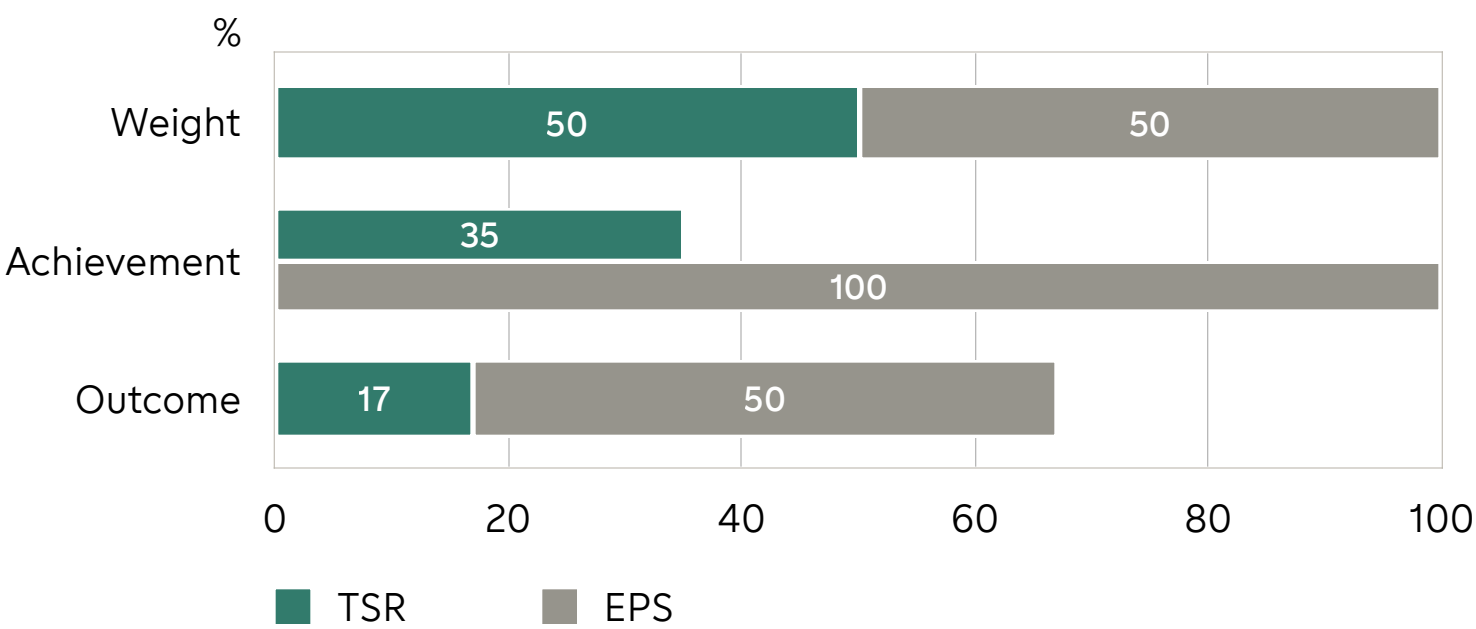
The graph below presents the STI target setting and outcome for President and CEO Markus Rauramo for the financial year 2021.



