

Remuneration 2023

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Mikael Silvennoinen

Chair of the Nomination and Remuneration Committee

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Dear Shareholders,

After a period of unprecedented turbulence, the year 2023 could be described as a year of stabilising Fortum's operations. Unfortunately, Russia's attack on Ukraine and the full-blown war continued. In the second quarter, we closed the books on our operations in Russia for good. Due to the Russian authorities' unlawful seizure of our assets in Russia, we lost control of and impaired them in full.

We worked diligently to re-align the company and launched our new strategy in March. As one of the leading energy companies in the Nordics, our strategic priorities are to deliver clean energy reliably and drive decarbonisation in industries. We also announced new ambitious financial and environmental targets. With our third strategic priority to transform and develop, we are building an efficient operating model which fits the new purpose and structure and developing our culture and leadership to support strategy execution.

During the year, our determined strategy implementation delivered solid financial performance in Fortum's core businesses from the Nordic energy market. Stringent financial discipline enabled us to strengthen our financial position and delever our balance sheet faster than expected. The Generation segment's strong performance was the key earnings driver throughout the year.

In the latter part of the year, signs of frail, softening markets and decreasing customer demand started to occur. Due to poor visibility, increasing uncertainty and a weaker investment environment we cut our growth capex and introduced an efficiency programme to reduce fixed costs. This means that we will prioritise, be more selective and seek more focused allocation of resources. The detailed planning has begun, and the programme will unfortunately lead to personnel reductions.

After the rejection of the remuneration report for the governing bodies at the Annual General Meeting 2023, the new Board reassessed the implementation of the remuneration restrictions imposed by the majority shareholder in the Solidum bridge financing agreement in the autumn of 2022

and changed the interpretation made by the previous Board of Directors. Furthermore, the Fortum Leadership Team aligned with the shareholder voices as they consequently volunteered to waive the shares that are scheduled for delivery in the spring of 2024.

Due to the remuneration restrictions set for the Fortum Leadership Team based on the Solidum bridge financing facility, the FLT members will not be paid short- or long-term incentives that were accumulated in 2022 and 2023. In the short-term incentive (STI) plan for personnel, the target scale for the Group comparable operating profit was set based on the exceptional market conditions and unprecedentedly high and volatile power prices seen in 2022. As market conditions totally changed and power prices clearly declined, the Group comparable operating profit did not reach the set threshold level. The Group's financial results for 2023, however, reached a very good level due to the Generation segment's strong financial and operational performance. In a 10-year historical perspective, the Group result was among the best ones. Taking into account the volatile market prices, the transformation and reorganisation of the company and employees' contribution and engagement during the year, the Board of Directors used their discretion right and decided to evaluate the achievement of Group comparable operating profit and other alternative financial targets to be at 45%. The safety measures – completion of safety leadership trainings and key safety actions to improve the safety culture – achieved good results. Customer satisfaction index target achievement was somewhat below the target level.

The outcome of the 2021–2023 LTI plan resulted in a 9% pay-out measured by Fortum's share price development against our European peer companies, the reduction of coal-based power generation capacity and Fortum's reputation among key stakeholders.

Our Nomination and Remuneration Committee focused during 2023 on the renewal of both STI and LTI plans to reflect Fortum's new strategic priorities. When looking ahead to the year 2024, the new STI measures will be based

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on the achievement of the Group’s financial performance, the availability of the production fleet and ESG-related (Environmental, Social and Governance) measures, such as safety actions and the customer satisfaction net promoter score. In the LTI plan 2024–2026, the relative Total Shareholder Return (TSR) remains a measure, while new measures will be linked to increase in the share of long-term customer power purchasing agreements (PPA) as part of hedging, developing a pipeline of renewable energy to respond to future demand-driven growth and emission reduction targets aligned with Science Based Targets Initiative (SBTi). During the year, we also updated Fortum’s Remuneration Policy for Governing Bodies and it will be presented to the Annual General Meeting 2024 for an advisory resolution.

Currently, the green energy transition is facing headwind, mainly due to the weaker investment sentiment, but that does not change its importance or take away its realisation eventually. It only delays the anticipated transition. With Fortum’s state-of-the-art assets, our optimal generation mix based on nuclear and hydro power, and our capabilities, we are in a unique position to drive the energy transition to mitigate climate change. Our purpose is to power a world where people, businesses and nature thrive together.

Key activities of the Nomination and Remuneration Committee in 2023

- Preparation of changes in the operating model and related nominations of the Fortum Leadership Team
- Evaluation of the business and individual performance of the executives and executive remuneration
- Reassessment of the outcome of the LTI plans 2020–2022 and 2021–2023 of the Fortum Leadership Team
- Review of paid incentives and salary costs across the wider workforce
- Review of the STI and LTI plans following the launch of the new strategy and preparation of changes to plans commencing in 2024
- Setting the performance measures, targets, and award levels for the STI and LTI plans commencing in 2024
- Review of talent development and succession planning

Remuneration report for the governing bodies 2023

Introduction

This Remuneration Report for the company's governing bodies ('Report') has been prepared by the Nomination and Remuneration Committee of Fortum's Board of Directors, based on the Remuneration Policy for the company's governing bodies. It has been prepared in accordance with the requirements set forth by the amended EU Shareholders' Rights Directive¹⁾, implemented in Finland mainly into the Companies Act, the Securities Markets Act, the Decree of the Ministry of Finance on the remuneration policy and remuneration report of a share issuer, including the respective national Finnish legislation, and the Finnish Corporate Governance Code as well as in accordance with the guidance set out in the Government Resolution on State-Ownership Policy. This report will be presented at Fortum Annual General Meeting ('AGM') 2024, 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 on the remuneration policy and remuneration report of a share issuer.

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

The aim of this Report is to present how the Remuneration Policy for the company's governing bodies was applied in 2023 in terms of the payments made and the alignment of remuneration with the successful delivery of the company's strategy and sustainable business results.

Remuneration Policy 2020 for the governing bodies at a glance

The Remuneration Policy for the company's governing bodies provides a structure that aligns the remuneration for the President and CEO with the successful implementation of Fortum's strategy. Our ethical and sustainable business practices are a core part of our daily operations and our remuneration principles are contributing to the long-term success of the company.

The Policy builds on our remuneration principles, which have been designed to encourage and recognise high performance and behaviour in line with Fortum's values and leadership principles. In general, the same remuneration principles and practices are applied to the President and CEO as to the other personnel. However, taking the demands and the responsibilities of the President and CEO role into account, the remuneration of the President and CEO also includes elements that differ from those of other personnel. There is a separate remuneration policy in place for the other personnel.

The remuneration of the Board of Directors is resolved annually by the AGM on the basis of the proposal of the Shareholders' Nomination Board of the company.

The table on page 5 describes the contents of the policy at a glance. The full Remuneration Policy is available on Fortum's website ► www.fortum.com/remuneration.

