

# Remuneration 2020





Key activities of the Nomination and Remuneration Committee in 2020

Nomination of a new President and CEO as well as CFO and their remuneration arrangements
Market benchmarks of executive remuneration
Evaluating the business and individual performance of executives and the corresponding remuneration outcomes
Setting 2021 performance metrics, targets, and award levels
Setting the targets for 2021 for Fortum’s Executive Management
Defining the remuneration policy for the governing bodies
Review of the remuneration policy, incentives, and salary costs across the wider workforce

Remuneration 2020

Dear Shareholder,

On behalf of the Nomination and Remuneration Committee, I present Fortum’s Remuneration 2020 report. The structure of the report is somewhat different than previous years as we have adapted our reporting to the requirements of the EU Shareholders’ Rights Directive. The report aims to set out how Fortum rewards its governing bodies (the President and CEO and the Board of Directors), other Fortum Executive Management team members, and personnel, in a readable and transparent manner. It also describes the decisions made regarding remuneration in the year 2020.

The section ‘Remuneration report for the governing bodies 2020’ will be presented at the Annual General Meeting 2021 for an advisory vote. The section ‘Additional information on remuneration of other Fortum Executive Management and personnel 2020’ will also be presented at the AGM, but is not subject to an AGM resolution. As a German stock-exchange listed company and a subsidiary of Fortum, Uniper SE publishes its remuneration reporting separately.

In 2020, the Covid-19 pandemic shook the world and affected different sectors and companies very differently. Fortum’s businesses were quite resilient to the pandemic and we were able to continue the safe production and supply of power and heat in our operations, although naturally also our businesses were affected by the overall economic decline and lower energy and service demand. During the year, we have worked in tight cooperation with Uniper aligning our strategies and consolidating our financial results since April. In August, we increased our ownership in Uniper reaching an ownership of slightly more than 75%. In December, we presented Fortum Group’s aligned strategy, including Uniper as one of our segments.

After his resignation in early 2020, our former President and CEO Pekka Lundmark left Fortum during the summer. The Board of Directors established a temporary committee for the requitment of the President and CEO and ran a full international search process for a replacement

with several excellent candidates. I was very pleased to announce the appointment of Markus Rauramo as President and CEO, who was clearly the best match in terms of experience, competences, and character. In December, we were also able to announce the recruitment of Fortum’s new Chief Financial Officer Bernhard Günther, who joined the team as of 1 February 2021. I am also pleased that Bernhard joined the team, bringing very relevant experience from the energy sector and transformation processes. During 2020, the committee has also closely followed the progress and further development of the Open Leadership culture in Fortum.

The outcome of the 2020 short-term incentive plan unfortunately did not reach the set target level. The result of the financial performance measure comparable operating profit was between the minimum and the target. The safety measure lost time injury frequency declined from the previous year and did not reach the ambitious minimum level. We have a very high ambition in safety, and are not satisfied with the 2020 performance. We will continue to do our utmost to improve our performance. The 2018–2020 LTI plan resulted in a 67% outcome mainly due to strong earnings per share performance.

Fortum’s Nomination and Remuneration Committee continues to develop our remuneration practices to ensure alignment with the expectations of all our stakeholders. I would like to welcome any feedback or comments on Fortum’s Remuneration 2020 report and on remuneration matters in general.

Matti Lievonen

Chair of the Nomination and Remuneration Committee



# Remuneration report for the governing bodies 2020

## Introduction

This report has been prepared by the Nomination and Remuneration Committee of Fortum's Board of Directors, based on the Remuneration policy for the governing bodies presented at the Annual General Meeting (AGM) 2020. It has been prepared in accordance with the requirements set forth by the amended EU Shareholders' Rights Directive<sup>1)</sup>, which was implemented in Finland in 2019 mainly in the Limited Liability Companies Act, the Securities Markets Act, the Decree of the Ministry of Finance on the remuneration policy and remuneration report of a share issuer (608/2019), and the Finnish Corporate Governance Code 2020, as well as taking into account the guidance set out in the Government Resolution on State-Ownership Policy. The report will be presented at Fortum's 2021 AGM, and the resolution of the AGM on the matter will be advisory. Fortum's external auditor Deloitte Oy has verified that this report contains the information required by the Decree of the Ministry of Finance (608/2019).

In accordance with the established four-year cycle of presenting the policy to the shareholders, the Nomination and Remuneration Committee will regularly review it to ensure that it remains aligned with the strategic objectives and long-term aims of Fortum prior to the next presentation at the 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.

The aim of the report is to present how the policy has been applied in 2020 in terms of the payments made and the alignment of remuneration with the successful delivery of long-term strategy and sustainable business results.

In 2020, the President and CEO's financial short-term incentive performance measures were comparable operating profit (CompOP) and lost time injury frequency (LTIF). The performance measures of the ongoing long-term incentive plans are based on earnings per share (EPS), total shareholder return (TSR), and actions related to CO<sub>2</sub> reduction according to Fortum's strategy. The financial performance measures support the achievement of a solid financial position in the short-term and long-term, and environmental, social, and governance (ESG) measures support the strategy execution.

