1 **OPENING OF THE MEETING**

Chairman of the Board of Directors Matti Lievonen welcomed the shareholders and gave the opening speech of the Chairman of the Board of Directors via video connection.

Chairman of the Audit and Risk Committee of the Board of Directors Kim Ignatius opened the meeting.

2 **CALLING THE MEETING TO ORDER**

Manne Airaksinen, attorney-at-law, was elected Chairman of the General Meeting, and he called Henrik Hinders, Vice President, Head of Corporate Legal, to act as secretary.

The Chairman briefly presented the special measures taken by the company related to the coronavirus situation. It was noted that the company had urged shareholders to avoid attending the General Meeting at the meeting venue in person. Shareholders had had a possibility to vote in advance by using the advance voting system provided by Euroclear Finland Ltd., or to authorise Merilampi Attorneys Ltd. to represent them at the meeting free of charge. Shareholders had also been offered a possibility to follow the General Meeting via live video stream and to pose questions in writing regarding the matters to be considered at the meeting until 4:00 p.m. (EET) 14 April 2020.

It was noted that the documents concerning the financial statements, the remuneration policy for the company’s governing bodies, and the proposals made to the General Meeting, as well as other documents and information required by the Companies Act and the Securities Markets Act had been available on the company’s website for the period required by the Companies Act prior to the General Meeting, and said documents were also available at the meeting venue.
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It was noted that the meeting would be conducted in Finnish.

The Chairman noted that certain nominee registered shareholders and certain other shareholders participating in the General Meeting through a proxy had provided the company with voting instructions prior to the meeting. In addition, shareholders with a Finnish book entry account had been able to vote in advance on certain agenda items through the company’s website. The Chairman gave a description of the voting instructions, a summary of which was attached to the minutes (Appendix 1).

The representatives of the shareholders who had provided voting instructions had informed the company that their principals did not demand a vote on those agenda items under which the instruction had been to oppose to the proposed resolution or to abstain from taking part in the decision-making, but that it would be sufficient that such votes were duly recorded in the minutes.

The Chairman noted that the above procedures would be adhered to during the meeting and that opposing or abstaining votes would be recorded in the minutes under each agenda item concerned. The Chairman further noted that, to the extent the summary list included opposing votes that had been presented without any counterproposal under such agenda items where it is not possible to vote against the proposal without presenting a counterproposal, such votes would not be formally acknowledged as opposing votes, and they would not be recorded under the relevant agenda items.

The summary lists of the voting instructions provided in advance and the advance votes were attached to the minutes (Appendix 2).

3 ELECTION OF THE PERSON TO SCRUTINISE THE MINUTES AND TO SUPERVISE THE COUNTING OF VOTES

Veli Siitonen was elected to scrutinise the minutes and to supervise the counting of votes.

4 RECORDING THE LEGALITY OF THE MEETING

It was noted that the notice to the meeting had been published by a stock exchange release and on the company's website on 30 March 2020.

The notice to the meeting was attached to the minutes (Appendix 3).

It was noted that the General Meeting had been convened in accordance with the provisions of the Articles of Association and the Companies Act.

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

A report of the attendees as at the beginning of the meeting and a list of votes represented at the meeting were presented, according to which a total of 1,903 shareholders were either represented at the meeting or attended the meeting in person.

It was noted that a total of 610,378,976 shares and votes were represented at the beginning of the meeting.
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The list of the attendees as at the beginning of the meeting and the list of votes represented at the meeting were attached to the minutes (Appendix 4). It was noted that the list of votes would be adjusted to correspond to the attendance at the beginning of a possible vote.


Pekka Lundmark, President and CEO of the company, presented Fortum Corporation's financial statements, consolidated financial statements and the operating and financial review of the Board of Directors for the financial year of 1 January – 31 December 2019. The reviews were attached to the minutes (Appendix 5). It was noted that a longer President and CEO’s review, recorded prior to the General Meeting was available on the company’s website.

It was noted that the financial statements had been available on the company's website since 10 February 2020, in addition to which they were also available at the meeting venue.

The documents concerning the financial statements were attached to the minutes (Appendix 6).

The Chairman of the General Meeting read the auditor’s statements.

The auditor’s report was attached to the minutes (Appendix 7).

7 ADOPTION OF THE FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS

The General Meeting resolved to adopt the financial statements and the consolidated financial statements for the financial year 1 January – 31 December 2019.

It was recorded that the number of opposing votes of the shareholders who had voted in advance or given voting instructions under this agenda item was 101,298, and the number of their abstaining votes was 188,441.

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

It was noted that the Board of Directors had proposed to the General Meeting that a dividend of EUR 1.10 per share be paid for the financial year that ended on 31 December 2019. The remaining part of the distributable funds will be retained in the shareholders’ equity. According to the evaluation of the Board of Directors, payment of the dividend will not compromise the company’s liquidity.

According to the proposal of the Board of Directors, the dividend will be paid to shareholders who are recorded in the shareholders' register held by Euroclear Finland Ltd. on the record date of the dividend payment 27 April 2020. According to the proposal, the dividend shall be paid on 5 May 2020.

The proposal of the Board of Directors was attached to the minutes (Appendix 8).
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The General Meeting resolved that a dividend be paid for the financial year that ended on 31 December 2019 in accordance with the proposal of the Board of Directors.

It was recorded that the number of opposing votes of the shareholders who had voted in advance or given voting instructions under this agenda item was 90 116, and the number of their abstaining votes was 15 489.

9 RESOLUTION ON THE DISCHARGE FROM LIABILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE PRESIDENT AND CEO

It was noted that the auditor had supported in the auditor’s report that all persons who had acted as members of the Board of Directors during the year 2019 and the President and CEO be discharged from liability.

The General Meeting resolved to discharge all persons who had acted as members of the Board of Directors during the year 2019 and the President and CEO from liability.

It was recorded that the number of opposing votes of the shareholders who had voted in advance or given voting instructions under this agenda item was 26 852 730, and the number of their abstaining votes was 290 655.

10 REVIEW OF THE COMPANY’S REMUNERATION BY THE CHAIRMAN OF THE NOMINATION AND REMUNERATION COMMITTEE

Chairman of the Audit and Risk Committee of the Board of Directors Kim Ignatius presented the review of the Company’s remuneration on behalf of the Chairman of the Nomination and Remuneration Committee of the Board of Directors.

11 PRESENTATION OF THE REMUNERATION POLICY FOR THE COMPANY’S GOVERNING BODIES

Chairman of the Audit and Risk Committee of the Board of Directors Kim Ignatius presented the Remuneration Policy for the company’s Governing Bodies, approved by the Board of Directors.

It was noted that the Remuneration Policy had been available on the company’s website as from 6 February 2020. The Remuneration Policy was also available at the meeting venue.

It was noted that in accordance with the Companies Act, the General Meeting’s resolution on this item would be advisory.

Remuneration Policy for the company’s Governing Bodies was attached to the minutes (Appendix 9).

The General Meeting resolved to approve the presented Remuneration Policy.

It was recorded that the number of opposing votes of the shareholders who had voted in advance or given voting instructions under this agenda item was 4 420 933, and the number of their abstaining votes was 27 744.
RESOLUTION ON THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

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

It was noted that the Shareholders’ Nomination Board had considered that the fees had fallen significantly below the current market levels. To achieve the market level, a step-by-step plan supported by the major shareholders to increase Board remuneration must be developed by the end of the 2020. As the Finnish State’s position on the development of the remuneration is still in progress, the Shareholders’ Nomination Board had not reached a unanimous proposal, and consequently had not made a proposal for the remuneration to be paid to the Board of Directors for their following term of office.