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

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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 considers various factors when determining any change in fixed compensation, including individual contribution, business performance, role scope, and employee pay across Fortum, and alignment with external market levels.
Pension and other benefits Provide a retirement benefit in addition to the statutory pensions, in line with local market practices, and support employee recruitment, engagement, and retention.	President and CEO	The pension arrangements shall 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 are provided in line with appropriate levels indicated by the local market practice in the country of service and can vary year by year. The President and CEO is eligible to participate in programmes which may be offered to Fortum employees at any given point, such as the share savings programme, project and recognition awards, retention awards 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 achievement of Group'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 that they continue to support the company strategy. These can vary from year to year to reflect the business priorities, and they typically include a balance of the Group's financial performance, safety, and individual strategic targets. After the year-end, the Board of Directors reviews the performance and determines the extent to which each of the targets has been achieved, in order to determine the final pay-out level.
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 that they continue to support the company strategy, and they 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 the shareholders.	President and CEO	The President and CEO is required to build up and maintain a holding in 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.

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Annual report on remuneration

Changes in remuneration during 2023

The Annual General Meeting 2023 resolved to reject the Remuneration Report for the company’s governing bodies for 2022 in an advisory vote. After the meeting, Fortum’s new Board of Directors reassessed the implementation of the remuneration restrictions imposed by the Bridge financing agreement with the Finnish State signed on 6 September 2022 and changed the interpretation made by the previous Board of Directors. Based on the decisions of the new Board of Directors and the members of the Fortum Leadership Team, Fortum supplemented and restated the 2022 Remuneration Report on 2 May 2023 and published a stock exchange release on the matter.

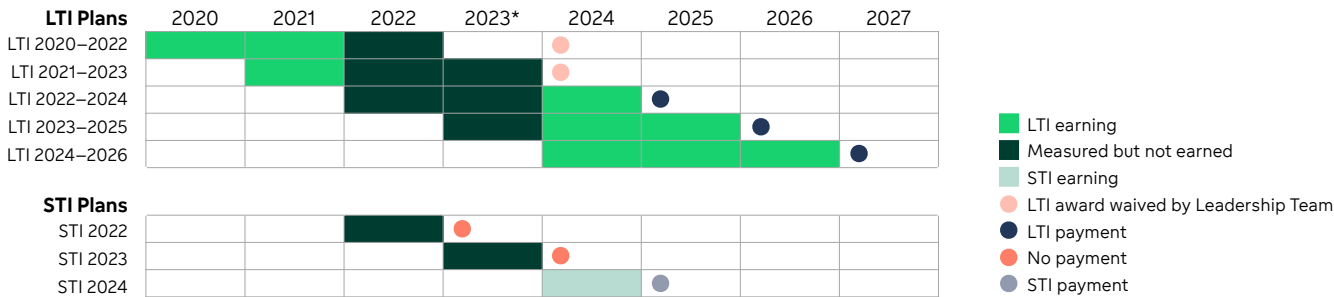
With regard to the long-term incentive plans, the Board decided that the results of all years would be measured, but no shares could be earned in 2022 and 2023. Thus, the maximum number of shares the members of the Fortum Leadership Team could earn was cut to 1/3 or 2/3 in accordance with the remuneration restriction. This led to an outcome of 9% of the pre-restriction maximum in the 2020–2022 plan, with share delivery scheduled for the spring of 2024. By comparison, the

outcome for the other participants in the 2020–2022 plan was 14% and the shares were delivered in the spring of 2023. The same principle applies to all other long-term incentive plans that are ongoing during 2022 and/or 2023.

Fortum’s Leadership Team informed the Board that they would voluntarily waive the shares that are scheduled for delivery in the spring of 2024. The new Leadership Team members who started in the Fortum Leadership Team as of 31 March 2023 were eligible for the LTI award for the 2020–2022 LTI plan, as well as for the short-term incentives accumulated in 2022 based on their previous roles in the company.

In 2022, after Russia’s attack on Ukraine, Fortum announced that the company was pursuing a controlled exit from the Russian market. Russia has not been included in the target setting regarding the ongoing incentive plans since then. Furthermore, as a result of the Presidential decree (No. 302) issued by Russia in April 2023 and the seizure of Fortum’s Russian assets, the company lost control of its Russian operations. Consequently, the Russia segment was deconsolidated, impaired in full and reclassified as discontinued operations in the second quarter of 2023.

Remuneration restrictions regarding Fortum Leadership Team



* The new Leadership Team members who started in the Fortum Leadership Team as of 31 March 2023 were eligible for the LTI award for the 2020–2022 LTI plan, as well as for the short-term incentives accumulated in 2022 based on their previous roles in the company.

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Performance outcomes

The financial performance measures support the achievement of a solid financial position in the short term and long term, and the ESG measures support the strategy execution. In the short-term incentive plans 2022 and 2023, comparable operating profit + share of profits of associates and joint ventures (CompOP) was set for the financial performance measure. In the 2022 STI plan, the set ESG measures related to safety, consisting of the severity rate per total recordable injuries and completion of the safety leadership trainings. In the 2023 STI plan, the set ESG measures comprised the customer satisfaction index as well as management safety leadership trainings and completion of the key safety actions to improve the safety culture. Additionally, individual and team targets were set by the Board of Directors for the President and CEO.

The performance measures of the long-term incentive plan 2020–2022 were based on the relative total shareholder return (TSR) and the reduction of CO₂ emissions as well as on the reduction of coal-based power generation capacity in alignment with Fortum's strategy. Due to the divestment of Uniper in 2022, the ESG measure regarding the 2020–2022 LTI plan was adjusted accordingly. In the long-term incentive plan 2021–2023, the relative TSR remained as a measure and the set ESG measure 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 the exceeding of the communicated ambition level. The ESG measure was adjusted in early 2023 due to the divestment of Uniper.



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Short-term incentives for 2022

In the STI 2022 plan, the weights of the set performance measures for the President and CEO were as follows: financial measure (CompOP) 60%, ESG measures (safety) 10% and joint Leadership Team/individual measures 30%.

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

In 2022, President and CEO Markus Rauramo had two joint Leadership Team measures and one individual performance measure. These measures related to the structural changes in Fortum Group, various strategic projects and the review of Fortum Group strategy. The achievement of the joint Leadership Team and individual measures was 44% of the maximum and the weighted outcome was 13.2%. The graph to the right presents the target setting and the outcome for the President and CEO for the financial year 2022.

Concerning the STI plan 2022, Fortum's stand-alone segments reached overall good results, but Uniper having been included in the target setting led to the situation where the Group's result did not reach the set threshold level. Therefore, the total short-term incentives were cut by 50%.

In accordance with the terms of the Solidium bridge financing facility with the Finnish State, President and CEO Markus Rauramo was not paid the short-term incentives earned in 2022. In case the short-term incentives had been paid, 50% of the total outcome would have been cut as the Group's result did not reach the set threshold level.

Short-term incentives for 2023

In the STI 2023 plan, the weights of the set performance measures for the President and CEO were as follows: financial measure (CompOP) 50%, ESG measures (customer satisfaction and safety) 20% and joint Leadership Team/individual measures 30%.