In 2020, the remuneration of the Board of Directors was based on fixed annual fees and meeting fees, both paid in cash. In accordance with the policy, the fixed annual fees were slightly increased.



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

## Remuneration policy for the governing bodies at a glance

The Remuneration policy for the governing bodies provides a remuneration structure that aligns the remuneration for the President and CEO with the successful delivery of Fortum’s long-term strategy, in accordance with its remuneration and leadership principles. The remuneration of the Board of Directors is decided by the AGM based on the proposal by the Shareholders’ Nomination Board. The adjacent table describes the content of the policy at a glance.

Remuneration element, purpose, and link to strategy	Applied to	Key features of the policy
<b>Fixed compensation</b>  Compensates for the job responsibilities and reflects the skills, knowledge, and experience of the individual.	President and CEO	<p>The fixed compensation is typically reviewed annually.</p> <p>The Board of Directors will consider various factors when determining any change in the fixed compensation, including individual contribution, business performance, role, employee pay across Fortum, and alignment with external market levels.</p>
<b>Pension and other benefits</b>  Provides a retirement benefit in addition to the statutory pensions, in line with local market practices, and supports employee recruitment, engagement, and retention.	President and CEO	<p>The pension arrangements reflect the relevant market practice. A supplementary pension plan is provided for the President and CEO as part of the total remuneration. The current President and CEO is eligible for a defined contribution plan with a maximum premium of 20% of the annual fixed compensation.</p> <p>Other benefits will be provided in line with appropriate levels indicated by the local market practice in the country of employment and may evolve year by year. The President and CEO is eligible to participate in programmes, offered to Fortum’s employees at any given point, such as the Employee Share Savings programme, project and recognition awards, retention rewards paid in cash or shares, insurance benefits, seniority, or birthday remembrance.</p>
<b>Fixed fee</b>  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	<p>The Shareholders’ Nomination Board is responsible for presenting a proposal for remuneration of the members of the Board of Directors to the AGM.</p>
<b>Short-term incentives (STI)</b>  Support the achievement of Fortum’s annual financial, strategic, and sustainability targets.	President and CEO	<p>Performance measures, weightings, and targets for the selected measures are set annually by the Board of Directors to ensure they support the strategy. These may vary from year to year to reflect business priorities and typically include a balance of Fortum’s financial performance, safety, and individual strategic targets.</p> <p>After 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.</p>
<b>Long-term incentives (LTI)</b>  Support the delivery of sustainable long-term performance, aligns the interests of management with that of shareholders, and supports in committing and retaining key individuals.	President and CEO	<p>Fortum’s LTI programme consists of annually commencing LTI plans with a three-year performance period. Performance measures, weightings, and targets are set by the Board of Directors to ensure they support the strategy and typically include financial or share-price related, and sustainability measures.</p> <p>Following the end of the performance period the Board of Directors reviews the performance and determines the extent to which each of the targets have been achieved, to determine the final pay-out level.</p> <p>The LTI is allocated based on a maximum number of shares.</p>
<b>Shareholding requirement</b>  Ensures alignment of the interests of the President and CEO with that of shareholders.	President and CEO	<p>The President and CEO is required to build and maintain a holding of Fortum shares equivalent to 100% of the gross fixed compensation. 50% of the net shares (after-tax) received at each vesting must be retained until the shareholding requirement of 100% of gross fixed compensation is met.</p>