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

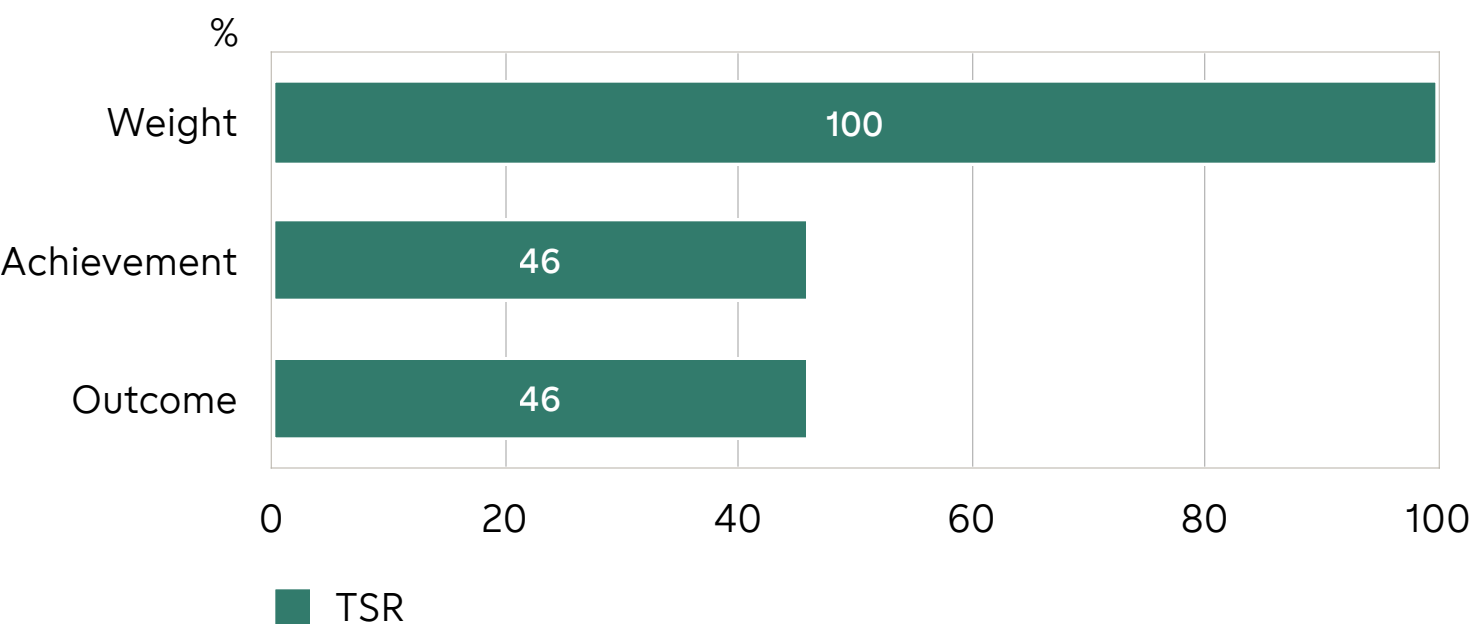
2018–2020 Long-term incentive plan (paid in 2021)

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 plan was 67% of the maximum, mainly due to the strong EPS result.



2019–2021 Long-term incentive plan (payable in 2022)

The performance measures for the 2019–2021 LTI plan was TSR measured against a European utilities peer group. The outcome of the 2019–2021 LTI plan was 46% of the maximum.



Remuneration of the President and CEO

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

The terms of the service agreement of President and CEO Markus Rauramo are in line with Fortum’s Remuneration policy for the governing bodies. In 2021, the malus and clawback provisions for the President and CEO were not utilised. As decided by the Board of Directors, the variable elements in total (STI and LTI pay-outs) are limited to a maximum of 120% of the individual’s annual fixed compensation. The maximum STI is limited to 40% of the annual fixed compensation.

In 2021, President and CEO Markus Rauramo’s monthly fixed compensation was EUR 125 000. 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. President and CEO Markus Rauramo participated in the 2021 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 the 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 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	Markus Rauramo
		2021	Accrued 2021, payable in 2022
Fixed compensation	50%	1,559	-
Supplementary pension	10%	315	-
Short-term incentives	5%	163	423 ¹⁾
Long-term incentives	35%	1,099	555 ²⁾
Total remuneration	100%	3,136	

- 1) STI earning based on achievement of performance criteria was EUR 476,000. Payable STI for 2021 is calculated taking into account the change in compensation paid based on Uniper Supervisory Board role as described below.
- 2) Estimated LTI earning, the value of actual LTI earning will be disclosed after publication of the Remuneration Report 2021.

