

Mr Pekka Lundmark
President & CEO, Fortum Corporation

7.2.2018

Environmental NGOs call on Fortum to act responsibly with respect to Uniper's coal assets

Dear Mr Pekka Lundmark,

Our organisations write to you, following your purchase of a considerable share of Uniper, to share our hopes and concerns regarding the immediate future of Uniper. We urge you to steer Uniper into a direction that demonstrates climate leadership. We believe that Fortum is well-poised to do just that.

The coal fleet of Uniper alone is a major source of emissions accounting for the equivalent of more than half of Finland's annual emissions and causing significant air pollution. Meanwhile, the Finnish state is preparing legislation to legally ban coal in the domestic energy mix, even as early as 2025. As a mostly state-owned company, Fortum's plans regarding the future of Uniper's enormous coal assets raise obvious concerns. It is increasingly clear that the era of coal will come to an end soon if the temperature limits of the Paris Agreement are to be met. **This means an inevitable coal phase-out by 2030 across Europe at the latest.**

We know that you are well-aware of the urgency of climate change and the fast declining emissions trajectory required. Fortum's strategy for the future has endorsed a business model rooted in low-carbon technologies, and your membership in the Climate Leadership Coalition speaks to that. Consequently, Fortum's next moves regarding the future of these assets are being watched closely. Many of Fortum's largest non-state shareholders consider themselves as responsible investors and demand such behaviour also from their investees. This is also the expectation of the public in Finland and beyond.

Therefore, Fortum's future certainly entails weighing the alternative ways forward. According to media reports you may be considering the option of selling Uniper assets. However, Fortum should embark on the development of a credible closure plan for the coal fleet instead - while taking just transition into account. It is likely that the only willing buyers are actively working to slow Germany's and Europe's electricity transition. Selling the assets to another company without any real intentions to reduce global emissions is not only a wasted opportunity - it betrays the ambition of the Paris Agreement.

Coal phase-out has already become a political reality in Europe with among others the UK, France and the Netherlands already having announced their departure from coal power - all countries where your newly acquired coal assets are located. Germany will decide on their future energy policy within a year and will be looking at putting a phase out timeline in place. While Uniper's coal is mainly hard coal rather than the relatively dirtier lignite, the German phase out will apply also to those hard coal assets. To be on the right side of history, Fortum should embrace and speed up the transition away from coal.

The "waterbed effect" in the EU ETS has frequently been raised as an excuse for inaction. The recent EU ETS reforms agreed mean that most of the excess permits will be stored in the Market Stability Reserve, and over time these will be cancelled to stop them coming back to market.

We call Fortum upon to take the following steps:

- **To take responsibility and refrain from selling the newly acquired assets and coal fleet to any other company, German or otherwise.**
- **To embark on a socially just and managed coal phase-out in the nearest possible term.**

On behalf of the Europe Beyond Coal campaign secretariat and our members, supporters and activists around the world, we write to you to ask for seizing the opportunity to start the managed decline of Uniper's coal fleet. **Fortum has been given the unique opportunity to set an international example of responsible company behaviour. We call on you to lead the way.**

Yours faithfully,

CAN Europe
Changemaker
EKOenergia
Europe Beyond Coal Campaign Secretariat
Friends of the Earth Finland
Greenpeace
Ilmastovanhemmat
Luonto-Liitto
Kepa
Protect Our Winters Finland
Sandbag
Suomen luonnonsuojeluliitto
Urgewald
WWF
350 Finland