Annual report on remuneration

Performance outcomes

Short-term incentives for 2019, paid in 2020

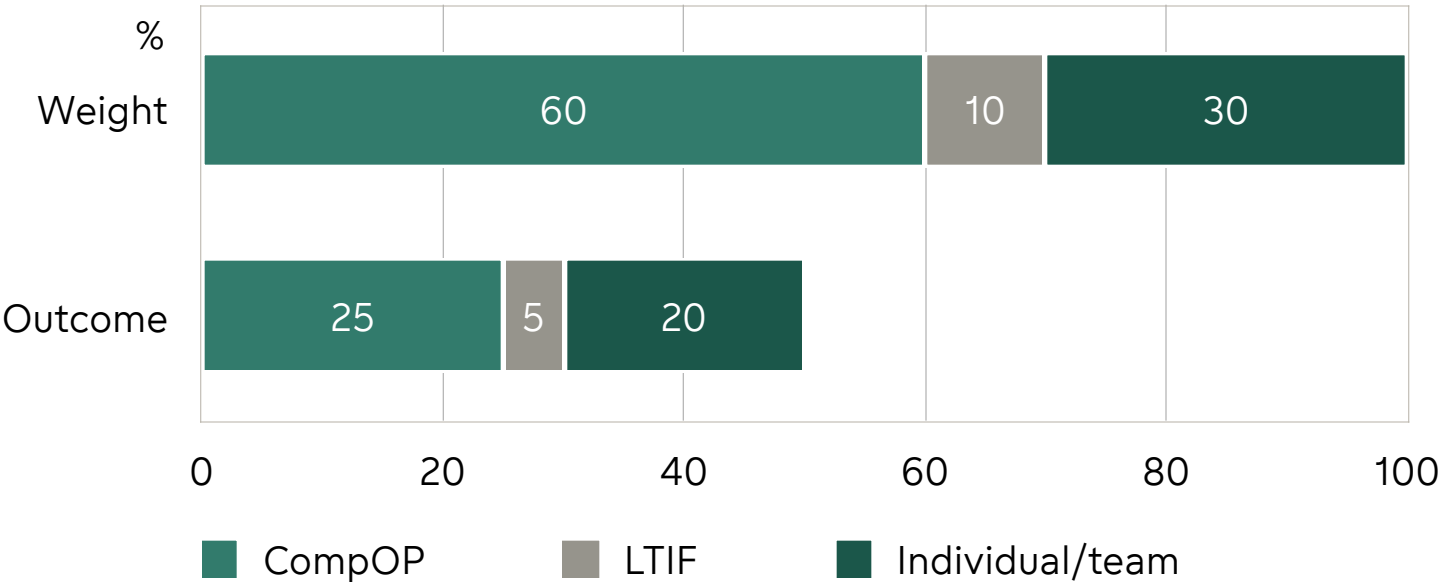
The outcome of the 2019 Group<sup>1)</sup> level comparable operating profit + share of profits from associates and joint ventures (CompOP) was between the minimum and the target. Fortum’s 2019 LTIF for own personnel and contractors improved and was 1.7, achieving the set target level ( $\leq 1.7$ ).

The achieved performance based on the individual or team targets (Individual/team) was evaluated in connection with the individual performance review and confirmed at the beginning of 2020. In 2019, the President and CEO Pekka Lundmark had one individual target related to the co-operation with Uniper and one joint Fortum Executive Management target related to operational excellence. The combined outcome of President and CEO Pekka Lundmark’s individual and team targets was between the target and the maximum.

The accrued incentives for the year 2019 were paid in April 2020.

The graph below presents the STI target setting and outcome for the President and CEO Pekka Lundmark for the financial year 2019.

1) Excluding Uniper



Short-term incentives for 2020, payable in 2021

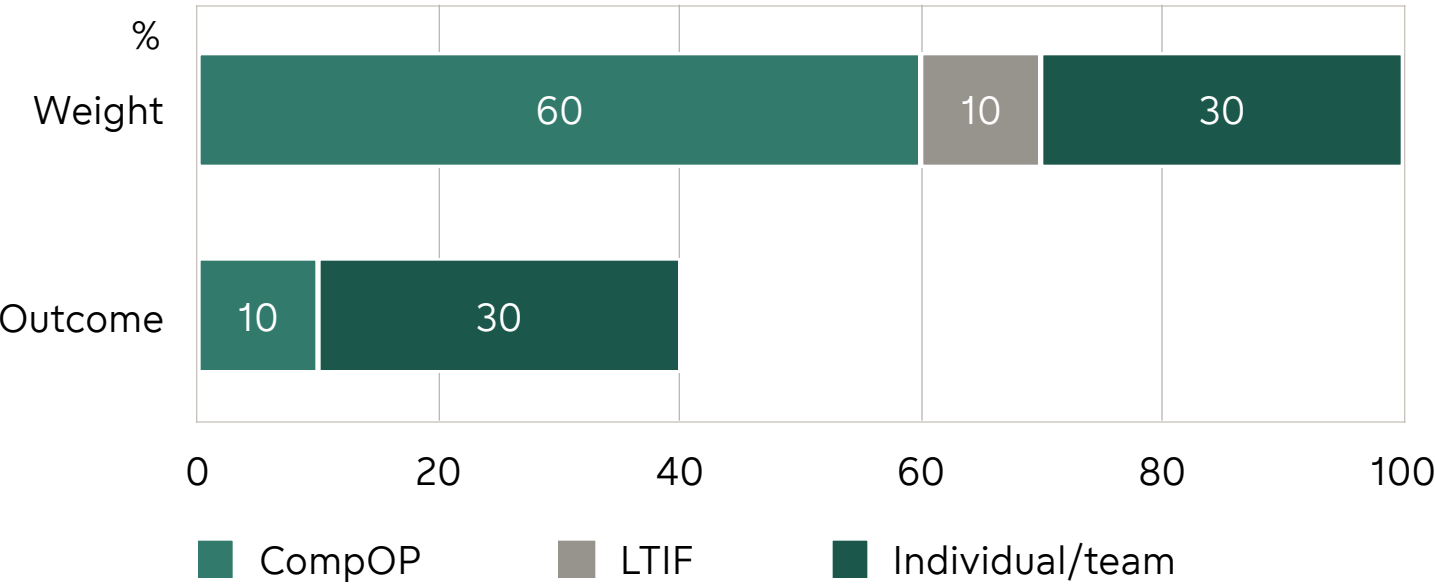
The outcome of the 2020 Group<sup>1)</sup> level CompOP was between the minimum and the target. Fortum’s 2020 LTIF for own personnel and contractors declined from the previous year and was 2.0 and did not reach the set minimum level.