The State of Finland proposed that the remuneration of the Board of Directors be paid, as follows:

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

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

For the avoidance of doubt, it was noted that travel expenses would be compensated to the members of the Board of Directors in accordance with the travel rules of the company.

The proposal of the State of Finland was attached to the minutes (Appendix 10).

The General Meeting resolved that the remuneration to the members of the Board of Directors be paid in accordance with the proposal of the State of Finland.

It was recorded that the number of opposing votes of the shareholders who had voted in advance or given voting instructions under this agenda item was 7,652, and the number of their abstaining votes was 22,374.
RESOLUTION ON THE NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS

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

It was noted that the Shareholders' Nomination Board had proposed to the General Meeting that the number of members of the Board of Directors be nine (9).

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

The General Meeting resolved, in accordance with the proposal of the Shareholders' Nomination Board, that the number of members of the Board of Directors shall be nine (9), the Chairman and the Deputy Chairman included.

It was recorded that the number of abstaining votes of the shareholders who had voted in advance or given voting instructions under this agenda item was 19 024.

ELECTION OF THE CHAIRMAN, DEPUTY CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS

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

It was noted that the Shareholders' Nomination Board had proposed to the General Meeting that Eva Hamilton, Essimari Kairisto, Matti Lievonen, Klaus-Dieter Maubach, Anja McAlister, Veli-Matti Reinikkala and Philipp Rösler be re-elected as members of the Board of Directors, and that Teppo Paavola and Annette Stube be elected as new members of the Board of Directors. In addition, it was noted that the Shareholders’ Nomination Board had proposed that Matti Lievonen be elected as Chairman and Veli-Matti Reinikkala as Deputy Chairman.

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

The General Meeting resolved to elect the Chairman, the Deputy Chairman, and the members of the Board of Directors for the term of office beginning at the closing of the Annual General Meeting and expiring at the closing of the next Annual General Meeting in accordance with the proposal of the Shareholders' Nomination Board.

It was recorded that the number of abstaining votes of the shareholders who had voted in advance or given voting instructions under this agenda item was 625 073.

RESOLUTION ON THE REMUNERATION OF THE AUDITOR

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

The proposal was attached to the minutes (Appendix 11).
The General Meeting resolved, in accordance with the proposal of the Board of Directors, that the auditor’s fee be paid pursuant to an invoice approved by the company.

It was recorded that the number of opposing votes of the shareholders who had voted in advance or given voting instructions under this agenda item was 3,967,689, and the number of their abstaining votes was 20,785.

**16 ELECTION OF THE AUDITOR**

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

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

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

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

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

The General Meeting resolved to elect the auditor of the company and to request the statements of the auditor in accordance with the proposal of the Board of Directors.

It was recorded that the number of abstaining votes of the shareholders who had voted in advance or given voting instructions under this agenda item was 20,430.

**17 AUTHORISING THE BOARD OF DIRECTORS TO DECIDE ON THE REPURCHASE OF THE COMPANY’S OWN SHARES**

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

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

Only the unrestricted equity of the company could be used to repurchase own shares on the basis of the authorisation. Own shares could be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market.
Minutes 1/2020

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

The authorisation would cancel the authorisation resolved by the Annual General Meeting of 2019 to decide on the repurchase of the company’s own shares, and it would be effective until the next Annual General Meeting, and in any event, no longer than for a period of 18 months.

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

The General Meeting resolved to authorise the Board of Directors to decide on the repurchase of the company's own shares in accordance with the proposal of the Board of Directors.

It was recorded that the number of opposing votes of the shareholders who had voted in advance or given voting instructions under this agenda item was 2,962,625, and the number of their abstaining votes was 8,116.

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

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

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

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

The authorisation would cancel the authorisation resolved by the Annual General Meeting of 2019 to decide on the disposal of the company’s own shares, and it would be effective until the next Annual General Meeting, and in any event, no longer than for a period of 18 months.

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

The General Meeting resolved to authorise the Board of Directors to decide on the disposal of the company's own shares in accordance with the proposal of the Board of Directors.

It was recorded that the number of opposing votes of the shareholders who had voted in advance or given voting instructions under this agenda item was 221,023, and the number of their abstaining votes was 7,773.
19  AUTHORISING THE BOARD OF DIRECTORS TO DECIDE ON CHARITABLE CONTRIBUTIONS

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

The proposal was attached to the minutes (Appendix 15).

The General Meeting resolved to authorise the Board of Directors to decide on charitable contributions in accordance with the proposal of the Board of Directors.

It was recorded that the number of opposing votes of the shareholders who had voted in advance or given voting instructions under this agenda item was 1,077,102, and the number of their abstaining votes was 28,038.

20  SHAREHOLDER’S PROPOSAL FOR THE AMENDMENT OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

It was noted that in accordance with Chapter 5 Section 5 of the Companies Act, a shareholder shall have the right to have a matter falling within the competence of the General Meeting dealt with by the General Meeting.

It was noted that the company’s shareholder WWF Finland (Maailman Luonnon Säätiö, World Wide Fund for Nature, Suomen rahasto, sr) had proposed to the General Meeting to amend the company’s Articles of Association so as to include the Paris Agreement 1.5 degree Celsius target as the new Article 17. Accordingly, the number of the current Article 17 would be changed to Article 18.

The shareholder’s proposal was attached to the minutes (Appendix 16).

The Chairman of the General Meeting read the written statement of the shareholder WWF Finland delivered to the General Meeting regarding agenda item 20, in which WWF Finland demanded that the agenda item be put to the vote.

Chairman of the Audit and Risk Committee Kim Ignatius read the supplement published in the notice to the Annual General Meeting on 30 March 2020 to the statement by the Board of Directors on WWF Finland’s proposal published on 24 February 2020 as a stock exchange release, and stated that the Board of Directors recommended that the shareholder proposal for the amendment of the Articles of Association of the company be rejected.

The statement by the Board of Directors was attached to the minutes (Appendix 16).

It was noted that the company had additionally received three written statements on the agenda item, which were attached to the minutes (Appendix 17).

The Chairman of the General Meeting noted that if the shareholder’s proposal meant deviation from the purpose of generating profits for the shareholders, according to the Companies Act, its approval would likely require consent from all shareholders of the company. The Chairman further noted that if the company had a purpose other than that...
of generating profits for the shareholders, according to the Companies Act, the Articles of Association of the company would have to include provisions on the use of own equity in the cases of distribution of assets laid down in the Companies Act. The proposal of WWF Finland does not include such provision. Amendment of the Articles of Association would require, in any case, that at least two-thirds of the votes cast and shares represented at the meeting are in favor of it.

It was noted that a counterproposal had been presented on the agenda item to reject the shareholder’s proposal, and ballot box vote would be carried out on the agenda item. It was recorded that a total of 610 378 976 shares and votes were represented at the meeting at the beginning of the voting. The list of the attendees as at the beginning of the voting and the list of votes were attached to the minutes (Appendix 18).