The target scale for the Group comparable operating profit + share of profits of associates and joint ventures (CompOP) was set based on the exceptional market conditions and unprecedentedly high and volatile power prices seen in

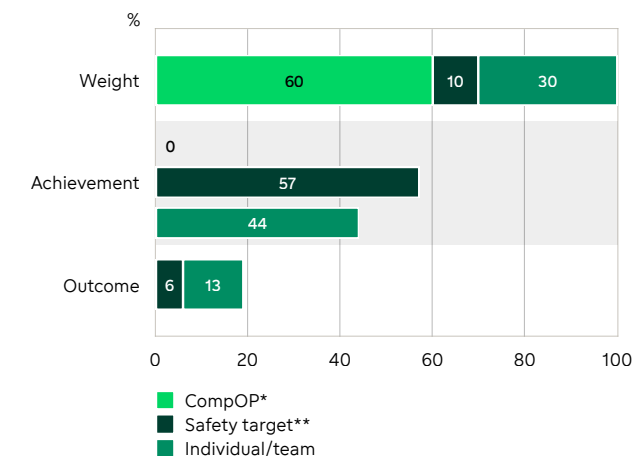
2022. As market conditions totally changed and power prices clearly declined, the Group comparable operating profit did not reach the set threshold level. The Group's financial results for 2023, however, reached a very good level due to the Generation segment's strong financial and operational performance. Taking into account the volatile market prices, the transformation and reorganisation of the company and employees' contribution and engagement during the year, the Board of Directors used their discretion right and decided to evaluate the achievement of the Group comparable operating profit to be at 45% resulting at weighted outcome of 22.5%.

The achievement of the customer satisfaction index target was 42.5%. Management safety leadership trainings resulted at maximum level and the achievement of actions accomplished as a part of the safety improvement plan was 78%. The weighted outcome of the customer satisfaction index target was 4.3% and safety measures was 8.9%.

In 2023, President and CEO Markus Rauramo had one joint Leadership Team measure and two individual performance measures. The joint Leadership Team targets consisted of successful return to the fixed income markets, progress in the Company transformation and set strategic projects. The individual targets related to concretisation and implementation of the new strategy and the operating model. The achievement of these joint Leadership Team and individual measures was 50% of the maximum and the weighted outcome was 15%.

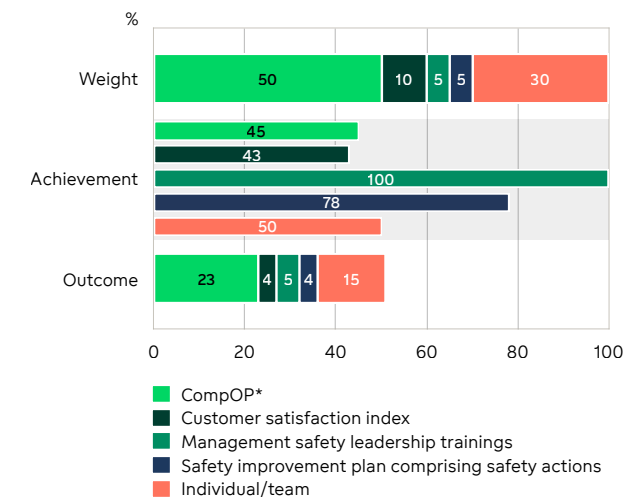
The graph to the right presents the target setting and the outcome for the President and CEO for the financial year 2023. In accordance with the terms of the Solidium bridge financing facility with the Finnish State, President and CEO Markus Rauramo will not be paid the short-term incentives earned in 2023.

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



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

STI target setting and outcome for the President and CEO for the financial year 2023



* CompOP: Comparable operating profit + share of profits from associates and joint ventures

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2020–2022 Long-term incentive plan

The performance measures for the 2020–2022 LTI plan were the relative TSR measured against a European utilities peer group (80% weight) and the ESG measure (20% weight). The ESG measure related to the reduction of Fortum’s CO₂ emissions and the reduction of coal-based power generation capacity aligned with Fortum’s strategy.

In accordance with the terms of the Solidium bridge financing facility with the Finnish State, President and CEO Markus Rauramo is not paid any long-term incentives accumulated in 2022. Therefore, the maximum number of shares granted was pro-rated taking the remuneration restriction for the year 2022 into account. The achievement of the relative TSR was 0%. With regard to the ESG measure, the achievement was 70% and the weighted outcome was 14%, resulting in an overall outcome of 14% of the maximum for the 2020–2022 LTI plan. Taking into account the pro-ration, the final earning led to 9% of the original maximum number of shares granted. The LTI award for the 2020–2022 LTI plan was scheduled for payment in 2024. In May 2023, President and CEO Markus Rauramo decided to waive the LTI award for the 2020–2022 LTI plan, thus no LTI award will be paid to Markus Rauramo in the spring of 2024.

2021–2023 Long-term incentive plan

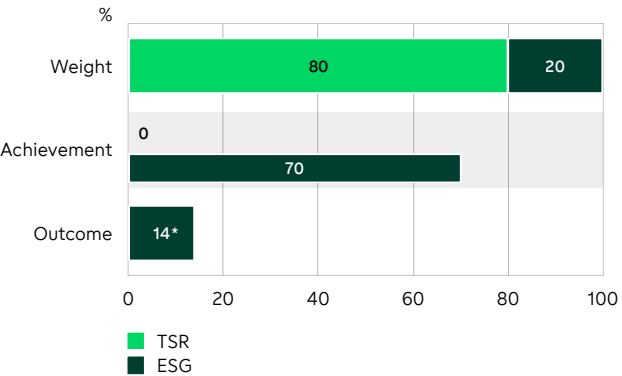
The performance measures for the 2021–2023 LTI plan were the relative TSR measured against a European utilities peer group (80% weight) and the ESG measure (20% weight), which was linked to the reduction of Fortum’s coal-based power generation capacity in line with Fortum’s coal-exit path, with a minimum level requiring the exceeding of the communicated ambition level. The relative TSR peer group consisted of the following companies: A2A S.p.A., BKW AG, CEZ a.s., Drax Group plc, EDP - Energias de Portugal S.A., Enagás S.A., Endesa S.A., Enel SpA, ENGIE SA, Eni S.p.A., Hera S.p.A., Iberdrola, S.A., Iren SpA., Naturgy Energy Group S.A., RWE Aktiengesellschaft, Snam S.p.A., SSE plc, Veolia Environnement S.A., VERBUND AG, and Ørsted A/S. Due to the divestment of Uniper in 2022, the Board of Directors resolved to adjust the ESG measure. Fortum’s reputation index among key stakeholders in Finland, Sweden and Norway was set as a new measure for the year 2023 with a 7% weight resulting in

a change in the weight of the original measure for the period 2021–2022, thus being 13%.

The achievement of the relative TSR was 0%. Due to the divestment of Uniper in 2022, the achievement of the reduction of Fortum’s coal-based power generation capacity was no longer possible to evaluate in accordance with the original target setting, as the original target setting had been done for the combined coal capacity of the Fortum and Uniper fleet. Therefore, the Board of Directors resolved to evaluate the achievement at 50% (mid-point level) for the period 2021–2022 giving the weighted outcome of 7%. The set target of Fortum’s reputation index among key stakeholders in Finland, Sweden and Norway reached the achievement of 25% giving the weighted outcome of 2%. As a result, the overall outcome for the 2021–2023 LTI plan was 9% of the maximum.