In 2020, the President and CEO Pekka Lundmark had one individual target related to the co-operation with Uniper and two joint FEM targets related to operational excellence and the progress in strategic priorities. The President and CEO Pekka Lundmark resigned and therefore forfeited his right to short-term incentive for the year 2020.

The President and CEO Markus Rauramo’s individual targets were related to the preparation of the updated strategy for the Fortum Group including Uniper, as well as the launch of the intensive cooperation across the companies. The results of this work were presented at the Capital Markets Day in December and included the updated strategy, new financial, climate, and safety targets, as well as targeted cooperation benefits. The STI outcome of these targets reached the maximum level.

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

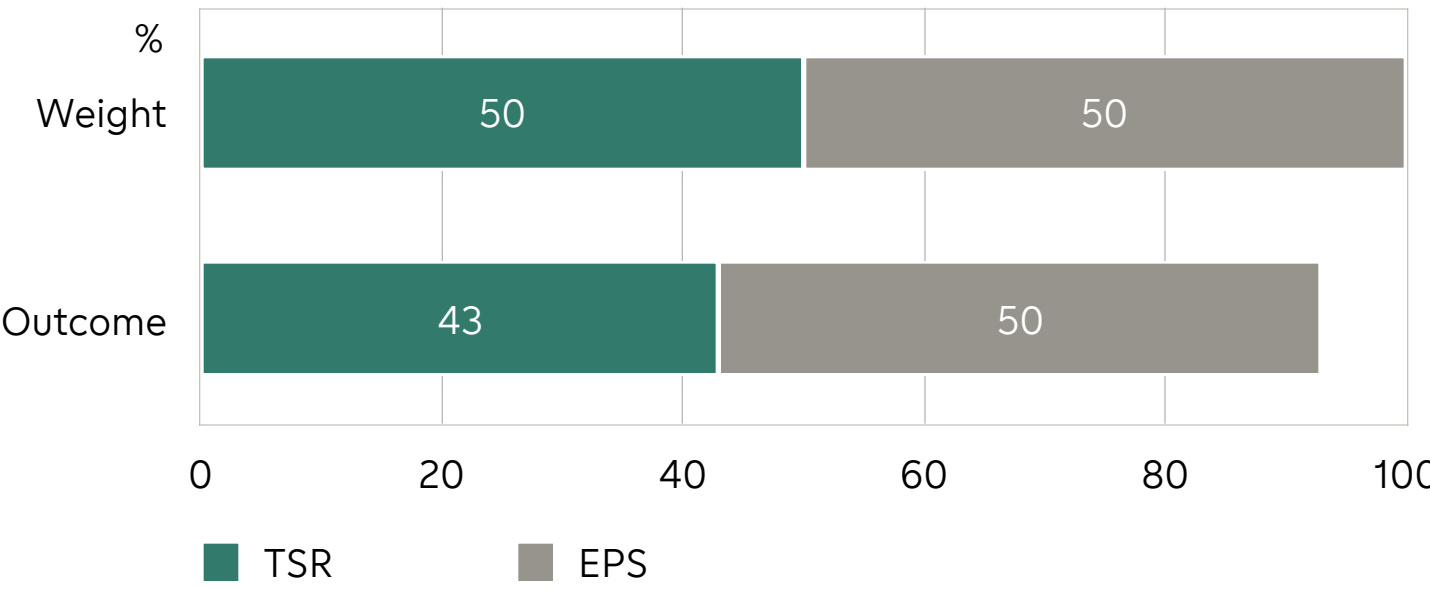
The graph below presents the STI target setting and outcome for the President and CEO Markus Rauramo for the financial year 2020.