A total of 583 501 182 shares and votes participated in the voting, corresponding to 65.69 % of all the shares and votes in the company. It was recorded that the number of shares and votes in favor of the proposal presented by WWF Finland was 46 962 215, i.e. 8.05 % of the votes cast and 7.69 % of the shares represented at the meeting. It was recorded that the number of shares and votes opposing to the proposal presented by WWF Finland was 536 538 967, i.e. 91.95 % of the votes cast. A number of shares and votes that were represented at the meeting, but which did not participate in the voting was 26 877 794. The voting result was attached to the minutes (Appendix 19).

The General Meeting resolved to reject the shareholder WWF Finland’s proposal for the amendment of the Articles of Association of the company in accordance with the voting result.

21 CLOSING OF THE MEETING

It was noted that there were no other matters to be considered.

It was noted that all decisions of the General Meeting had been made unanimously by the shareholders present at the meeting, unless otherwise indicated in the minutes.

The Chairman noted that the items on the agenda had been considered and that the minutes of the meeting would be available on the company’s website as from 7 May 2020 at the latest.

The Chairman announced the meeting closed at 3:45 p.m.

[Signatures on the following page]
Minutes 1/2020

Chairman of the General Meeting: Manne Airaksinen
MANNE AIRAKSINEN

In fidem: Henrik Hinders
HENRIK HINDERS

Minutes reviewed and confirmed by: Veli Siitonen
VELI SIITONEN
APPENDICES

Appendix 1  Summary of the voting instructions
Appendix 2  The voting instructions delivered to the company
Appendix 3  Notice to the General Meeting
Appendix 4  List of attendees and votes
Appendix 5  The President and CEO's review
Appendix 6  Financial statements
Appendix 7  Auditor's report
Appendix 8  Proposal by the Board of Directors for use of the profit shown on the balance sheet
Appendix 9  Remuneration Policy for the company’s Governing Bodies
Appendix 10 Proposal of the State of Finland regarding the remuneration to be paid to the Board of Directors, and the proposals of the Shareholders’ Nomination Board regarding the number of the members of the Board of Directors and the election of Chairman, Deputy Chairman and the members of the Board of Directors
Appendix 11 Proposal by the Board of Directors for the auditor’s remuneration
Appendix 12 Proposal by the Board of Directors for the election of the auditor
Appendix 13 Proposal by the Board of Directors to authorise the Board to decide on the repurchase of the company's own shares
Appendix 14 Proposal by the Board of Directors to authorise the Board to decide on the disposal of the company's own shares
Appendix 15 Proposal by the Board of Directors to authorise the Board to decide on charitable contributions
Appendix 16 Proposal of the company’s shareholder WWF and the statement by the Board of Directors on the shareholder WWF’s proposal published on 24 February 2020
Appendix 17 Written statements delivered to the company on agenda item 20
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Appendix 18  List of attendees at the beginning of the voting on agenda item 20 and the list of votes

Appendix 19  Voting result on agenda item 20

The proxies delivered to the company will be kept separately from the minutes.
The following appendices appear in the Financial Statements for 2019 which can be found from Fortum Corporation's webpage at the following address:

www.fortum.com/financials2019

Appendix 6  Financial statements
Appendix 7  Auditor's report (pages 133-136)
PROPOSAL BY THE BOARD OF DIRECTORS FOR USE OF THE PROFIT SHOWN ON THE BALANCE SHEET
PROPOSAL BY THE BOARD OF DIRECTORS FOR USE OF THE PROFIT SHOWN ON THE BALANCE SHEET AND THE PAYMENT OF DIVIDEND

The distributable funds of Fortum Corporation as at 31 December 2019 amounted to EUR 4,219,128,198.51 including the profit of the financial period 2019 of EUR 213,409,797.80. The company’s liquidity is good and the dividend proposed by the Board of Directors will not compromise the company’s liquidity.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.10 per share be paid for 2019.

Based on the number of registered shares as at 30 March 2020, the total amount of dividend would be EUR 977,123,911.50. The Board of Directors proposes that the remaining part of the distributable funds be retained in the shareholders’ equity.

Dividend shall be paid to shareholders who on the record date of the dividend payment 27 April 2020 are recorded in the company’s shareholders’ register held by Euroclear Finland Ltd. The Board of Directors proposes that the dividend be paid on 5 May 2020.

Espoo, 30 March 2020

Fortum Corporation
The Board of Directors
REMUNERATION POLICY FOR THE COMPANY’S GOVERNING BODIES
5 February 2020

Reviewed by, Date
Nomination and Remuneration Committee,
4 February 2020

Approved by, Date
Board of Directors,
5 February 2020

Valid from: 17 March 2020

FORTUM REMUNERATION POLICY FOR GOVERNING BODIES
5 February 2020

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7 PRINCIPLES FOR NEW HIRES .......................................................................................................................... 9
8 REMUNERATION POLICY FOR THE BOARD OF DIRECTORS ........................................................................ 9
INTRODUCTION

The following sections set out Fortum’s Remuneration Policy (“Policy”) for the President and CEO (and for any Deputy CEO should such a Deputy CEO be appointed) and for the Board of Directors. It will be presented to the Annual General Meeting (AGM) 2020, and the AGM’s resolution on the matter will be advisory.

This Policy has been developed in accordance with the requirements set forth by the amended EU Shareholders’ Rights Directive, which has been implemented in Finland mainly into the Limited Liability Companies Act, Securities Markets Act, Decree of the Ministry of Finance on the remuneration policy and remuneration report on a share issuer, and the Finnish Corporate Governance Code 2020 as well as in accordance the guidance set out in the Government Resolution on State-Ownership Policy. This Policy shall be in effect until the 2024 AGM, unless the Board of Directors considers substantial changes to it before that and brings it for an advisory resolution to an earlier AGM.

REMUNERATION GOVERNANCE

We manage our remuneration through well-defined processes ensuring that no individual is involved in the decision-making related to his/her own remuneration. The Shareholders’ Nomination Board, the General Meeting of Shareholders, the Board of Directors, and the Nomination and Remuneration Committee are all involved in the preparations and decision-making regarding remuneration at Fortum.

In accordance with the Finnish Corporate Governance Code 2020, the Nomination and Remuneration Committee prepares the Remuneration Policy and the Remuneration Report for Governing Bodies. The Shareholders’ Nomination Board is involved in preparing the Remuneration Policy for the Board of Directors. The Board of Directors submits the Remuneration Policy at least every four years and Remuneration Report annually, starting in 2021, to the AGM.

Upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors approves annually the compensation of the President and CEO within the confines of the Remuneration Policy for the President and CEO. The composition and duties of the Nomination and Remuneration Committee have been described in detail in the Corporate Governance Statement. In order to avoid any conflicts of interest, the Nomination and Remuneration Committee shall consist of non-executive members only. The Nomination and Remuneration Committee has the power in its sole discretion to retain external advisors in assisting in the evaluation of the executive remuneration.

The remuneration governance, principles and practices applied to the Board of Directors are described in the Board Remuneration Policy section.
3  REMUNERATION PRINCIPLES AND CONSIDERATIONS

The Policy provides a remuneration structure that aligns the compensation for the President and CEO with the successful delivery of Fortum’s long-term strategy in accordance with its remuneration and leadership principles outlined below, thus reinforcing ethical and sustainable business practices as a core part of our daily operations and thereby contributing to the long-term success of the company.

At Fortum, we strive for a performance-focused culture where our people understand:

- the company’s strategy and performance targets,
- how they as individuals can impact the results,
- the link between business performance and remuneration, and
- the importance of delivering sustainable business results.

