

Mr Markus Rauramo
President & CEO, Fortum Corporation
1.7.2020

Dear Mr Rauramo,

Our organisations are writing to you following your appointment as President and CEO of Fortum to share our hopes and concerns regarding the future direction of Fortum and Uniper.

We would like to congratulate you on your appointment to the position. We acknowledge that it takes courage to step into a role which carries with it the legacies of the past and the promises of the future. You have the responsibility and the opportunity to make a real difference.

We urge you to steer Uniper towards a zero-carbon future. We believe that Fortum is well-positioned to do that. Together, Fortum and Uniper are important players in the energy transition of Europe. Fortum has promised to have a common strategy with Uniper and to set ambitious climate targets that will apply to all your operations by the end of this year. To be a true leader of the energy transition, you must align both companies' business models with the UN Paris Climate Agreement and phase-out coal by 2030 at the very latest.

Fortum's ambition is to decarbonise society. This aspiration is manifest in the company's investments in renewable energy and the circular economy; its decisions to phase-out coal in Finland and Sweden faster than expected, and its lobbying for stronger climate policy at EU level. Unfortunately, since the acquisition of Uniper, Fortum has also been blocking the European energy transition.

Instead of steering Uniper in a more ambitious direction, Fortum has merely been defending Uniper's problematic actions, such as unambitious coal phase-out plans; the inauguration of a new coal power plant; selling power plants rather of decommissioning them; investments in new fossil fuel infrastructure, and legal action against climate policies.

Fortum has been defending bringing Datteln 4 online, even if it clearly contradicts Fortum's decarbonisation strategy, the German Coal Commission's recommendations, and the Finnish state's ownership steering principles. With this, Fortum also goes against the demands of responsible investors, such as CA100+, for a coal phase-out by 2030, and no new coal.

Fortum is keen to emphasise the role of gas in the energy transition. However, given the limited carbon budget, and significantly declining operating costs of renewable energy, investments in new fossil gas infrastructure will only create lock-in effects and stranded asset risks. According to the most sustainable and least risky P1 scenario outlined in the IPCC's 1,5°C report, primary energy from gas needs to decrease globally by 25 percent in 2030, and by 74 percent in 2050 compared to 2010. Uniper's plan to build an LNG terminal in Wilhelmshaven, and its 20-year LNG supply contract with Pieridae Energy, will not in any way support the switch from natural gas to hydrogen. Despite Uniper's talk about hydrogen, this is not sufficiently reflected in their capital expenditure, and the commercial viability of it remains uncertain.

Fortum is also defending Uniper's plans to use the investor-state dispute settlement (ISDS) mechanism under the Energy Charter Treaty to sue the Netherlands for adopting a coal phase-out

law. According to legal analysis, the proposed legislation constitutes a good faith, non-discriminatory, and proportionate exercise of the state's regulatory powers for the protection of the general interest. Uniper made a poor business decision to build a new coal power plant against the backdrop of tightening climate policies. Using the ECT investor investment protection against these climate policies is not aligned with the Paris Agreement nor good corporate citizenship.

Therefore, we kindly ask you to:

- Publish a clearly articulated and detailed roadmap for the gradual closure of existing coal plants for both companies, including coal plants in Russia, by 2030 at the very latest. These should incorporate just transition plans for affected communities and workers, and not include unjustified payouts or selling of assets.
- Put an immediate end to capital expenditure into new coal and gas infrastructure, including any form of lifetime extension for existing coal plants.
 - Instruct Uniper to start negotiations with the German federal government in order to decommission the Datteln 4 coal-fired power plant.
- Refrain from impeding any policies required by the UN Paris Climate Agreement or the UN Sustainable Development Goals.
 - Instruct Uniper to publicly rule out using the ISDS mechanism against the Netherlands' new coal phase-out law.

We hope that Fortum and Uniper will, under your leadership, step up and provide a world-class example of a structured and Paris-aligned fossil fuel phase-out strategy. We look forward to discussing the above mentioned topics with you at a time of your convenience.

Yours faithfully,

Amnesty Finland
Europe Beyond Coal
Greenpeace Nordic

BUND (Friends of the Earth
Germany)
Finnwatch
urgewald

Deutsche Umwelthilfe
Friends of the Earth Finland
WWF Finland

GREENPEACE

 Deutsche Umwelthilfe

urgewald



 **Finnwatch**



Bund für
Umwelt und
Naturschutz
Deutschland
BUND
FRIENDS OF THE EARTH GERMANY

 **Maan ystävät**
Friends of the Earth Finland