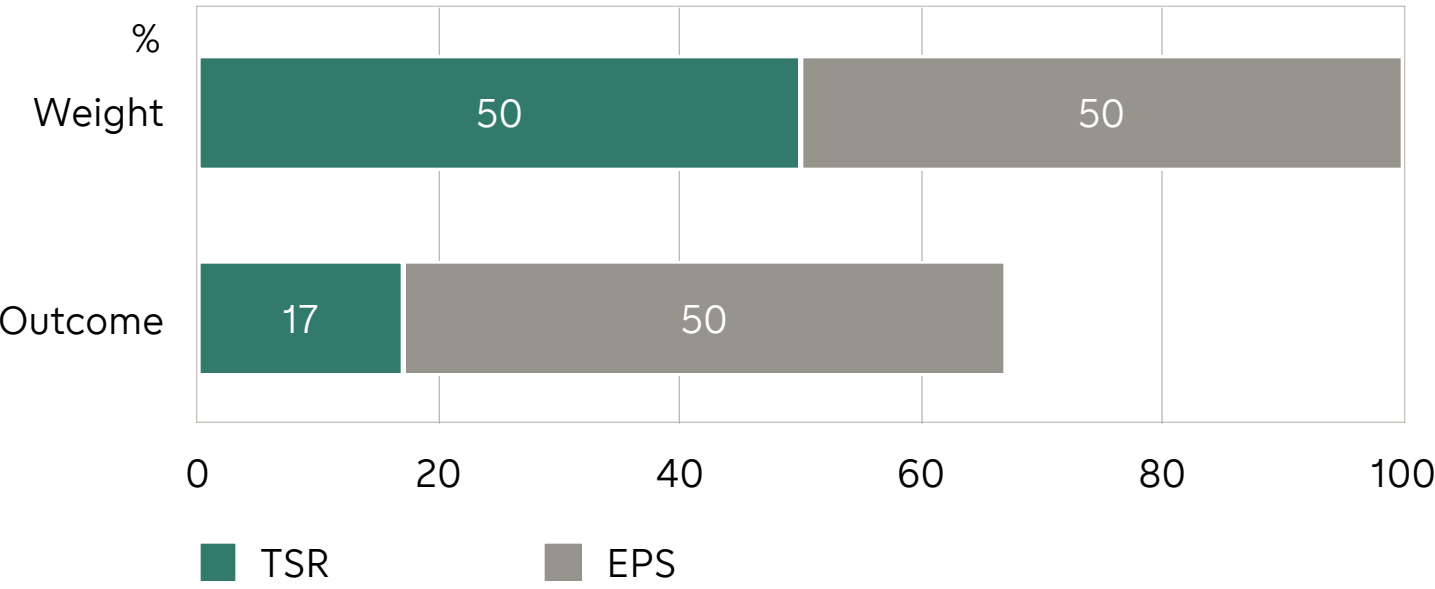
2017–2019 Long-term incentive plan (paid in 2020)

The performance measures for the 2017–2019 LTI plan were TSR measured against a European utilities peer group and EPS. Due to the strong performance of 93% of the maximum in the 2017–2019 LTI plan as well as a good performance in 2019 STI plan, the combined outcomes of the LTI and STI would have exceeded the set cap of 120% of the President and CEO Pekka Lundmark’s annual salary. In accordance with the decision of maximum variable compensation made by the Board of Directors, the LTI payment was cut to limit the total variable compensation to a maximum of 120% of the individual’s annual base salary.



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

The performance measures for the 2018–2020 LTI plan were TSR measured against a European utilities peer group and EPS. The outcome of the 2018–2020 LTI plan was 67% of the maximum mainly due to strong EPS result.



### Remuneration of the President and CEO

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

The terms of the service agreement of the President and CEO Markus Rauramo, effective as of 1 July 2020, are in line with Fortum’s Remuneration policy for the governing bodies. The former President and CEO Pekka Lundmark forfeited his unvested rewards due to his departure. In 2020, malus and clawback provision for the President and CEO were not utilised. As decided by the Board of Directors, the variable elements (STI and LTI pay-outs) were limited to a maximum of 120% of the individual’s annual fixed compensation.

In 2020, the President and CEO Pekka Lundmark’s monthly fixed compensation was EUR 84,000. As of July 2020, President and CEO Markus Rauramo’s monthly fixed compensation is 125,000 EUR. The fixed compensation includes a free car and phone allowance as fringe benefits. In addition, the President and CEO received an electric vehicle subsidy of 30% of the taxable value of the free car benefit in accordance with Fortum’s car instructions. The President and CEO Markus Rauramo participated in the 2020 savings period of the forShares employee share savings plan.

As stated in Fortum’s Remuneration policy for the governing bodies, the Board of Directors may, on recommendation of the Nomination and Remuneration Committee, temporarily deviate from any section of the policy based on its discretion. The Board of Directors decided that the President and CEO Markus Rauramo’s LTI reward related to the 2018–2020 LTI plan is calculated based on his annual fixed compensation as the President and CEO.

EUR thousand	Markus Rauramo		Markus Rauramo		Pekka Lundmark
	Accrued 2020, payable in 2021		Jul–Dec/2020		Jan–Jun/2020
Fixed compensation	-	808	84%	521	26%
Supplementary pension	-	158	16%	132	6%
Short-term incentives	163	-	0%	200	10%
Long-term incentives	1,009 <sup>2)</sup>	-	0%	1,178	58%
<b>Total remuneration</b>	<b>-</b>		<b>965</b>		<b>2,033</b>
LTI Plan	2018–2020		2017–2019		2017–2019
Maximum number of shares granted (gross)	1)		1)		68,000
Grant date	1)		1)		10 Mar 2017
Share price at grant	1)		1)		14.36
Number of shares earned (gross)	48,770		1)		53,181
Number of shares delivered (net)	3)		1)		28,527
Share delivery date	3)		1)		17 Feb 2020
Share price at delivery	3)		1)		22.16
Shareholding requirement	100% of individual annual fixed compensation	100% of individual annual fixed compensation	100% of individual annual fixed compensation	100% of individual annual fixed compensation	
Shares owned 31 Dec 2020			72,949		1)

1) Not disclosed; not acting as the President and CEO of Fortum when the event occurred  
2) Estimated LTI earning, the value of actual LTI earning will be disclosed after publication of the remuneration report  
3) Share delivery will take place after publication of the remuneration report

In addition to the information provided on the table above, the President and CEO Markus Rauramo received compensation of EUR 56,102 as of July 2020 for acting as the Deputy Chairman of the Supervisory Board of Uniper SE. The compensation for acting on Uniper’s Supervisory Board is paid according to the policies in force at Uniper. The annual fee for the Deputy Chairman is EUR 140,000, out of which 20% is variable remuneration which is determined as described in Uniper’s Annual report and is paid as virtual shares.