This policy builds on our remuneration principles, which are designed to encourage and recognise high performance and behaviour in line with Fortum’s values and leadership principles. Fortum follows a total compensation approach where all remuneration elements are taken into account when setting and reviewing the compensation; fixed compensation, short- and long-term incentive opportunities, as well as benefits.

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<th>Fortum’s Remuneration Principles</th>
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<tr>
<td><strong>Effective leadership</strong></td>
<td>We motivate our people by setting clear and challenging targets</td>
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<td>aligned with Fortum’s strategy. We encourage taking initiative,</td>
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<td>active leadership of own and team performance, as well as</td>
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<td>collaboration to enable the desired behaviour and achieve</td>
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<td>business success. We emphasise cross-unit and cross-function</td>
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<td>collaboration in reaching business objectives.</td>
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<td><strong>Performance-driven remuneration</strong></td>
<td>We reward concrete achievements in implementing Fortum’s</td>
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<td>strategy and achieving business targets and the desired change.</td>
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<td>We distinguish between low and high performance and pay for</td>
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<td>real achievements.</td>
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<td><strong>Competitive remuneration</strong></td>
<td>We take into consideration relevant market and industry</td>
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<td>practices as well as different business needs when defining the</td>
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<td>level and nature of remuneration, while aiming at being an</td>
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<td>attractive employer when acquiring and retaining relevant skills</td>
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<td>and competences.</td>
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<td><strong>Effective communication</strong></td>
<td>We emphasise clear, transparent, and timely communication of the</td>
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<td>company’s as well as the individual’s performance, in particular</td>
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<td>clarifying the link between performance and variable compensation.</td>
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5 February 2020
5 February 2020

| Integrity and compliance | We run performance and remuneration programmes with high integrity and following local rules and legislation. We don’t accept any kind of compliance breach. |

In addition to the alignment with long-term strategy and remuneration principles, the Nomination and Remuneration Committee of the Board of Directors considers the perspective and input from multiple internal and external stakeholders.

The Nomination and Remuneration Committee is regularly updated on the pay principles and practices used across the Fortum Group, in order to take these into account in setting the policy for the President and CEO. The Committee regularly consults with the Senior Vice President, Strategy, People, and Performance to be mindful of employee pay, employee conditions, and engagement across the broader employee population.

The Nomination and Remuneration Committee also engages regularly with shareholders on pay and broader matters to hear their views on Fortum’s remuneration practices, programmes, and associated disclosures and reflect on their feedback.

4  
REMUNERATION ELEMENTS FOR THE PRESIDENT AND CEO

The remuneration of the President and CEO may consist of fixed compensation (base salary and fringe benefits), pension, and other benefits or programmes, and of variable elements such as short-term and long-term incentives. Variable elements (STI and LTI pay-outs) may be subject to a maximum cap at pay-out based on an annual decision by the Board of Directors to apply the recommended maximum cap in accordance with the Government Resolution on State-Ownership Policy or any other applicable legislation for the given year. Actual STI and LTI pay-outs together with any cap applied will be disclosed in the annual Remuneration Report.

<table>
<thead>
<tr>
<th>Element</th>
<th>Purpose and link to strategy</th>
<th>Maximum earning opportunity and policy implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed compensation</td>
<td>Compensates for the job responsibilities and reflects the skills, knowledge, and experience of the individual.</td>
<td>The fixed compensation is typically reviewed annually. The Board of Directors will consider various factors when determining any fixed compensation change, including individual contribution, business performance, role scope, employee pay across Fortum, and alignment to external market level. In Finland, the fixed compensation includes base salary inclusive of fringe benefits.</td>
</tr>
<tr>
<td>Pension</td>
<td>Provides a retirement benefit in addition to the statutory pensions, in line with local market practices.</td>
<td>The pension arrangements reflect the relevant market practice. The President and CEO may participate in the pension programmes reflecting the market practice in the country of employment.</td>
</tr>
</tbody>
</table>
5 February 2020

| Short-term incentives (STI) | Support achievement of the Group’s annual financial, strategic, and sustainability targets. | Supplementary pension plan is provided for the President and CEO as part of the total remuneration in accordance with the relevant market practice. The current President and CEO is eligible for a defined contribution plan with a maximum premium of 25% of the annual fixed compensation. The retirement age for the current President and CEO is 63.

Performance measures, weightings, and targets for the selected measures are set annually by the Board of Directors to ensure they continue to support the strategy. These can vary from year to year to reflect business priorities and typically include a balance of Group’s financial performance, safety, and individual strategic targets provided that in any given year, a minimum of 60% of the measures will be based on financial performance measures. Individual targets (if any) are set by the Board of Directors at the beginning of the year.

After the year-end, the Board of Directors reviews the performance and determines the extent to which each of the targets have been achieved, in order to determine the final pay-out level.

The Board of Directors has discretion to adjust the formulaic STI outcome in changed circumstances to improve the alignment of pay with value creation for shareholders, and to ensure the outcome is a fair reflection of the company performance.

The Board of Directors will annually decide on the maximum STI earning opportunity for the President and CEO. Currently the short-term incentive for the President and CEO is 40% of annual fixed compensation at maximum level. The combined value of all variable compensation, before taxation, paid during a calendar year cannot exceed the variable pay cap decided by the Board of Directors for the given year.

| Long-term incentives (LTI) | Support the delivery of sustainable long-term performance, aligns the interests of management with those of shareholders, and supports in committing and retaining key individuals. | The LTI is allocated based on a maximum number of shares that can be earned in case all performance criteria set are achieved at maximum level.

The LTI reward is typically paid in the form of performance shares. Fortum’s LTI programme consists of annually commencing individual plans with a three-year performance period. Each plan is subject to decision of the Board of Directors.

Performance measures, weightings, and targets for these selected measures are set by the Board of Directors to ensure they continue to support strategy. Performance measures typically include, but are not
5 February 2020

<table>
<thead>
<tr>
<th>Other benefits and programmes</th>
<th>Provide a competitive level of benefits. Supports employee recruitment, engagement, and retention.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Benefits will be provided in line with appropriate levels indicated by local market practice in the country of employment and may evolve year by year.</td>
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<tr>
<td></td>
<td>Other benefits currently include insurance for permanent total disability and critical illness, life insurance, and voluntary participation in the sickness fund (in Finland).</td>
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<tr>
<td></td>
<td>Additional benefits and allowances may be offered in certain circumstances such as relocation or international assignment in line with Fortum’s international mobility policy.</td>
</tr>
<tr>
<td></td>
<td>The President and CEO is eligible to participate in programmes which may be offered to Fortum’s employees at any given point such as share savings programme, project and recognition awards, retention reward paid in cash or shares, insurance benefits, seniority, or birthday remembrance.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Malus and clawback provisions</th>
<th>Ensure that payments are based on real achievements.</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Malus (adjustment before pay-out) and clawback (reclaimed after pay-out) provisions are applied, in case of material misstatement, misconduct, a significant environmental or health and safety issue, reputational damage, failure of risk management, and any other circumstances as determined by the Board of Directors.</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>Shareholding requirement</th>
<th>Ensures alignment of the interests of the President and CEO with those of shareholders.</th>
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<tr>
<td></td>
<td>The President and CEO is required to build 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 must be retained until shareholding of 100% of gross fixed compensation is met.</td>
</tr>
</tbody>
</table>
5 February 2020

5 SERVICE CONTRACTS AND TERMINATION PROVISIONS

The terms of the managing director service agreement of the President and CEO shall be specified in writing and approved by the Board of Directors. The terms specify the remuneration elements as well as the payments upon termination of employment.