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

LTI Plan	2018–2020	2019–2021	2020–2022	2021–2023	2022–2024
Maximum number of shares granted (gross)	¹⁾	52,000	63,000	85,000	62,000
Grant date	¹⁾	28 February 2019	28 February 2020	28 February 2021	28 February 2022
Share price at grant date	¹⁾	19.52	19.28	20.69	18.84
Number of shares earned (gross)	48,770	²⁾	-	-	-
Number of shares delivered (net)	25,921	²⁾	-	-	-
Share delivery date	22 March 2021	-	-	-	-
Share price at delivery	22.54	²⁾	-	-	-
Shareholding requirement ³⁾	100% of individual annual fixed compensation	100% of individual annual fixed compensation	100% of individual annual fixed compensation	100% of individual annual fixed compensation	100% of individual annual fixed compensation

- 1) Not disclosed; not acting as the President and CEO of Fortum when the event occurred.
- 2) Share delivery will take place after the publication of the Remuneration Report 2021.
- 3) President and CEO Markus Rauramo’s Fortum shareholding as of 31 Dec, 2021 was 99,308 shares in total and met the shareholding requirement set for the role.

In addition to the information provided in the tables above, President and CEO Markus Rauramo received compensation for acting as the Deputy Chairman of the Supervisory Board of Uniper SE until 29 March 2021, when he was elected as 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 and for

the Chairman EUR 210,000. In connection with the change of this Supervisory Board role, the Board of Directors of Fortum decided that Markus Rauramo’s total compensation would not increase due to the changing role and therefore the excess of the compensation paid based on Deputy Chairman role will be decreased from the Fortum incentive payments.

Remuneration and shareholding of the Board of Directors

In 2021, the Shareholders’ Nomination Board did not reach a unanimous proposal, and consequently did not make a proposal for the remuneration to be paid to the Board of Directors for their following term of office. In accordance with the proposal of the State of Finland, the Annual General Meeting resolved to keep the Board remuneration unchanged. The remuneration was based on 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. However, in order to increase Board remuneration and to achieve the market level, the Shareholders’ Nomination Board agreed to create a step-by-step development plan to bring the fees of the Board of Directors to market levels by the year 2026.

On 28 April 2021, the AGM 2021 confirmed the following annual fees for the members of the Board of Directors:

EUR	2021
Chair	77,200
Deputy Chair	57,500
Chair of the Audit and Risk Committee	
<i>If not simultaneously the Chair or Deputy Chair of the Board</i>	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 2021	Meeting fees 2021	Total remuneration 2021	Board service 2021	Shares owned 31 Dec 2021
Veli-Matti Reinikkala <i>Chair as of 28 April 2021</i>	71	22	92	1 Jan–31 Dec	5,000
Luisa Delgado	27	7	34	28 Apr–31 Dec	0
Essimari Kairisto	57	19	76	1 Jan–31 Dec	0
Anja McAlister <i>Deputy Chair as of 28 April 2021</i>	52	13	65	1 Jan–31 Dec	0
Teppo Paavola	40	17	58	1 Jan–31 Dec	0
Philipp Rösler	40	15	55	1 Jan–31 Dec	0
Annette Stube	40	16	57	1 Jan–31 Dec	0
Former Board members					
Matti Lievonon	26	6	32	1 Jan–28 Apr	1)
Klaus-Dieter Maubach	10	5	15	1 Jan–29 March	1)
Eva Hamilton	13	6	19	1 Jan–28 Apr	1)
Total	378	126	504		5,000

1) Not disclosed

In addition to the information provided in the above table, Klaus-Dieter Maubach received compensation of EUR 84,294 for acting as the Chairman of the Supervisory Board of Uniper SE until 29 March 2021. 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.

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 2017–2021.

EUR thousand	2021	2020	2019	2018	2017
Current Board members					
Veli-Matti Reinikkala	92	77	58	54	58
Anja McAllister	65	57	59	60	47
Luisa Delgado	34	-	-	-	-
Essimari Kairisto	76	72	56	42	-
Teppo Paavola	58	45	-	-	-
Philipp Rösler	55	57	44	-	-
Annette Stube	57	42	-	-	-
Former Board members					
Matti Lievonon	32	101	89	80	49
Klaus-Dieter Maubach	15	65	71	54	-
Eva Hamilton	19	55	54	54	54
Minoo Akhtarzand	-	-	-	-	16
Sari Baldauf	-	-	-	20	84
Heinz-Werner Binzel	-	-	12	54	57
Kim Ignatius	-	21	67	65	67
Tapio Kuula	-	-	-	-	43
Marco Ryan	-	-	19	-	-
Jyrki Talvitie	-	-	-	-	17
Board of Directors	50	59	53	54	49
Total remuneration, average					
Board of Directors	40	40	40	40	40
Ordinary member annual fixed fee					
President and CEO					
Markus Rauramo	3,136	965	-	-	-
Average employee total remuneration ¹⁾	76	67	56	50	47
Comparable operating profit, EUR million	2,536	1,344	1,191	987	811
Earnings per share, EUR	0.83	2.05	1.67	0.95	0.98