### Remuneration and shareholding of the Board of Directors

In 2020, the Shareholders’ Nomination Board reviewed the remuneration for the Chair, Deputy Chair and members of the Board of Directors in comparison to companies of similar size and complexity, but did not reach a unanimous proposal on the fees. Based on the resolution of the 2020 AGM, the remuneration of the Board of Directors was slightly increased and took a form of fixed annual fees and meeting fees, both paid in cash. Company shares were not granted to the Board of Directors. The fixed annual fees remained low in comparison to companies of similar size and complexity to Fortum. In order to increase Board remuneration and to achieve the market level, the Shareholders’ Nomination Board agreed to develop a step-by-step plan by the end of 2020 supported by the major shareholders.

On 23 April 2020, the 2020 AGM confirmed the following annual fees for the members of the Board of Directors:

EUR	2020
Chair	77,200
Deputy Chair	57,500
Chair of the Audit and Risk Committee <i>If not Chair or Deputy Chair simultaneously</i>	57,500
Members	40,400
<b>Meeting fees</b>	
Members living in Finland	600
Members living outside Finland in Europe	1,200
Members living outside Europe	1,800
Meeting held as a telephone conference	600

The board members were not in an employment relationship or service contract with Fortum and they were not given the opportunity to participate in Fortum’s STI or LTI programmes, nor did Fortum have a pension plan that they could opt to take part in. Travel expenses were compensated to the members of the Board of Directors in accordance with Fortum’s travel policy.

EUR thousand	Fixed annual fee 2020	Meeting fees 2020	Total remuneration 2020	Board service 2020	Shares owned 31 Dec 2020
Matti Lievonen Chair	77	24	101	1 Jan–31 Dec	4,500
Klaus-Dieter Maubach Deputy Chair until 23 April 2020	46	19	65	1 Jan–31 Dec	0
Eva Hamilton	40	15	55	1 Jan–31 Dec	40
Essimari Kairisto	52	20	72	1 Jan–31 Dec	0
Anja McAlister	40	17	57	1 Jan–31 Dec	0
Teppo Paavola	30	15	45	23 Apr–31 Dec	0
Veli-Matti Reinikkala Deputy Chair as of 23 April 2020	52	25	77	1 Jan–31 Dec	5,000
Philipp Rösler	41	16	57	1 Jan–31 Dec	0
Annette Stube	30	12	42	23 Apr–31 Dec	0
<b>Former Board members</b>					
Kim Ignatius	19	2	21	1 Jan–23 Apr	1)
<b>Total</b>	<b>427</b>	<b>166</b>	<b>593</b>		<b>9,540</b>

1) Not disclosed

In addition to the information provided on the above table, Klaus-Dieter Maubach received compensation of EUR 117,355 for acting as the Chairman of the Supervisory Board of Uniper SE as of April 2020. Compensation for acting in Uniper’s Supervisory Board was paid according to the policies in force at Uniper, the annual fee for the Chairman being EUR 210,000 out of which 20% is variable remuneration, which is determined as described in Uniper’s Annual report and is paid as virtual shares.



Five-year remuneration development

The adjacent table presents the development of the remuneration of the Board of Directors and the President and CEO and the average employee, as well as the financial performance of the company in the years 2016–2020.

EUR thousand	2020	2019	2018	2017	2016
Current Board members					
Matti Lievonen	101	89	80	49	-
Klaus-Dieter Maubach	65	71	54	-	-
Eva Hamilton	55	54	54	54	56
Essimari Kairisto	72	56	42	-	-
Anja McAlister	57	59	60	47	-
Teppo Paavola	45	-	-	-	-
Veli-Matti Reinikkala	77	58	54	58	44
Philipp Rösler	57	44	-	-	-
Annette Stube	42	-	-	-	-
Former Board members					
Mino Akhtarzand	-	-	-	16	61
Sari Baldauf	-	-	20	84	87
Heinz-Werner Binzel	-	12	54	57	61
Kim Ignatius	21	67	65	67	70
Tapio Kuula	-	-	-	43	52
Marco Ryan	-	19	-	-	-
Petteri Taalas	-	-	-	-	17
Jyrki Talvitie	-	-	-	17	70
Board of Directors	59	53	54	49	58
Total remuneration, average					
Board of Directors	40	40	40	40	40
Ordinary member annual fixed fee					
President and CEO					
Markus Rauramo (as of Jul/2020)	965	-	-	-	-
Pekka Lundmark (until Jun/2020)	2,033	2,478	1,846	1,634	1,368
Average employee total remuneration <sup>1)</sup>	59	56	50	47	40
Comparable operating profit, EUR million	1,344	1,191	987	811	644
Earnings per share, EUR	2.05	1.67	0.95	0.98	0.56

1) Based on the figures in the consolidated financial statements (excluding the President and CEO). The financial statements include costs accrued for the year



# Additional information on remuneration of other Fortum Executive Management and personnel 2020

This report has been prepared by the Nomination and Remuneration Committee in accordance with the Remuneration policy for personnel and the Finnish Corporate Governance Code 2020, as well as taking into account the guidance set out in the Government Resolution on State-Ownership Policy. The report will be presented at the 2021 AGM of Fortum Corporation, but is not subject to an AGM resolution.