The managing director service agreement of the President and CEO is typically in force until further notice, but it may be in force for a certain fixed period as well. The current President and CEO has a contract valid until further notice.

The notice period of the managing director contract is determined so that it is in line with the market practices existing at the time of entering into the contract. For the current President and CEO, the notice period for both parties is six months.

The severance pay is determined so that it is in line with the market practices existing at the time of entering into the managing director contract. If the company terminates the contract, the current President and CEO is entitled to the fixed compensation for the notice period and a severance pay equal to 12 months’ of fixed compensation.

The treatment of incentive awards will depend on the circumstances of departure. For bad leavers, unvested rewards will be forfeited. For good leavers, rewards typically will continue to vest on their normal vesting date, subject to the achievement of performance measures. These rewards will usually be pro-rated based on the length of time served between the start of the performance period and the date of cessation.

6 DEVIATIONS FROM THE REMUNERATION POLICY

The remuneration of the President and CEO takes place within the limits of the Policy presented to the AGM. However, the Board of Directors upon recommendation of the Nomination and Remuneration Committee may temporarily deviate from any sections of the Policy based on its full discretion in the circumstances described below:

- upon change of the President and CEO and the Deputy CEO (if applicable) in accordance with the new hire policy,
- upon material changes in Fortum Group structure, organisation, ownership, and business (for example merger, demerger, acquisition, etc.), which may require adjustments to STI and LTI plans or other remuneration elements to ensure continuity of management,
- upon change of the relevant legislation, or
- in any other circumstance where the deviation may be required to serve the long-term interests and sustainability of the Fortum Group as a whole or to assure its viability.
5 February 2020

7 PRINCIPLES FOR NEW HIRE

Fortum’s policy on recruitment is to offer a compensation package which is sufficient to attract, retain, and motivate the individual with the right skills for the required role. When determining remuneration for a new President and CEO or Deputy CEO, the Board of Directors upon recommendation of the Nomination and Remuneration Committee will consider the requirements of the role, the needs of the business, the relevant skills and experience of the individual, and the relevant external market for talent.

Where an individual is recruited externally for the President and CEO or Deputy CEO, the Board of Directors will take into account the remuneration package of that individual in their prior role. Generally, the Board of Directors will seek to minimize the use of any new hire arrangements and align the new President and CEO’s or Deputy CEO’s remuneration to Fortum’s Remuneration Policy. On occasions when deemed necessary and on a case-by-case basis, Fortum may compensate the candidate for compensation which the candidate held prior to joining Fortum, but which lapsed upon the candidate leaving their previous employer. The rationale and detail of any such arrangement made either in shares or cash will be disclosed in the Remuneration Report.

Where an individual is appointed to the President and CEO or Deputy CEO as a result of internal promotion or following a corporate transaction (e.g. following an acquisition), the Board of Directors retains the ability to honour any legally binding legacy arrangements agreed prior to the individual’s appointment.

Where necessary, additional benefits may also be provided such as, but not limited to, relocation support, expatriate allowance, tax equalisation, and other benefits which reflect local market practice and relevant legislation.

8 REMUNERATION POLICY FOR THE BOARD OF DIRECTORS

The AGM 2013 has established a permanent Shareholders’ Nomination Board. The Shareholders’ Nomination Board is to prepare and present to the AGM and, if necessary, to an Extraordinary General Meeting a proposal on the remuneration of the Board of Directors. The AGM resolves annually on the remuneration of the members of the Board of Directors. This Remuneration Policy does not limit the shareholders’ power to decide on the remuneration at the AGM or at an Extraordinary General Meeting (EGM).

Prior to making its proposal, the Shareholders’ Nomination Board annually reviews the remuneration for the Chairman, Deputy Chairman and members of the Board of Directors in comparison to companies of similar size and complexity to Fortum in order to ensure that the Board remuneration is at international and competitive market level and that Fortum is able to attract and retain Board members with relevant skills, industry knowledge, and international experience to oversee and decide the company strategy.
5 February 2020

Based on the results of the afore-mentioned review, the Shareholders’ Nomination Board intends during the validity period of this Remuneration Policy to propose a gradual increase in the remuneration of the members of the Board of Directors.

As annually resolved by the AGM, remuneration for the Board of Directors can take various forms, such as cash or a combination of cash and company shares. Details of the actual annual remuneration of the Board of Directors, as resolved by the General Meeting of Shareholders, are reported each year in the Remuneration Report, which is presented to the AGM.

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 members of the Board of Directors, 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 2020 that the Board of Directors consist of nine (9) members, the Chairman and the Deputy Chairman included, and that the following persons be elected to the Board of Directors for a term ending at the end of the 2021 Annual General Meeting:

Proposed to be re-elected as members:

Eva Hamilton  
Essimari Kairisto  
Matti Lievonen  
Klaus-Dieter Maubach  
Anja McAlister  
Veli-Matti Reinikkala, and  
Philipp Rösler.

Proposed to be elected as new members:

Teppo Paavola, and  
Annette Stube.

Matti Lievonen is proposed to be elected as Chairman and Veli-Matti Reinikkala as Deputy Chairman of the Board of Directors.

All candidates have given their consent to the election, and are independent of the company and its major shareholders.

Fees to members of the Board of Directors:

The annual fees of Fortum’s Board of Directors were last increased in 2012. According to an independent expert report, the fees have fallen significantly below market levels during this period. According to Fortum’s remuneration policy, the fees of the Board should be at an international and competitive market level. The Shareholders’ Nomination Board supports this view.

The Shareholders’ Nomination Board considers that the fees have fallen significantly below the current market levels. To achieve the market level, a step-by-step plan
supported by the major shareholders to increase Board remuneration must be
developed by the end of 2020. As the Finnish State’s position on the development of
the remuneration is still in progress, the Shareholders’ Nomination Board did not
reach a unanimous proposal and, correspondingly, did not make a proposal for the
remuneration to be paid to the Board of Directors for their following term of office.
The Chairman of the Nomination Board has notified the Nomination Board and the
company that the State of Finland will make a proposal at the Annual General
Meeting for the remuneration as follows

- Chairman: EUR 77,200/year (currently EUR 75,000)
- Deputy Chairman: EUR 57,500/year (currently 57,000)
- Members: EUR 40,400/year (currently 40,000)
- The Chairman of the Audit and Risk Committee, if he/she is not
  simultaneously acting as Chairman or Deputy Chairman of the Board of
  Directors: EUR 57,500/year (currently 57,000).

For each Board and Board Committee meeting the fee is EUR 600. 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.

The Shareholders’ Nomination Board comprised Kimmo Viertola, Director General,
Prime Minister’s Office, Ownership steering department (Chairman), Jouko Pölnen,
President and CEO of Ilmarinen Mutual Pension Insurance Company, Risto Murto,
President and CEO of Varma 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 either on the remuneration to be paid to the Board of Directors or on
the proposal for the Chairman of the Board.

