



Proposals by Shareholders' Nomination Board of Fortum to the 2023 Annual General Meeting

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The Shareholders' Nomination Board of Fortum has submitted its proposals to the 2023 Annual General Meeting to Fortum's Board of Directors. The Annual General Meeting is planned to be held on Thursday 13 April 2023.

Members of the Board of Directors

The Shareholders' Nomination Board proposes that the Board of Directors consist of ten (10) members (previously nine), the Chair and the Deputy Chair included. The Shareholders' Nomination Board proposes that the following persons be elected to the Board of Directors for a term ending at the end of the Annual General Meeting 2024:

Proposed to be re-elected as members:

Ralf Christian,
Luisa Delgado,
Essimari Kairisto and
Teppo Paavola.

Proposed to be elected as new members:

Jonas Gustavsson,
Marita Niemelä,
Mikael Silvennoinen,
Maija Strandberg,
Johan Söderström and
Vesa-Pekka Takala.

Mikael Silvennoinen is proposed to be elected as Chair and Essimari Kairisto as Deputy Chair of the Board of Directors. The following persons will not continue on the Board: Veli-Matti Reinikkala, Anja McAlister, Philipp Rösler, Annette Stube and Kimmo Viertola.

"In the wake of the changes caused by Russia's attack war in Ukraine and the European energy crises, Fortum is repositioning strategically and geographically. To facilitate a fresh start for the company, the Shareholders' Nomination Board has done a comprehensive evaluation of the Board of Directors. Board members with different competencies and backgrounds as well as a more Nordic focus are appropriate going forward. As Chair, we propose to elect Mikael Silvennoinen, who has a long background in finance and extensive experience from demanding leadership positions both as an executive and board member of industrial listed companies," says Chair of the Shareholders' Nomination Board Maija Strandberg.

“Fortum’s current Chair Veli-Matti Reinikkala has served on Fortum’s Board since 2016. During those years, Fortum focused on growth and transformation. Mr Reinikkala’s long and successful career in the global technology industry provided a perfect match with the company’s strategic ambitions at the time. On behalf of Fortum’s largest shareholders, I want to warmly thank Veli-Matti Reinikkala and the entire Board for their service, in particular during last year’s difficulties. I would also like to thank Fortum’s executive management for good collaboration with shareholders. The company has undergone a major transformation and with the proposed changes to the Board, we want to support the management in the execution of the new strategy,” Maija Strandberg concludes.

“Fortum’s future will be built on a strong and clean Nordic core, and the company has great prospects ahead. Launch of this new phase is also a natural point for me to step down as Chair at the upcoming AGM. It has been an honour to serve on the Board for the past seven years, and I want to thank Fortum’s shareholders, management and my Board colleagues for your trust and good collaboration,” says Veli-Matti Reinikkala.

All candidates have consented to the appointment and all are independent of the company and its significant shareholders, with the exception of Maija Strandberg, who is non-independent of the company’s significant shareholder (the State of Finland).

On the subject of the election procedure of the Board members, the Shareholders’ Nomination Board suggests that the shareholders will take stand on the Board composition and nominations as a whole. The suggestion is based on the fact that the Company has a Shareholders’ Nomination Board established by the resolution of the general meeting compliant with the Finnish Corporate Governance Code and corporate governance. The task of the Nomination Board is to ensure that the proposed Board as a whole possesses extensive competences and experience relevant for the Company, in addition to ensuring the qualifications of the individual board member candidates. The Nomination Board is also responsible for ensuring that Board Diversity Principles are appropriately taken into account and that the proposed Board composition also meets the other requirements set forth by the legislation and the Finnish Corporate Governance Code for listed companies.

Remuneration of the Board of Directors

The Shareholders’ Nomination Board states that in accordance with the terms of the bridge financing facility between the company and Solidium Oy for a total amount of EUR 2.35 billion agreed on 6 September 2022, the remuneration of the members of the Board of Directors of the company will not be increased in 2022 and 2023 during the validity of the arrangement. However, the implementation of the long-term programme to increase the remuneration of the members of the Board of Directors of the company agreed in 2021 will be continued in such a way that as previously agreed, the board remuneration will achieve the market level in 2026.

Therefore, the Shareholders’ Nomination Board proposes to the Annual General Meeting 2023 that the remuneration payable to the members of the Board of Directors remain unchanged, and remuneration be paid for the next term, as follows:

The annual fee of the Chair, Deputy Chair and other members of the Board of Directors:

- Chair: EUR 88,800/year
- Deputy Chair: EUR 63,300/year
- Members: EUR 43,100/year
- Chair of the Audit and Risk Committee: EUR 63,300/year, in case that he/she does not simultaneously act as Chair or Deputy Chair of the Board.

In addition, it is proposed to pay fixed fees for the Committee work as follows:

- Member of the Audit and Risk Committee: EUR 3,000/year

- Chair of the Nomination and Remuneration Committee: EUR 5,000/year
- Member of the Nomination and Remuneration Committee: EUR 2,000/year
- Chair of any additional Committee established by a Board decision: EUR 5,000/year
- Member of any additional Committee established by a Board decision: EUR 2,000/year.

In addition, the Shareholders' Nomination Board proposes that the meeting fee payable to a Board member, also for the Committee meetings, be EUR 800 for each meeting, or EUR 1,600 in case the member travels to the meeting outside his/her country of residence. When a member participates in the meeting via remote connection, or for the decisions that are confirmed without convening a meeting, the meeting fee be EUR 800. The travel expenses of Board members are compensated in accordance with the company's travel policy.

Further, the Shareholders' Nomination Board proposes that the annual fee for the Board work of the Board members be paid in company shares and in cash in such a way that approximately 40% of the amount of the annual fee be payable in shares acquired on behalf and in the name of the Board members, and the remainder in cash. The company will pay the costs and the transfer tax related to the purchase of the company shares.

The shares will be acquired on behalf and in the name of the Board members within two weeks following the publication of the company's first quarter 2023 interim report. If share purchases cannot be carried out within the aforementioned schedule due to a reason related to the company or a Board member, the shares will be acquired later, or the annual fee will be paid fully in cash. The meeting fees and the fixed fees for the Committee work are proposed to be paid fully in cash.

Members of the Shareholders' Nomination Board

The members of the Shareholders' Nomination Board were Maija Strandberg, Senior Ministerial Adviser, Financial Affairs, Prime Minister's Office, Ownership Steering Department, Risto Murto, President and CEO of Varma Mutual Pension Insurance Company, Jouko Pölönen, President and CEO of Ilmarinen Mutual Pension Insurance Company, and the Chair of Fortum Board of Directors Veli-Matti Reinikkala. Maija Strandberg did not participate in the Nomination Board's decision-making concerning herself.

Fortum Corporation

Ingela Ulfves, Vice President, Investor Relations and Financial Communications

Additional information:

Maija Strandberg, Chair of the Shareholders' Nomination Board of Fortum, tel. +358 50 407 8423.

The CVs of the proposed new Board members are attached to this release.

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