1) Based on the figures in the consolidated financial statements (excluding the President and CEO). The financial statements include costs accrued for the year. The comparative figure for 2020 was revised to reflect the consolidation of Uniper from March 31, 2020.

The annual fixed fees of the Board of Directors were slightly increased in 2020. Fortum’ performance targets for short- and long-term incentives are strongly linked to the company’s profitability, development of Fortum’s share price and development of set ESG targets. The business performance is directly reflected in the performance-based rewards paid to the President and CEO.

Additional information on remuneration of other Fortum Executive Management and personnel 2021

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 2022 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 2021 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 the pension premium is 20% of the annual base salary. Other benefits are 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 the exception of certain benefits based on position. Personnel are also eligible to participate in programmes that may be offered at any given point, such as the Employee Share Savings programme, project and recognition awards, retention rewards payable in cash or shares, insurance benefits, seniority, or birthday remembrance.
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 potential %:s (on top of base salary) depend on the position and reflect the possibility to influence company performance. The incentive potential %:s may vary to reflect the local market practice as well as specific the 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 that they continue to support the strategy.
Long-term incentives (LTI) Support the delivery of sustainable long-term performance, align the interests of the management with those of shareholders, and support in committing and retaining key individuals.	FEM and other key individuals	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 that 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 has 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 those 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

The figures include the following changes that took place in Fortum’s Executive Management in 2021: Bernhard Günther was appointed as Chief Financial Officer as of 1 February 2021, Simon-Erik Ollus as Executive Vice President of Generation Division as of 29 March 2021, Eveliina Dahl as Senior Vice President, People and Procurement and

Nora Steiner-Forsberg as General Counsel as of 1 May 2021, and Nebahat Albayrak as Senior Vice President Corporate Affairs, Safety and Sustainability as of 1 June 2021. Tiina Tuomela was a member of the Fortum Executive Management until 29 March 2021, Sirpa-Helena Sormunen and Risto Penttinen until 30 April 2021, Arto Räty until 31 May 2021, and Arun Aggarwal until 17 November 2021.

EUR thousand	Other Fortum Executive Management 2021	Other Fortum Executive Management 2020	Other Fortum Executive Management 2019	Other Fortum Executive Management 2018	Other Fortum Executive Management 2017
Fixed compensation	3,727	3,195	3,382	3,101	3,387
Supplementary pension	513	527	586	533	636
Short-term incentives	478	657	631	926	962
Long-term incentives	2,250	3,598	2,360	885	877
Total remuneration	6,968	7,977	6,958	5,445	5,862
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

In addition to the information provided in the above table, Bernhard Günther and Nora Steiner-Forsberg (since 19 May, 2021) were members of the Supervisory Board of Uniper SE in 2021. Sirpa-Helena Sormunen was a member of Supervisory Board of Uniper SE until 30 April 2021 and Tiina Tuomela until 19 May 2021. The aforementioned received compensation amounting to a total of EUR 260,067 for their roles in the Supervisory Board of Uniper SE in 2021. Compensation for acting in Uniper’s Supervisory Board was paid according to the policies in force at Uniper.



Information on incentive plans

The Group-level metrics and outcomes of the short-term incentive plans 2020 and 2021 are described in the Remuneration report for the governing bodies 2021 on ▶ [page 4](#).

For 2022, 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 2021). The STI performance measures are comparable operating profit + share of profits from associates and joint ventures (60% weight), safety target with two measures (10% weight), and individual or team targets (30% weight). The safety target consists of severity rate per total recordable injuries, including Uniper, and execution of safety leadership training, excluding Uniper, both with equal 5% 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.