31 January 2020

Kimmo Viertola, Chairman
on behalf of the Shareholders’ Nomination Board

Biographical details of the proposed new Board members are attached as Appendices
1 and 2.
Appendix 1: Biographical details of the new proposed Board member

Teppo Paavola

Born 1967, Finnish citizen
M.Sc.(Econ.), HSE; MBA, INSEAD
Adecco Group, Chief Digital Officer

Primary working experience:

- BBVA Group
  - Chief Development Officer, General Manager of New Digital Businesses 2014–2018
- Nokia Corporation
  - VP, General Manager, Mobile Financial Services 2009–2012
  - VP, Head of Corporate Business Development 2008–2009
  - Head of Strategy and Business Development, Nokia Research Center 2004–2007
- Oplayo, CEO 2002–2004
- Printing Network Of Europe, CEO/Founder 2000–2002
- General Electric/GE Capital, Managing Director, Equipment Finance 1998–1999
  - Business Development Associate/Manager 1996–1998

Positions of trust:

- 3 Step It, Member of the Board
- Atom Bank, Member of the Board
- Simple Finance Technology, Member of the Board
Appendix 2: Biographical details of the new proposed Board member

Annette Stube

Born 1967, Danish citizen
Master’s degree in psychology, specialized in organizational development; Copenhagen Business School, Executive Board Education

A.P. Moller – Maersk, Head of Sustainability since 2008

Primary working experience:

- Novo Nordisk
  - Director, Sustainability Programmes, Corporate Branding & Responsibility 2007–2008

Positions of trust:

- OneThird (Think Tank on Prevention of Food Waste and Food Loss), Vice-Chair of the Board
- Member of Advisory Council on Sustainable Finance (FinansDanmark)
- VL64 (Leadership network), Member of the Board
- United Nations Global Compact, Member of Expert Network
- Haas School of Business, Univ. of California, Berkeley, Social Impact Fellow
- Advisor to the Danish Government; Member of the Danish Council for Corporate Sustainability and SDGs, appointed by the Minister of Business
- Sustainability Network for Large companies, DI (Danish Confederation of Industries), Chair
- Copenhagen Business School, Adjunct Professor
- Danish Ship-owners Association, Chair of the CSR Committee
PROPOSAL BY THE BOARD OF DIRECTORS FOR THE AUDITOR’S REMUNERATION
PROPOSAL BY THE BOARD OF DIRECTORS FOR AUDITOR REMUNERATION

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

The fee paid to the auditor for services rendered and invoiced in 2019 totalled approximately EUR 2,296,000. In addition, the audit firm was paid a total of approximately EUR 1,005,000 in fees for non-audit services rendered and invoiced.

Espoo, 30 March 2020

Fortum Corporation
The Board of Directors
PROPOSAL BY THE BOARD OF DIRECTORS FOR THE ELECTION OF THE AUDITOR
PROPOSAL BY THE BOARD OF DIRECTORS FOR ELECTION OF THE AUDITOR

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

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

The Audit and Risk Committee has prepared its recommendation in accordance with Art. 16 of the EU Audit Regulation (537/2014).

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

Espoo, 30 March 2020

Fortum Corporation
The Board of Directors
PROPOSAL BY THE BOARD OF DIRECTORS TO AUTHORISE THE BOARD TO DECIDE ON THE REPURCHASE OF THE COMPANY'S OWN SHARES
PROPOSAL BY THE BOARD OF DIRECTORS TO AUTHORISE THE BOARD TO DECIDE ON THE REPURCHASE OF THE COMPANY'S OWN SHARES

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

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

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

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

The authorisation would cancel the authorisation resolved by the Annual General Meeting of 2019 to decide on the repurchase of the company’s own shares, and it would be effective until the next Annual General Meeting and in any event no longer than for a period of 18 months.

Espoo, 30 March 2020

Fortum Corporation
The Board of Directors
PROPOSAL BY THE BOARD OF DIRECTORS TO AUTHORISE THE BOARD TO DECIDE ON THE DISPOSAL OF THE COMPANY’S OWN SHARES
PROPOSAL BY THE BOARD OF DIRECTORS TO AUTHORISE THE BOARD TO DECIDE ON THE DISPOSAL OF THE COMPANY’S OWN SHARES

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

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

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

The authorisation would cancel the authorisation resolved by the Annual General Meeting of 2019 to decide on the disposal of the company’s own shares, and it would be effective until the next Annual General Meeting and in any event no longer than for a period of 18 months.

Espoo, 30 March 2020

Fortum Corporation
The Board of Directors
PROPOSAL BY THE BOARD OF DIRECTORS TO AUTHORISE THE BOARD TO DECIDE ON CHARITABLE CONTRIBUTIONS
PROPOSAL BY THE BOARD OF DIRECTORS TO AUTHORISE THE BOARD TO DECIDE ON CHARITABLE CONTRIBUTIONS

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

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

Espoo, 30 March 2020

Fortum Corporation
The Board of Directors
PROPOSAL OF THE COMPANY’S SHAREHOLDER WWF AND THE STATEMENT BY THE BOARD OF DIRECTORS ON THE SHAREHOLDER WWF’S PROPOSAL PUBLISHED ON 24 FEBRUARY 2020
To Fortum Corporation’s Annual General Meeting on 17 March 2020

PROPOSAL FOR INCLUDING THE 1.5 DEGREE TARGET TO THE ARTICLES OF ASSOCIATION

WWF Finland (Maailman Luonnontäideto, World Wide Fund for Nature, Suomen rahasto sr) proposes to the agenda of the Annual General Meeting a resolution that inserts the Paris Agreement\(^1\) 1.5 degree Celsius climate target into Fortum Corporation’s Articles of association by adding a new § 17 (and the numbering of current paragraph § 17 shall be changed accordingly to § 18).

Comparison to the current wording is included in Annex 1.

\textit{Proposed new § 17}

The Board of Directors shall assess the climate risks of the operations and set up a scheduled science-based plan for aligning the operations of the company and the group with the Paris Agreement climate target limiting warming to 1.5 degrees Celsius. Climate risks, the alignment plan and its implementation shall be reported annually, for the first time at the Annual General Meeting in 2021.

Fortum is at a crossroads when it becomes the majority shareholder of the German Uniper SE. A strategy that is aligned with the Paris Agreement is the sole future-proof alternative, both for Fortum’s long term success and for the environment. Without a clear and scheduled plan for phase-out, the fossil-intensive parts of the business operation will tarnish Fortum’s reputation and destroy market position as well as drive away responsible customers, partners, financiers and investors. Whereas actions that are aligned with the Paris Agreement will make Fortum a forerunner and key player in the European energy transition.

Coal phase-out needs to happen within 10 years. The EU, OECD and Eastern Europe and Former Soviet Union countries need to phase-out entirely by 2031 in order to meet the 1.5-degree Celsius target states Climate Analytics in its report 23 September 2019 “Global and regional coal phase-out requirements of the Paris Agreement: Insights from the IPCC Special Report on 1.5°C”\(^2\).

Fortum’s vision is stated “For a cleaner world”. Fortum’s mission is “to engage our customers and society to drive the change towards a cleaner world: Our role is to accelerate this change by reshaping the energy system, improving resource efficiency and providing smart solutions. This way we deliver excellent shareholder value.”

Fortum’s mission and vision require, unless its only about greenwashing, that the company’s business model is aligned with the Paris Agreement target. Presently, that is not the case. The combined CO\(_2\) emissions of Fortum and Uniper are significant. Alignment with climate targets

\(^1\) U.N. Framework Convention on Climate Change Conference of Parties, Twenty-First Session, adoption of the Paris Agreement, U.N. Doc. FCCC/CP/2015/L.9/rev.1

means systematic phase out of fossil energy production in accordance with science-based schedule, most urgently coal, and responsible execution of the closures instead of selling the plants. It is also essential, that no new coal plant is put into production and no action is taken against policy measures that are put into effect to fulfil the Paris Agreement.