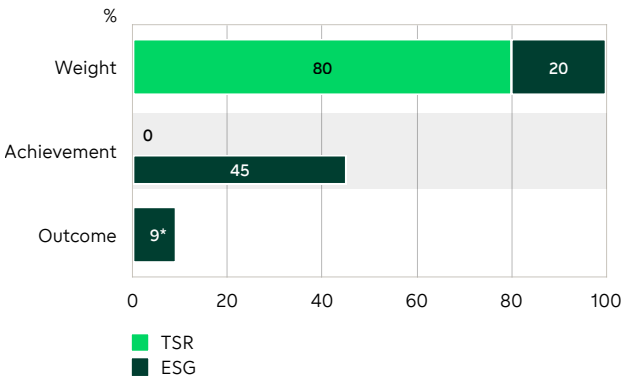
In accordance with the terms of the Solidium bridge financing facility with the Finnish State, President and CEO Markus Rauramo is not paid any long-term incentives accumulated in 2022 and 2023. Therefore, the maximum number of shares granted was pro-rated taking the remuneration restrictions for the years 2022 and 2023 into account. Taking the pro-ration into account, the final earning led to 3% of the original maximum number of shares granted. The LTI award for the 2021–2023 LTI plan was scheduled for payment in 2024. In May 2023, President and CEO Markus Rauramo decided to waive the LTI award for the 2021–2023 LTI plan, thus no LTI award will be paid to Markus Rauramo in the spring of 2024.

2020–2022 Long-term incentive plan



* Taking into account the pro-ration, the final earning led to 9% of the original maximum number of shares granted. In May 2023, President and CEO Markus Rauramo decided to waive the LTI award for the 2020–2022 LTI plan, thus no LTI award will be paid to Markus Rauramo in the spring of 2024.

2021–2023 Long-term incentive plan



* Taking into account the pro-ration, the final earning led to 3% of the original maximum number of shares granted. In May 2023, President and CEO Markus Rauramo decided to waive the LTI award for the 2021–2023 LTI plan, thus no LTI award will be paid to Markus Rauramo in the spring of 2024.

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Remuneration of the President and CEO

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

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

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

President and CEO Markus Rauramo participated in the 2020 Employee Share Savings (ESS) plan and earned a total of 280 matching shares (gross). The delivery of the net number of matching shares (149 shares in total) took place in March 2023. Markus Rauramo has also participated in the 2021 ESS plan, in which the holding period of the purchased shares ended at the end of 2023. Based on the participation in the ESS plan in 2021 and the number of ESS shares held on 31 December 2023, the President and CEO earned a total of 235 matching shares (gross) at the maximum. The matching share amount (gross) will be confirmed and the delivery of the net number of matching shares will take place in the spring of 2024.

EUR thousand		Markus Rauramo 2023	Markus Rauramo Earned 2023
Fixed compensation	84%	1,613	
Supplementary pension	16%	315	
Short-term incentives	0%	0 ¹⁾	¹⁾
Long-term incentives	0%	0 ²⁾	²⁾
Employee Share Savings plan	0%	4 ³⁾	⁴⁾
Total remuneration	100%	1,932	

- 1) In accordance with the terms of the Solidium bridge financing facility with the Finnish State, the STI earned in 2022 and 2023 are not paid.
- 2) The LTI award for the 2020–2022 and 2021–2023 LTI plans were scheduled for payment in 2024. In May 2023, President and CEO Markus Rauramo decided to waive the LTI awards for the 2020–2022 and the 2021–2023 LTI plans, thus no LTI awards will be paid to Markus Rauramo in 2024.
- 3) President and CEO Markus Rauramo earned a total of 280 matching shares (gross) for the 2020 Employee Share Savings plan amounting to a gross award of EUR 4,015.
- 4) With regard to the 2021 Employee Share Savings plan Markus Rauramo earned a total of 235 matching shares (gross) at the maximum. The matching share amount (gross) will be confirmed and the delivery of the net number of matching shares will take place in the spring of 2024.

Due to the restrictions regarding management remuneration as a part of the terms of the Solidium bridge financing facility with the Finnish State, Fortum concluded that the Fortum Leadership Team would not participate in the 2023 ESS plan.

The retirement age of the President and CEO is determined in accordance with the Finnish Employees’ Pension Act. In addition to the statutory pension, the President and CEO is entitled to participate in the supplementary group pension plan for the members of the Fortum Leadership Team. The annual defined contribution premium is 20% of the annual fixed compensation. If Markus Rauramo’s managing director service agreement is terminated before the retirement age, the President and CEO is entitled to retain the funds that have accrued in the pension arrangement up to that time.

President and CEO Markus Rauramo received compensation for serving as the Chair of the Supervisory Board of Uniper SE. The compensation for serving on Uniper’s Supervisory Board was paid according to the policies in force at Uniper. The fee for the service as the Chair until 21 December 2022 was EUR 204,247. In connection with the change in this Supervisory Board role in 2021, the Board of Directors of Fortum resolved that Markus Rauramo’s total compensation would not increase due to the changing role, and therefore the excess of the compensation paid based on the Deputy Chair role was decided to be decreased from the Fortum incentive payments. In accordance with the terms of the Solidium bridge financing facility with the Finnish State, the President and CEO is not

paid any short- or long-term incentives that accumulated in 2022 and 2023. Therefore, the Board of Directors resolved earlier that the agreed deduction related to the change in Uniper’s Supervisory Board role in 2021 will be done from the LTI payment in the spring of 2024. As Markus Rauramo decided to waive the LTI awards for the 2020–2022 and 2021–2023 LTI plans and no LTI awards will be paid in 2024, the Board of Directors resolved that the agreed deduction will be done from the incentive payments scheduled to be made in the spring of 2025.

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

LTI Plan	2020–2022	2021–2023	2022–2024	2023–2025
Performance period	2020–2022	2021–2023	2022–2024	2023–2025
Share delivery year	2023 2024 ¹⁾	2024	2025	2026
Performance measures	80% relative TSR 20% ESG	80% relative TSR 20% ESG	80% relative TSR 20% ESG	70% relative TSR 30% ESG
Outcome of the plan	14% (9%) ²⁾	9% (3%) ²⁾	-	-
Maximum number of shares granted (gross)	63,000 42,021 ³⁾	85,000 28,331 ³⁾	62,000 20,702 ³⁾	110,000 73,370 ³⁾
Grant date	28 February 2020	28 February 2021	28 February 2022	31 August 2023 ⁵⁾
Share price at grant, EUR	19.28	20.69	18.84	12.40
Maximum LTI value at grant, EUR	1,214,640 810,165 ³⁾	1,758,650 586,168 ³⁾	1,168,080 390,026 ³⁾	1,364,000 909,788 ³⁾
Number of shares earned (gross)	5,883 ⁴⁾	2,550 ⁴⁾	-	-
Number of shares delivered (net)	⁴⁾	⁴⁾	-	-
Share delivery date	⁴⁾	⁴⁾	-	-
Share price at delivery, EUR	⁴⁾	⁴⁾	-	-

1) Due to the remuneration restrictions regarding the Fortum Leadership Team members, the LTI award for the 2020–2022 LTI plan was scheduled for payment in 2024.