Fortum’s LTI programme consists of annually commencing LTI plans with a three-year performance period. Fortum introduced an ESG (Environmental, Social, Governance) related target as part of LTI target setting for the first time in the 2020–2022 LTI plan. The ESG target in that plan is related to actions driving the reduction of Fortum’s CO₂ emissions and reduction of coal-based power generation capacity aligned with Fortum’s strategy. A financial target, relative TSR measured against a peer group of European utilities, has remained as a measure in the LTI plan.

In the 2021–2023 LTI plan, the set ESG target was linked to the reduction of Fortum’s coal-based power generation capacity in line with Fortum’s coal-exit path, with a minimum level requiring exceeding the communicated ambition level. The relative TSR remained as a measure in the LTI plan, selected gas companies were added to the existing peer group comprising selected European utility companies.

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

Since 2020 Fortum also has a restricted share plan (RSP) as a supplement to the LTI programme. In the RSP, a maximum number of

shares can be allocated for a three-year plan period in accordance with the customary LTI plan, but the plan is excluded from performance targets. In the restricted share plan for 2020–2022, a total of

25,800 shares have been allocated, in the plan for 2021–2023 the number of allocated shares is 14,500.

The table below presents the key figures of Fortum LTI plan.

LTI plan	2018–2020	2019–2021	2020–2022	2021–2023	2022–2024
Earnings period	2018–2020	2019–2021	2020–2022	2021–2023	2022–2024
Share delivery year	2021	2022	2023	2024	2025
Measures	50% TSR 50% EPS	100% TSR	80% TSR 20% ESG	80% TSR 20% ESG	80% TSR 20% ESG
Outcome	67%				
Number of shares granted	607,620	608,051	626,475	754,000	577,400
Number of shares forfeited	104,420	¹⁾			
Number of shares delivered	221,880	¹⁾			
Number of participants (at delivery)	105				
Grant date	28 Feb 2018	28 Feb 2019	28 Feb 2020	28 Feb 2021	28 Feb 2022
Share price at grant	18.05	19.52	19.28	20.69	18.84
Share price at delivery	22.54	¹⁾			

1) The share delivery will take place after the publication of the Remuneration Report 2021

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

LTI plan	2018–2020	2019–2021	Shares owned 31 Dec 2021
Nebahat Albayrak, Senior Vice President, Corporate Affairs, Safety and Sustainability	-	¹⁾	0
Alexander Chuvayev, Executive Vice President, Russia Division	20,013 ²⁾	¹⁾	54,602
Eveliina Dahl, Senior Vice President, People and Procurement	-	¹⁾	806
Bernhard Günther, CFO	-	¹⁾	0
Per Langer, Executive Vice President, City Solutions Division	4,555	¹⁾	48,971
Simon-Erik Ollus, Executive Vice President, Generation Division	3,046	¹⁾	3,854
Markus Rauramo, President and CEO	25,921	¹⁾	99,308
Mikael Rönnblad, Executive Vice President, Consumer Solutions Division	5,985	¹⁾	16,454
Nora Steiner-Forsberg, General Counsel	-	¹⁾	374
Total	59,520	¹⁾	224,369
Former FEM members			
Arun Aggarwal	5,304	-	-
Risto Penttinen	4,906	-	-
Arto Rätty	4,476	-	-
Sirpa-Helena Sormunen	4,992	-	-
Total	19,678	-	-

1) The share delivery will take place after the publication of the Remuneration Report 2021.

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.

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 employees can save a proportion of their salaries and the accrued savings can be used for the purchase of Fortum shares. 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 2021 and 2022 savings periods is 2:1. The participation rate in the 2021 savings period was 43% of the eligible employees and in the 2022 savings period 45%.

Fortum Personnel Fund

Fortum employees in Finland, who do not participate in the long-term incentive programme are eligible for the Fortum Personnel Fund. The amount paid annually to the Personnel Fund is based on the achievement of the annual targets. The payments to the fund in 2021 totalled EUR 0.42 million (EUR 1.7 million in 2020).