WWF is concerned whether the stated vision and mission of Fortum have sufficient steering effect. Fortum has not announced plans on shutting down coal power. On the contrary, Fortum seems to support that production of coal-powered energy can continue in Germany until 2038 and approve Uniper’s actions when it plans to launch production at the new coal plant Datteln4 and threatens the Dutch government with a claim for damages due to legislation that was passed in December 2019 to meet the Paris Agreement obligations.

Through the proposed amendment to the Articles of Association the Board of Directors is obliged to assess the climate risks of the entire business and to act in a transparent and systematic manner, critical business secrets to be held confidential of course, within the timeframe required by the Paris Agreement. The clause in the Articles of Association puts in place target and process that create a framework within which the management of the company forms the strategy and makes operational decisions.

Approval of the proposal requires qualified majority. By supporting the proposed amendment to the Articles of Association, the shareholders of Fortum can express their request and support for business model that is aligned with the Paris Agreement. Together with other environmental organizations, WWF Finland has on 10 September 2019 proposed adding a similar principle into the Finnish government ownership steering policy.

Helsinki, 9 January 2020


Jari Luukkonen  
Raija-Leena Ojanen

Conservation Director  
Legal Advisor

Contact info: raija-leena.ojanen@wwf.fi, +358 505990232

WWF Finland is an environmental organization and part of the international WWF network. WWF works in over 100 countries. Our mission is to create a world where people live in harmony with nature.

together possible.
ANNEX I

WWF FINLAND'S PROPOSAL FOR THE CHANGE OF ARTICLES OF ASSOCIATION

A shareholder has the right to present a matter that is according to the Finnish Companies Act falling within the competence of the General Meeting, to be added to the agenda of the General Meeting.

Fortum has announced that shareholder proposals for the 2020 Annual General Meeting have to be delivered to the company on 10 January 2020 at the latest.

WWF Finland (Maailman Luonnon Säätiö, World Wide Fund for Nature, Suomen rahasto sr) as the shareholder of Fortum Corporation proposes, that the Paris Agreement 1.5-degree Celsius target is included to Fortum Corporation’s Articles of association by adding a new § 17, and that the numbering of paragraphs is changed accordingly;

<table>
<thead>
<tr>
<th>Current wording</th>
<th>New wording</th>
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<tbody>
<tr>
<td><strong>VI SPECIAL PROVISIONS</strong></td>
<td><strong>VI SPECIAL PROVISIONS</strong></td>
</tr>
<tr>
<td>§ 17 In other respects the provisions of the</td>
<td>§ 17 The Board of Directors shall assess the</td>
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<td>Companies Act in force at each time shall be</td>
<td>climate risks of the operations and set up a</td>
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<td>complied with.</td>
<td>scheduled science-based plan for aligning the</td>
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<td>operations of the company and the group with</td>
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<td>the Paris Agreement maximum warming limit of</td>
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<td>1.5 degrees Celsius. Climate risks, the</td>
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<td>alignment plan and its implementation shall</td>
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<td>be reported annually, for the first time at the</td>
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<td>Annual General Meeting in 2021.</td>
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<td>§ 18 In other respects the provisions of the</td>
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<td></td>
<td>Companies Act in force at each time shall be</td>
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<td>complied with.</td>
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According to Chapter 5 Paragraph 27 of the Finnish Companies Act, approval of an amendment to the Articles of Association requires qualified majority i.e. two thirds (2/3) of the votes cast and the shares represented at the meeting.
Statement by Board of Directors on shareholder WWF Finland's proposal to amend Fortum's Articles of Association

Fortum published its notice to the 2020 Annual General Meeting of shareholders on 6 February 2020. Agenda item 20 in the notice included Fortum shareholder Maailman Luonnon Säätiö, World Wide Fund for Nature, Suomen rahasto sr's (WWF Finland) proposal to amend Fortum's Articles of Association. The shareholder has proposed that the target of the Paris Agreement is to be included in Fortum's Articles of Association by adding a new article 17. Accordingly, the number of the current article 17 would be changed to article 18. The wording of the proposed new Article 17 is as follows:

"The Board of Directors shall assess the climate risks of the operations and set up a scheduled science-based plan for aligning the operations of the Company and the group with the Paris Agreement maximum warming limit of 1.5 degrees Celsius. Climate risks, the alignment plan and its implementation shall be reported annually, for the first time at the Annual General Meeting in 2021."

After careful review and consideration, the Board of Directors recommends that the shareholder proposal be rejected at the Annual General Meeting and, in addition, respectfully states the following:

According to supplementary material provided by WWF Finland to the Board of Directors, taking the Paris agreement fully into account and adjusting business operations to the 1.5 degree Celsius target, requires ending the use of coal with little exception by 2031 in the OECD countries and Russia. The proposal also includes an inbuilt requirement that Fortum is to adopt the so-called Science Based Targets initiative (SBTi) framework to be used to steer the company's strategy, operations, and emission reductions. The SBTi aligned targets comprise the entire production fleet, not only the use of coal.

More than 80% of Fortum's emissions come from Russia, where energy production still very heavily relies on fossil fuels. Fortum's production fleet in Russia is mainly gas-fired and is the newest and most efficient amongst its peer group. The company has already reduced its specific CO₂ emissions in Russia by 20% since 2009. In addition, Fortum is the biggest investor in renewables, especially wind, in Russia. However, the SBTi approved target must cover at least 95% of a company's direct and indirect greenhouse gas emissions, and large scale reduction in using fossil fuels – natural gas in particular – would not be possible in Russia in the short term.

Due to its investment in Uniper, Fortum is in the middle of a transition and does not yet have the visibility required to set long-term targets in line with the SBTi (minimum of 5 years and a maximum of 15 years) for the combined portfolios of Fortum and Uniper. A common strategy and aligned operations are a prerequisite for common goals and setting standalone targets for Fortum would not be appropriate at this point.

Furthermore, Fortum believes that nuclear energy and carbon sink technologies such as carbon capture and storage (CCS) and carbon capture and usage (CCU) play a key role in achieving carbon neutrality. This view is in line with the International Energy Agency's (IEA) Energy
Technology Perspectives scenario. SBTi is expected to publish industry-specific 1.5-degree guidelines for energy companies, based on the IEA's updated 1.5-degree Energy Technology Perspectives scenario. Fortum looks forward to this guidance before it can finally assess the suitability or unsuitability of SBTi approved target for its business.

Most importantly, the Board of Directors notes that amending Fortum's Articles of Association, as detailed in WWF Finland's cover letter attached to the proposal, in supplementary materials provided by WWF Finland, and in discussions held between the company and WWF Finland, would mean a deviation from the company's purpose to generate profits to its shareholders in the long-term, as required by the Limited Liability Companies Act, towards a direction of a non-profit organisation.

Finally, consistent work for a cleaner world is at the core of everything Fortum does and its strategy is built on the premise that Fortum will succeed in a decarbonised society. The Board of Directors considers that repeating similar targets or committing to a specific framework such as the SBTi in the Articles of Association is not necessary or customary. The feasibility to set emissions reduction targets based on science for the combined portfolios of Fortum and Uniper will be evaluated once the two companies' strategies have been aligned. Fortum's goal is to have this work completed by the end of 2020.