2) Taking the pro-ration into account, the final earning for Markus Rauramo led to an outcome of 9% of the original maximum number of shares granted in the LTI Plan 2020–2022 and to an outcome of 3% in the LTI Plan 2021–2023.

3) The number/maximum value of shares granted (gross) takes into account the remuneration restrictions regarding the Fortum Leadership Team members in 2022 and 2023. 2020–2022: the original maximum number of shares granted and shares pro-rated 1/3; 2021–2023 and 2022–2024: the original maximum number of shares granted and shares pro-rated 2/3; 2023–2025: the original maximum number of shares granted and shares pro-rated 1/3.

4) In May 2023, President and CEO Markus Rauramo decided to waive the LTI awards for the 2020–2022 and the 2021–2023 LTI plans, thus no shares will be delivered to Markus Rauramo in 2024.

5) The shares of the 2023–2025 LTI plan were granted in deviation from the schedule of the previous years due to the preparations related to the new organisation.

In 2023, due to the reorganisation of Fortum operating structure, businesses and enabling functions, the timeline for the LTI allocations deviated from the normal annual timeline. The first phase was completed at the end of August, and the allocation process was finalised by the end of November. The maximum number of shares granted (gross) to the President and CEO was 110,000. In accordance with the terms of the management remuneration restrictions in the Solidium bridge financing facility from 2022, the maximum share allocation was pro-rated and amounted to 73,370 shares for the President and CEO. The outcome of the 2023–2025 LTI plan will be confirmed in the spring of 2026.

The President and CEO is required to build up and maintain a holding in Fortum shares equivalent to 100% of the gross fixed compensation; 50% of net shares (after-tax) received at each vesting of share-based remuneration must be retained until a shareholding of 100% of gross fixed compensation is met. As of 31 December 2023, the Fortum shareholding of the President and CEO was 115,162 shares in total, thus meeting the shareholding requirement set for the role.

Remuneration 2023

Remuneration and shareholding of the Board of Directors

The Shareholders' Nomination Board proposed to the Annual General Meeting 2023 that the fees, presented in the table below, would be paid to the members of the Board of Directors for a term ending at the end of the Annual General Meeting 2024.

The Annual General Meeting held on 13 April 2023 approved the proposals of the Shareholders' Nomination Board.

Fees for the Board and Board Committee work in 2023

Annual Fee for the Board work, EUR	2023
Chair	88,800
Deputy Chair	63,300
Chair of the Audit and Risk Committee (if not simultaneously the Chair or Deputy Chair of the Board)	63,300
Members	43,100
Fixed fee for the Committee work, EUR	
Member of the Audit and Risk Committee	3,000
Chair of the Nomination and Remuneration Committee	5,000
Member of the Nomination and Remuneration Committee	2,000
Chair of any additional Committee established by a Board decision	5,000
Member of any additional Committee established by a Board decision	2,000
Meeting fees (incl. Committee meetings)	
Meeting fee	800
Meeting fee in case the member travels to the meeting outside his/her country of residence	1,600
Meeting fee when the member participates in the meeting via remote connection or for decisions that are confirmed without convening a meeting	800

Fees paid to the Board of Directors in 2023

EUR thousand	Annual Fee for the Board work, paid 2023	Fixed Fee for the Committee work, paid 2023	Meeting fees, paid 2023 ¹⁾	Total remuneration, paid 2023	Board service 2023	Shares owned 31 Dec 2023
Mikael Silvennoinen Chair of the Board and Chair of the Nomination and Remuneration Committee and the temporary Russia Committee	89	12	24	125	13 Apr–31 Dec	9,497 ²⁾
Essimari Kairisto Deputy Chair and Chair of the Audit and Risk Committee	63	2	42	107	1 Jan–31 Dec	2,872
Ralf Christian Chair of the Technology and Investment Committee	43	7	37	87	1 Jan–31 Dec	2,270
Luisa Delgado	43	2	27	73	1 Jan–31 Dec	2,270
Jonas Gustavsson	43	3	22	69	13 Apr–31 Dec	1,285
Marita Niemelä	43	2	14	59	13 Apr–31 Dec	1,285
Teppo Paavola	43	2	33	78	1 Jan–31 Dec	7,000
Maija Strandberg	43	7	27	78	13 Apr–31 Dec	1,285
Johan Söderström	43	2	12	57	13 Apr–31 Dec	1,285
Vesa-Pekka Takala	43	5	18	67	13 Apr–31 Dec	1,285
Total	497	44	256	800		30,334

1) The amounts stated in the table above include also the corrections made regarding the meeting fees in 2022. The corrections were paid in 2023.

2) Includes the 6,849 Fortum shares held through Mikael Silvennoinen's controlling company Agendum Oy.

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

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

In addition to the Audit and Risk Committee and the Nomination and Remuneration Committee, the Board of Directors established a new permanent Board committee for technology and investment-related matters in 2023.

Fortum's operating environment changed drastically in 2022 because of Russia's attack on Ukraine and the effects from the consequent European energy crisis, due to which the number of Board meetings increased significantly compared to the previous years. In 2023, a total of 16 Board meetings were held, while in 2022 the number of Board meetings had been 42 in total. Further information on the number of Board meetings held in 2023 is available in the Governance 2023 report.

In line with the terms of the Solidium bridge financing facility with the Finnish State, the fees to be paid to the Board of Directors did not increase in 2023.

Remuneration 2023

Remuneration and company performance over the last five financial years

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

The adjacent table presents the development of the remuneration of the Board of Directors, the President and CEO and the average employee as well as the financial performance of the company in the past five years (2019–2023).

The annual fee of the members of the Board of Directors was increased and a new fixed fee for the Committee work was introduced in 2022. The changes in the fees were approved by the Annual General Meeting 2022 in accordance with the proposal of the Shareholders' Nomination Board.

During 2022, Fortum's operating environment changed drastically because of Russia's attack on Ukraine and the effects of the consequent European energy crisis, due to which the number of Board meetings increased significantly compared to the previous years. The change in the number of Board meetings was reflected in the compensation amounts paid to the members of the Board of Directors in 2022. In line with the terms of the Solidium bridge financing facility with the Finnish State, the fees to be paid to the Board of Directors did not increase in 2022 (as of the signing date of the agreement) and in 2023.