The report presents the decisions made regarding Fortum’s Executive Management (FEM) members (excluding the President and CEO) pay in 2020 and the remuneration for the past five years on an aggregate level.

## Remuneration elements for other Fortum Executive Management and personnel

The Remuneration policy for personnel provides a remuneration structure that aligns the remuneration of FEM members and personnel with the successful delivery of Fortum’s long-term strategy in accordance with its remuneration and leadership principles. The adjacent outlined table describes the content of the policy at a glance.

Remuneration element, purpose, and link to strategy	Applied to	Key features of the policy
<b>Fixed compensation</b>  Compensates for the job responsibilities and reflects the skills, knowledge, and experience of the individual.	All personnel	The fixed compensation is typically reviewed annually and is targeted on a competitive level vs. relevant peer group/market.  For the FEM members, the Board of Directors will consider various factors when determining any change in the fixed compensation, including individual contribution, business performance, role, employee pay across Fortum, and alignment with external market levels.
<b>Pension and other benefits</b>  Provides a retirement benefit in addition to the statutory pensions, in line with local market practices, and supports employee recruitment, engagement, and retention.	All personnel	The pension arrangements reflect the relevant market practice.  For the FEM members, a supplementary pension plan is provided as part of the total remuneration in accordance with the relevant market practice. All supplementary pension arrangements since the year 2008 are defined contribution plans. For members joining the FEM after the end of the year 2016 as well for those current members to whom the premium has been below 20% of the annual salary, the pension premium is 20% of the annual base salary.  Other benefits will be provided in line with appropriate levels indicated by the local market practice in the country of employment and may evolve year by year. Various benefits are typically provided within the same framework and similar coverage for all employees within a country, with exception of certain benefits based on position. Personnel is also eligible to participate in programmes which may be offered at any given point such as the Employee Share Savings programme, project and recognition awards, retention rewards payable in cash or shares, insurance benefits, seniority, or birthday remembrance.
<b>Short-term incentives (STI)</b>  Support the achievement of Fortum’s annual financial, strategic, and sustainability targets.	All personnel	The STI programmes are designed to reward for achievement of the company, division, unit, function, team, and individual performance. The STI target and maximum incentive opportunity %:s (on top of base salary) depend on the position and reflect the possibility to influence company performance. The incentive opportunity %:s may vary to reflect the local market practice as well as specific nature of the position.  The Group performance measures, weightings, and targets for the selected measures are set annually by the Board of Directors to ensure they continue to support the strategy.
<b>Long-term incentives (LTI)</b>  Support the delivery of sustainable long-term performance, aligns the interests of management with that of shareholders, and supports in committing and retaining key individuals.	FEM and other key individuals	Fortum’s LTI programme consists of annually commencing LTI plans with a three-year performance period. Performance measures, weightings, and targets are set by the Board of Directors to ensure they support the strategy and typically include financial or share-price related, and sustainability measures.  Following the end of the performance period the Board of Directors reviews the performance and determines the extent to which each of the targets have been achieved, to determine the final pay-out level.  The LTI is allocated based on a maximum number of shares.
<b>Shareholding requirement</b>  Ensures alignment of the interests of the FEM members with that of shareholders.	FEM	The FEM members are required to build and maintain a holding of Fortum shares equivalent to 100% of the gross fixed compensation. 50% of the net shares (after-tax) received at each vesting must be retained until the shareholding requirement of 100% of gross fixed compensation is met.



Remuneration of other Fortum Executive Management

EUR thousand	Other Fortum Executive Management 2020	Other Fortum Executive Management 2019	Other Fortum Executive Management 2018	Other Fortum Executive Management 2017	Other Fortum Executive Management 2016
Fixed compensation	3,195	3,382	3,101	3,387	3,581
Supplementary pension	527	586	533	636	560
Short-term incentives	657	631	926	962	233
Long-term incentives	3,598	2,360	885	877	1,694
<b>Total remuneration</b>	<b>7,977</b>	<b>6,958</b>	<b>5,445</b>	<b>5,862</b>	<b>6,068</b>
Shareholding requirement	100% of individual annual fixed compensation	100% of individual annual fixed compensation	100% of individual annual fixed compensation	100% of individual annual fixed compensation	100% of individual annual fixed compensation

The figures include Markus Rauramo for the period he was a member of the Fortum Executive Management until 30 June 2020, but not for his period as the President and CEO from 1 July 2020 onwards.