Espoo, 24 February 2020

Fortum Corporation
Board of Directors
WRITTEN STATEMENTS DELIVERED TO THE COMPANY ON AGENDA ITEM 20
Mr Chairman, members of the Board, Fellow Shareholders.

This statement is on behalf of Folksam, UBS Asset Management, Aberdeen Standard Investments, Church of England Pensions Board, Legal and General Investment Management, Lothian Pension Fund, Nordea Asset Management, Nest Corporation, Storebrand Asset Management. These organisations are Fortum shareholders and representatives of the Climate Action 100+, an investor initiative that aims to partner with companies to enhance corporate governance and risk management of climate change, curb emissions and strengthen climate-related financial disclosures at companies with great opportunities to tackle climate change.

To date, 450 investors with over USD $40 trillion in assets under management have signed up to support the initiative, equivalent to more than one third of all assets under management worldwide.

Mr CEO,

As shareholders in Fortum, we would like to commend your company’s efforts to manage climate change risks and opportunities through the integration of climate change in the company overall risk management processes, the application of an internal carbon price and the development of internal scenario analysis. We also appreciate the company’s current disclosure through the sustainability report, website and CDP responses in reference to scope 1, 2 and 3 GHG emissions. Finally, we welcome Fortum’s positive share of renewable energy sources in its power generation assets.

As long-term institutional investors who manage retirement savings and investments for millions of people, we believe climate change to be one of the largest systemic risks we face. Any gaps, weaknesses or delays in climate change policies and responses by companies could increase these risks to our investments.

The Climate Action 100+ is a five-year, investor-led initiative that aims to be supportive of companies’ boards and executive management as they navigate the complex low carbon transition on behalf of long-term institutional investors.

Fortum has been included within the scope of the Climate Action 100+ on the basis of its total greenhouse gas emissions, relative to other companies worldwide, and its intention to become a majority shareholder of Uniper, a company itself with exposure to coal and lignite assets and a large carbon footprint.

While we appreciate the positive dialogue with your company in the last two years, we believe that Fortum should further align its current disclosure with the TCFD recommendations and explain how the investments and actions taken today are compatible with a pathway towards the Paris Goals of limiting global warming well below 2 degrees compared to pre-industrial levels. We also believe that the recent announcements of the acquisition of more Uniper’s shares poses new responsibilities and challenges on Fortum to enable the transition to a low carbon economy in the countries where it operates.

More specifically, we urge Fortum to commit to the following actions in the near future:

- Commit to achieve net zero total emissions by 2035 for the Finnish assets and 2050 across the company
- Set up short and medium term targets aligned with this ambition
- Ensure completion of a coal phase out plan by 2030
- Enhance the company's executive remuneration policy to include updated climate change targets
- Analyse and define related actions on the company's positions, oversight and processes related to direct and indirect public policy advocacy consistent with the Paris Goals as outlined by the IIGCC Investor Expectations on Corporate Lobbying on Climate Change.

These actions would be in reference to both current and future assets after the completion of Uniper’s acquisition.

We would like to commend the company management for allocating time and resources to the dialogue with our coalition to date. We welcome the company’s openness to work with us and we look forward to future proactive discussions in order to meet the engagement objectives we have just outlined.

Questions:

- Could you provide shareholders with insights on how you are building a constructive relationship with Uniper's board to pursue a climate change strategy aligned with the Paris Agreement?
- Could you provide shareholders with your current view on the expectations we have shared with you today?
Pidämme 1.5 asteen tavoitetta tärkeänä, mutta yhtiöjärjestys ei ole oikea paikka kirjata kyseessä olevaa tavoitetta. Tältä osin emme tue tehtyä esitystä ja tuemme hallituksen kantaa. Keskustelut yhtiön johdon kanssa ovat vahvistaneet kuvaa, että Fortum tunnistaa erinomaisesti ilmastonmuutokseen liittyvät riskit.
Osakkeenomistajan puheenvuoro Fortum Oyj:n yhtiökokouksessa

Keskinäinen eläkevakuutusyhtiö Ilmarinen on Fortumin osakkeenomistaja ja pidämme osakkeenomistaja WWF Suomen esittämän esityksen tavoitetta ja tahtotilaa periaatetasolla kannatettavana.

Edellytämme sijoituskohdeiltamme ilmastotavoitteiden asettamista, seurantaa ja jatkuvaa kehittämistä Pariisin ilmastosopimus huomioiden. Lisäksi odotamme sijoituskohdeiden asettavan tieteeseen perustuvia tavoitteita ja julkaisevan ilmastoskenaarioita lyhyellä, keskipitkällä ja pitkällä tähtäimellä. Näin ollen Fortumin tulisi valmistella näitä esitettyjä tavoitteita olennaisena osana yhtiön strategiaa.

Emme kuitenkaan pidä yhtiöjärjestystä oikeana paikkana mainitua yksittäisiä tavoitteita tai sopimukseja. Vaikka Ilmarinen ei äänestä tehyn esityksen mukaisesti, odotamme kuitenkin yhtiön hallituksen ottavan Pariisin ilmastosopimuksen, päästövähennystavoitteet, tieteeseen perustuvat tavoitteet, vaikkakin yhtiön tilanteesta johtuen vain osittain osaksi tulevaa suunnittelua ja strategiatyötä.

Fortumilla on Suomen suurimpana energiayhtiönä tärkeä rooli päästöjen vähentämisessä. Siksi yhtiön jo tekemä työ ja tulevat toimet vähennysten eteen ovat merkityksellisiä ja välttämättömiä.
LIST OF ATTENDEES AT THE BEGINNING OF THE VOTING ON AGENDA ITEM 20 AND THE LIST OF VOTES / VOTING RESULT ON AGENDA ITEM 20
Äänestyksen aihe: OSAKKEENOMISTAJAN EHDOTUS FORTUM OYJ:N YHTIÖJÄRJESTYKSEN

Äänilipun tunnus: A1

Äänestysvaihtoehdot:
- KANNATAN
- VASTUSTAN
- HYLÄTTY
- TYHJÄ
- EI ÄÄNESTETTY

Edistettuja osakkaita: 1 889
- joista ennakkoon äänestäneitä: 145

Läsnä:
- osakkaita: 6
- asiamiehiä: 9
- päällekkäiset edustukset: -1
- avustajia: 0

Yhteensä kokouspaikalla: 14

Edustettuna osaksesarjoittein:

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<th>Äänimäärä</th>
<th>Osakkeiden lukumäärä</th>
<th>Äänten osuus osakesarjan äänimäärästä</th>
<th>Osakkeiden osuus osakesarjan osakemäärästä</th>
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<td>610 375 027</td>
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<td>68,71314 %</td>
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<td>610 375 027</td>
<td>68,71314 %</td>
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Äänestyksessä käytettävissä oleva kokonaisäänimäärä äänestyssajoituksien huomioidien: 610 375 027
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<td>(536 538 967)</td>
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<td>(26 873 570)</td>
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<td>(536 538 967)</td>
<td>(0)</td>
<td>(26 873 570)</td>
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<tr>
<td><strong>Lippuja</strong></td>
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Niiden osakkeiden osuus kaikista osakkeista, joilla on äänestetty:
FORTUM: 65,68781 %
Yhteensä: 65,68781 %

**Lisäksi äänestämästä pidätetty**
FORTUM: (3 949) 3 949
Yhteensä: (3 949) 3 949
Lippuja: 0 kpl
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