EUR thousand	2023	2022	2021	2020	2019
Current Board members					
Mikael Silvennoinen	125	-	-	-	-
Essimari Kairisto	107	135	76	72	56
Ralf Christian	87	90	-	-	-
Luisa Delgado	73	102	34	-	-
Jonas Gustavsson	69	-	-	-	-
Marita Niemelä	59	-	-	-	-
Teppo Paavola	78	117	58	45	-
Maija Strandberg	78	-	-	-	-
Johan Söderström	57	-	-	-	-
Vesa-Pekka Takala	67	-	-	-	-
Former Board members					
Matti Lievonen	-	-	32	101	89
Klaus-Dieter Maubach	-	-	15	65	71
Anja McAllister	5	122	65	57	59
Eva Hamilton	-	-	19	55	54
Heinz-Werner Binzel	-	-	-	-	12
Kim Ignatius	-	-	-	21	67
Veli-Matti Reinikkala	10	181	92	77	58
Marco Ryan	-	-	-	-	19
Philipp Rösler	4	101	55	57	44
Annette Stube	11	105	57	42	-
Kimmo Viertola	6	86	-	-	-
Board of Directors	56	115	50	59	53
Total remuneration, average					
Board of Directors	43¹⁾	43¹⁾	40	40	40
Ordinary member annual fixed fee					
President and CEO					
Markus Rauramo	1,932	2,699	3,136	965	-
Average employee total remuneration ^{2) 4)}	80	80 ³⁾	59	67	56
Comparable operating profit, continuing operations, EUR million ⁴⁾	1,544	1,611 ³⁾	1,429	1,344	1,191
Earnings per share, continuing operations, EUR ⁴⁾	1.68	2.34 ³⁾	4.49	2.05	1.67

1) Excluding the annual fixed fee for the Committee work.

2) Based on the figures in the consolidated financial statements, including wages and salaries, pensions, social security costs as well as short- and long-term incentives (excl. the President and CEO). The financial statements include costs accrued for the year.

3) Comparative information for 2022 has been restated following the reclassification of the Russian operations as discontinued operations in 2023. For additional information, see Financials 2023.

4) Including Russian operations in 2019–2021 and Uniper in 2020.

Remuneration 2023

Additional information on remuneration of the other Fortum Leadership Team members and personnel in 2023

This report regarding the remuneration of the other Fortum Leadership Team and personnel has been prepared by the Nomination and Remuneration Committee in accordance with the Remuneration Policy for the personnel and the Finnish Corporate Governance Code while also taking into account the guidance set out in the Government Resolution on State-Ownership Policy. The report will be presented at the AGM 2024 of Fortum Corporation but is not subject to a resolution by the shareholders.

The report presents the decisions made regarding the Fortum Leadership Team’s (excl. the President and CEO) pay in 2023 and the remuneration for the past five years on an aggregated level.

Remuneration elements for the other Fortum Leadership Team members and personnel

The Remuneration Policy for the personnel provides a structure that aligns the remuneration of the FLT members and the personnel with the successful implementation of Fortum’s strategy. Our ethical and sustainable business practices are a core part of our daily operations and our remuneration principles are contributing to the long-term success of the company. The adjacent table describes the content of the policy at a glance.

Remuneration element, purpose, and link to strategy	Applied to	Key features of the policy
Fixed compensation Compensates for the job responsibilities and reflects the skills, knowledge, and experience of the individual.	All personnel	The fixed compensation is typically reviewed annually and is targeted at a competitive level vs. a relevant peer group/market. For the FLT members, the Board of Directors considers various factors when determining any change in fixed compensation, including individual contribution, business performance, role scope, employee pay across Fortum and alignment with the external market.
Pension and other benefits Provide a retirement benefit in addition to the statutory pensions, in line with local market practices, and support employee recruitment, engagement, and retention.	All personnel	The pension arrangements shall reflect the relevant market practice. For the FLT members, a supplementary pension plan is provided as part of the total remuneration in accordance with the relevant market practice. All new supplementary pension arrangements since the year 2008 are defined contribution plans. For members joining the FLT after the end of the year 2016, the pension premium is 20% of the annual base salary. Other benefits are provided in line with appropriate levels indicated by local market practice in the country of employment and can vary year by year. Various benefits are typically provided within the same framework and similar coverage for all employees within a country, with the exception of certain benefits based on the position. The personnel are also eligible to participate in programmes that may be offered at any given point, such as the share savings programme, project and recognition awards, retention awards paid in cash or shares, insurance benefits, seniority or birthday remembrance.
Short-term incentives (STI) Support achievement of Group’s annual financial, strategic, and sustainability targets.	All personnel	The STI programmes are designed to reward for the achievement of the company, unit, function, team, and individual performance. The STI target and maximum incentive potential percentages (on top of the base salary) depend on the position and reflect the possibility of influencing the company’s performance. The incentive potential percentages may vary to reflect the local market practice as well as the specific nature of the position. 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 company strategy.
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.	FLT 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 continue to support the company strategy, and they 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 FLT members with those of shareholders.	FLT	The FLT members are required to build up and maintain a holding in Fortum shares equivalent to 100% of their gross fixed compensation. 50% of the net shares (after-tax) received at each vesting must be retained until the shareholding requirement of 100% of gross fixed compensation is met.

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Changes in the Fortum Leadership Team in 2023

Fortum reorganised the Group’s operating model to drive the execution of the Group’s new strategy announced in March 2023. The new business structure and the revised Fortum Leadership Team (FLT – previously called the Fortum Executive Management) became effective at the end of March 2023. The former Fortum Executive Management consisted of 8 members, while the new Fortum Leadership Team consists of 11 members.

Fortum Leadership Team as per 31 March 2023:

- **Markus Rauramo**, President and CEO
- **Mikael Lemström**, Executive Vice President, Hydro Generation
- **Petra Lundström**, Executive Vice President, Nuclear Generation
- **Peter Strannegård**, Executive Vice President, Renewables and Decarbonisation
- **Simon-Erik Ollus**, Executive Vice President, Corporate Customers and Markets
- **Mikael Rönnblad**, Executive Vice President, Consumer Solutions
- **Tiina Tuomela**, Chief Financial Officer (CFO) (as of April 2023)
- **Nebahat Albayrak**, Executive Vice President, Sustainability and Corporate Relations
- **Eveliina Dahl**, Executive Vice President, People and Procurement
- **Nora Steiner-Forsberg**, Executive Vice President, Legal, General Counsel
- **Bernhard Günther**, Chief Transformation Officer (CTO), Transformation and IT

Per Langer, Executive Vice President, City Solutions stepped down from the Fortum Leadership Team as of 30 March 2023.

Remuneration of other Fortum Executive Management team members

EUR thousand	Other Fortum Leadership Team 2023	Other Fortum Leadership Team 2022	Other Fortum Leadership Team 2021	Other Fortum Leadership Team 2020	Other Fortum Leadership Team 2019
Fixed compensation	3,369	3,447	3,727	3,195	3,382
Supplementary pension	792	717	513	527	586
Short-term incentives	68 ¹⁾	1,032	478	657	631
Long-term incentives	86 ²⁾	1,223	2,250	3,598	2,360
Employee Share Savings plan	11 ³⁾	-	-	-	-
Total remuneration	4,327	6,419	6,968	7,977	6,958

- 1) In accordance with the terms of the Solidium bridge financing facility with the Finnish State, the STI earned in 2022 and 2023 are not paid. The new FLT members who joined the Fortum Leadership Team as of 31 March 2023 were eligible for the short-term incentives accumulated in 2022 based on their previous roles in the company.
- 2) The LTI award for the 2020–2022 and 2021–2023 LTI plans were scheduled for payment in 2024. In May 2023, the FLT members decided to waive the LTI awards for the 2020–2022 and the 2021–2023 LTI plans, thus no LTI awards will be paid in 2024. The amount stated in the table above includes the LTI award paid to the new FLT members who were eligible for the LTI award for the 2020–2022 LTI plan based on their previous roles in the company. These shares were delivered in March 2023 resulting in taxable income in April 2023. The amount includes also the RSP 2020–2022 award paid, based on the Executive agreement, to EVP, Sustainability and Corporate Relations in the spring of 2023.
- 3) With regard to the 2020 Employee Share Savings plan, the FLT members (excl. the President and CEO) who were employed by the company in 2020 and were members of the Fortum Leadership Team in 2023 earned a total of 808 matching shares (gross) amounting to a gross award of EUR 11,474.