In 2020, in addition to the information provided on the above table, Markus Rauramo before starting as the President and CEO, Tiina Tuomela, and Sirpa-Helena Sormunen received compensation amounting to a total of EUR 126,740 for their roles in the Supervisory Board of Uniper SE as of April 2020. Compensation for acting in Uniper’s Supervisory Board was paid according to the policies in force at Uniper. As described in Uniper’s Annual report, 20% of the compensation is variable and paid as virtual shares.





### Information on incentive plans

The Group level metrics and outcomes of the short-term incentive plans 2019 and 2020 are described in the Remuneration report for the governing bodies 2020.

For 2021, the Group level STI targets are based on the achievement of Group financial performance, divisional targets, as well as individual or team targets (as in 2020). The STI performance measures are comparable operating profit + share of profits from associates and joint ventures (60% weight), LTIF for own personnel and contractors (10% weight), and individual or team targets (30% weight). For the members of FEM the financial measure is comparable operating profit (Fortum excluding Uniper) + share of profits from associates and joint ventures added with Uniper’s adjusted EBIT.

In the 2020–2022 LTI plan, Fortum introduced an ESG related target for the first time. The ESG target is related to actions driving reduction of Fortum’s CO<sub>2</sub> emissions and reduction of coal generation capacity aligned with Fortum’s strategy. The relative TSR measured against a peer group of European utilities has remained as a measure in the LTI plan. Reported EPS was a performance measure in the 2017–2019 and 2018–2020 LTI plans.

LTI plan	2017–2019	2018–2020	2019–2021	2020–2022	2021–2023
Earnings period	2017–2019	2018–2020	2019–2021	2020–2022	2021–2023
Share delivery year	2020	2021	2022	2023	2024
Measures	50% TSR 50% EPS	50% TSR 50% EPS	100% TSR	80% TSR 20% ESG	80% TSR 20% ESG
Outcome	93%	67%			
Number of shares granted	595,064	607,620	608,051	626,475	754,000
Number of share forfeited	111,878	<sup>1)</sup>			
Number of shares delivered	196,864	<sup>1)</sup>			
Number of participants (at delivery)	95	<sup>1)</sup>			
Grant date	10 Mar 2017	28 Feb 2018	28 Feb 2019	28 Feb 2020	28 Feb 2021
Share price at grant	14.36	18.05	19.52	19.28	20.69
Share price at delivery	22.16	<sup>1)</sup>			

1) The share delivery will take place after the publication of the remuneration report

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

LTI plan	2017–2019	2018–2020	Shares owned 31 Dec 2020
Arun Aggarwal, Senior Vice President, Business Technology	4,012	<sup>1)</sup>	4,461
Alexander Chuvaev, Executive Vice President, Russia Division	36,417 <sup>2)</sup>	<sup>1)</sup>	54,602
Per Langer, Executive Vice President, City Solutions Division	5,656	<sup>1)</sup>	44,155
Risto Penttinen, Senior Vice President, Strategy, People and Performance	6,612	<sup>1)</sup>	30,559
Markus Rauramo, CFO until 30 June 2020	12,273	<sup>3)</sup>	72,949
Arto Rätty, Senior Vice President, Corporate Affairs and Communications	5,392	<sup>1)</sup>	10,592
Mikael Rönneblad, Executive Vice President, Consumer Solutions Division	6,787	<sup>1)</sup>	10,356
Sirpa-Helena Sormunen, General Counsel	6,230	<sup>1)</sup>	21,195
Tiina Tuomela, Executive Vice President, Generation Division	7,239	<sup>1)</sup>	32,439
<b>Total</b>	<b>90,618</b>	<sup>1)</sup>	<b>208,359</b>

1) The share delivery will take place after the publication of the remuneration report

2) The estimated number of shares after deduction of local taxes and tax related expenses. Due to local legislation, share rights will be paid in cash instead of shares

3) Disclosed in the remuneration report for the governing bodies

The figures include Markus Rauramo for the period he was a member of the FEM until 30 June 2020, but not for his period as the President and CEO from 1 July 2020 onwards.



## Employee share savings programme – forShares

The purpose of Fortum’s employee share savings programme, forShares, is to motivate employees to invest and retain ownership in the company. The programme consists of annually commencing savings periods, during which the employees can save a proportion of their salaries to be used for the purchase of Fortum shares with the accrued savings. After a holding period, the participants will be granted matching shares for the purchased savings shares.

Based on the decision by the Board of Directors, the matching ratio for the 2020 and 2021 savings periods was 2:1. The participation rate in the 2020 savings period was 41% and in the 2021 savings period 43% of the eligible employees.

## Fortum Personnel Fund

Fortum employees in Finland, who are not participating in the long-term incentive programme, are eligible for the Fortum Personnel Fund. The amount paid annually to the Personnel Fund is based on the achievement of annual targets. The payments to the fund in 2020 totalled EUR 1.7 million (EUR 2.4 million in 2019).

