

29 March 2021

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

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

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

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

Proposed to be re-elected as members:

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

Proposed to be elected as new member:

Luisa Delgado.

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

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

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

Remuneration of the Board of Directors:

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

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

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

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

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

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

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

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

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

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

Appendix 1: Biographical details of the proposed new Board member

Luisa Deplazes de Andrade Delgado

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

Board professional, Investor & Entrepreneur, Advisor

Primary working experience:

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

Positions of trust:

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