In accordance with the terms of the Solidium bridge financing facility with the Finnish State, the Fortum Leadership Team are not paid the short-term incentives earned in 2022 and 2023, and their salaries did not increase in 2022 (as of the signing date of the agreement) and 2023. Furthermore, the FLT members are not paid the long-term incentives accumulated in 2022 and 2023. Therefore, the maximum number of shares granted was pro-rated taking the remuneration restrictions for the years 2022 and 2023 into account. The achievement of the relative TSR for the 2020–2022 LTI plan was 0%. With regard to the ESG measure, the achievement was 70% and the weighted outcome was 14%, resulting in an overall outcome of 14% of the maximum for the 2020–2022 LTI plan. The achievement of the relative TSR for the 2021–2023 LTI plan was 0%. With regard to the ESG measure, the achievement of the climate related target was 50% and the set target of Fortum’s reputation index target reached the achievement of 25%. The weighted outcome of the ESG measure was 9% in total, resulting in an overall outcome of 9% of the maximum for the 2021–2023 LTI plan. Further information on the measures, weightings and outcomes of the STI 2023 as well

as the 2020–2022 and 2021–2023 LTI plans is available in section ► **Performance outcomes** on pages 7–9.

The LTI awards for the 2020–2022 and 2021–2023 LTI plans were scheduled for payment in 2024. In May 2023, the Fortum Leadership Team members decided to waive their LTI awards for the 2020–2022 and 2021–2023 LTI plans, thus no LTI awards will be paid to Leadership Team members in the spring of 2024. The new Leadership Team members who joined the Fortum Leadership Team as of 31 March 2023 were eligible for the LTI award for the 2020–2022 LTI plan as well as for the short-term incentives accumulated in 2022 based on their previous roles in the company.

The Leadership Team members (excl. the President and CEO) who were employed by the company in 2020 and were members of the Fortum Leadership Team in 2023 earned a total of 808 matching shares (gross) for the 2020 Employee Share Savings (ESS) plan. The delivery of the net number of the matching shares (479 shares in total) took place in March 2023. With regard to the 2021 ESS plan, the holding period of the purchased shares ended at the end of 2023. Based on the number of ESS shares held on 31 December 2023, seven

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of the current Leadership Team members (excl. the President and CEO) who were employed by the company in 2021 earned a total of 810 matching shares (gross) at the maximum. The matching share amount (gross) will be confirmed and the delivery of the net number of the matching shares will take place in the spring of 2024.

Due to the restrictions regarding management remuneration as a part of the terms of the Solidium bridge financing facility with the Finnish State, Fortum concluded that the Fortum Leadership Team would not participate in the 2023 ESS plan (excl. the new Leadership Team members who joined the FLT as of 31 March 2023).

Information on incentive plans

The Group-level measures and outcomes of the short-term incentive plans 2022 and 2023 are described on [page 8](#). Due to the remuneration restrictions set for the Fortum Leadership Team based on the Solidium bridge financing facility, the FLT members will not be paid short- or long-term incentives that were accumulated in 2022 and 2023. In the short-term incentive (STI) plan 2023 for personnel, the target scale for the Group comparable operating profit was set based on the exceptional market conditions and unprecedentedly high and volatile power prices seen in 2022. As market conditions totally changed and power prices clearly declined, the Group comparable operating profit did not reach the set threshold level. The Group's financial results for 2023, however, reached a very good level due to the Generation segment's strong financial and operational performance. Taking into account the volatile market prices, the transformation and reorganisation of the company and employees' contribution and engagement during the year, the Board of Directors used their discretion right and decided to evaluate the achievement of the Group comparable operating profit and other alternative financial targets to be at 45%.

For 2024, the STI performance measures comprise the Group's financial, operational, customer and safety measures as well as business/function specific measures and/or team/individual measures. The financial performance measure consists of the Group's comparable operating profit (30%

weight) and group fixed costs (10% weight). The operational measure (10% weight) is based on the availability of the production fleet and the customer measure on the net promoter score, NPS (10% weight). The safety measure consists of safety actions (10% weight). The business/function specific measures and/or team/individual measures are set taking the business/function priorities and employees' roles and responsibilities into account (30% weight).

Fortum's LTI programme consists of the annually commencing LTI plans with a three-year performance period. The relative TSR measured against a peer group of European utilities has been the financial measure in the LTI programme since 2019. Fortum introduced an ESG-related measure as part of the LTI target setting for the first time in the 2020–2022 LTI plan.

In the 2021–2023 LTI plan, the set ESG measure 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 the exceeding of the communicated ambition level. The relative TSR remained as a measure in the LTI plan, and selected gas companies were added to the existing peer group comprising selected European utility companies. Due to the divestment of Uniper in 2022, the ESG measure was adjusted in early 2023 in such a way that the original measure was evaluated regarding the period 2021–2022, and Fortum's reputation index among key stakeholders in Finland, Sweden and Norway was set as a measure for the year 2023.

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

In the 2023–2025 LTI plan, the ESG measure is linked to emission reduction targets based on climate science (SBTi

1.5°C) and related to emissions in Europe and to Fortum's reputation index development among key stakeholders. The relative TSR measured against a peer group of European utilities remained as a measure in the plan but due to the divestment of Uniper and Fortum's renewed strategy, changes were made to the companies included in the peer group to better match Fortum.

In the 2024–2026 LTI plan, the performance measures consist of financial, customer related and ESG measures. The relative TSR measured against a peer group of European utilities is set for the financial measure. The relative TSR peer group is the same as in the 2023–2025 LTI plan and consists of the following companies: A2A S.p.A., Acciona energías renovables, BKW AG, Centrica plc, CEZ, a.s., Drax Group plc, Encavis AG, EDP - Energias de Portugal, S.A., EDP Renováveis, S.A., Endesa, S.A., Enel SpA, ENGIE SA, E.ON SE, Hera S.p.A., Iberdrola, S.A., Iren SpA., Naturgy Energy Group, S.A., RWE Aktiengesellschaft, SSE plc, Veolia Environnement S.A., VERBUND AG and Ørsted A/S. The customer related measure is based on the increase in the share of long-term customer power purchasing agreements (PPA) as part of hedging. The ESG measures are based on the development of a pipeline of renewable energy to respond to future demand-driven growth and emission reduction targets aligned with SBTi.

In April 2023, the Russian authorities seized control of Fortum's assets in Russia and Fortum lost control of PAO Fortum, which triggered full impairments and deconsolidation of the company's Russian assets in the second quarter of 2023. Russia is not included in the target setting regarding the ongoing incentive plans.

Since 2020, Fortum has also had a restricted share plan (RSP) as a supplement to the LTI programme. In the RSP, a maximum number of shares can be allocated for a three-year plan period in accordance with the customary LTI plan, but the plan is excluded from the performance targets. On 31 December 2023, the amount of shares allocated was 13,500 in the RSP 2021–2023, 34,800 in the RSP 2022–2024 and 37,300 in the RSP 2023–2025. The delivery of the RSP 2021–2023 award is expected to take place in the spring of 2024.

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LTI Plan	2020–2022	2021–2023	2022–2024	2023–2025	2024–2026
Performance period	2020–2022	2021–2023	2022–2024	2023–2025	2024–2026
Share delivery year	2023 2024 ¹⁾	2024 ¹⁾	2025	2026	2027
Performance measures	80% relativeTSR 20% ESG	80% relativeTSR 20% ESG	80% relativeTSR 20% ESG	70% relativeTSR 30% ESG	50% relative TSR 20% Customer related measure 30% ESG
Outcome of the plan	14%	9%			
Maximum number of shares granted (gross)	410,488	317,000 ²⁾	342,597 ²⁾	713,614 ²⁾	⁶⁾
Number of shares forfeited	119,204 ³⁾	⁴⁾			
Number of shares earned (gross)	39,890	⁴⁾			
Number of participants (at delivery)	88	⁴⁾			
Grant date	28 Feb 2020	28 Feb 2021	28 Feb 2022	31 Aug 2023 30 Nov 2023 ⁵⁾	⁶⁾
Share price at grant, EUR	19.28	20.69	18.84	12.40 12.89 ⁵⁾	⁶⁾
Share delivery date	9 March 2023	⁴⁾			
Share price at delivery, EUR	14.34	⁴⁾			

1) Due to the restrictions regarding management remuneration, the LTI award for the Fortum Leadership Team members for the 2020–2022 LTI plan was scheduled for payment in 2024. In May 2023, the Fortum Leadership Team members decided to waive their LTI awards for the 2020–2022 and 2021–2023 LTI plans. Therefore, no LTI awards will be paid to the Leadership Team members in the spring of 2024. The new Leadership Team members who joined the Fortum Leadership Team as of 31 March 2023 were eligible for the LTI award for the 2020–2022 LTI plan based on their previous roles in the company.

2) The number of shares granted presents the situation as on 31 December 2023 (i.e. the remuneration restrictions regarding the FLT members in 2022 and 2023 have been taken into account). Regarding the 2021–2023 LTI plan the number of shares granted takes also into account the LTI awards waived by the FLT members.

3) The number of shares forfeited includes granted shares lost due to the termination of the employment after 31 December 2022 as well as granted shares waived by the Leadership Team members (excl. the new Leadership Team members who were eligible for LTI award for the 2020–2022 LTI plan based on their previous roles in the company).

4) The share delivery will take place after the publication of the Remuneration Report 2023.

5) The shares of the 2023–2025 LTI plan were granted in deviation from the schedule of the previous years due to the preparations related to the new organisation.

6) The planned grant date of the 2024–2026 LTI plan is 29 February 2024.

In 2023, due to the reorganisation of Fortum’s operating structure, businesses and enabling functions, the timeline for the LTI allocations deviated from the normal annual timeline. The first phase was completed at the end of August, and the allocation process was finalised by the end of November. In accordance with the terms of the management remuneration restrictions in the Solidium financing facility from 2022, the maximum share allocation to the FLT members was pro-rated. The maximum number of shares granted (gross) to the FLT members (excl. the President and CEO) was 232,000 shares and the pro-rated number 154,744 shares. The outcome of the 2023–2025 LTI plan will be confirmed in the spring of 2026.

The FLT members are required to build up and maintain a holding in Fortum shares equivalent to 100% of their gross fixed compensation. 50% of the net shares (after-tax) received at each vesting of share-based remuneration must be retained until a shareholding of 100% of gross fixed compensation is met.

Remuneration 2023

Summary of shares delivered (net) to the Fortum Leadership Team

LTI Plan	PSP 2020–2022	RSP 2020–2022	PSP 2021–2023	Shares owned 31 Dec 2023
Nebahat Albayrak Executive Vice President, Sustainability and Corporate Relations	1)	2,677 ³⁾	1)	3,438
Eveliina Dahl Executive Vice President, People and Procurement	1)		1)	2,859
Bernhard Günther Chief Transformation Officer	1)		1)	767
Mikael Lemström Executive Vice President, Hydro Generation	2)		1)	15,021
Petra Lundström Executive Vice President, Nuclear Generation	2)		1)	13,617
Simon-Erik Ollus Executive Vice President, Corporate Customers and Markets	1)		1)	6,838
Markus Rauramo President and CEO	1)		1)	115,162
Mikael Rönnblad Executive Vice President, Consumer Solutions	1)		1)	20,685
Nora Steiner-Forsberg Executive Vice President, Legal, General Counsel	1)		1)	1,615
Peter Strannegård Executive Vice President, Renewables and Decarbonisation	2)		1)	3,292
Tiina Tuomela Chief Financial Officer	2)		1)	40,169
Total	-	2,677	-	223,463
Former Fortum Executive Management members				
Per Langer Executive Vice President, City Solutions	4)		4)	-
Total	-		-	-

- 1) In May 2023, the Fortum Leadership Team members decided to waive their LTI awards for the 2020–2022 and 2021–2023 LTI plans. Therefore, no shares will be delivered to the Leadership Team members in 2024.
- 2) The LTI award for the 2020–2022 LTI plan was paid to the new Fortum Leadership Team members who joined the Fortum Leadership Team as of 31 March 2023 and were eligible for the LTI award for the 2020–2022 LTI plan based on their previous roles in the company. These shares were delivered in March 2023 resulting in taxable income in April 2023.
- 3) Nebahat Albayrak participated in the restricted share plan (RSP) 2020–2022. A total of 2,677 shares (net) were delivered to her in March 2023 based on the Executive agreement.
- 4) Per Langer stepped down from the Fortum Executive Management as of 30 March 2023.

Employee Share Savings Programme – forShares

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

Based on the decisions made by the Board of Directors, the matching ratio for the 2023 and 2024 savings periods is 2:1. The employee participation rate in the 2023 savings period as well as in the 2024 savings period was 35% of the eligible employees.

Due to the restrictions regarding management remuneration as a part of the terms of the Solidum bridge financing facility with the Finnish State, Fortum concluded that the Fortum Leadership Team would not participate in the 2023 ESS plan (excl. the new Leadership Team members who joined the Fortum Leadership Team as of 31 March 2023).

The holding period for the shares purchased under the 2021 ESS plan ended at the end of 2023. The participants have earned matching shares (gross) according to the terms and conditions of the programme. The matching ratio for the 2021 savings period was 2:1. The delivery of the net number of the matching shares will take place in the spring of 2024.

Fortum Personnel Fund

Fortum employees in Finland who do not participate in the long-term incentive programme are eligible for the Fortum Personnel Fund. The amount annually paid to the Personnel Fund is based on the achievement of the annual targets. The payments to the fund in 2023 totalled EUR 0.0 million (EUR 4.3 million in 2022).