



The Finnish Government must immediately take responsibility for Fortum's soon-to-be subsidiary Uniper

Dear Minister Paatero,

Greenpeace Germany, Friends of the Earth Germany and urgewald welcome, that the new Finnish government has made climate change its first priority. We appreciate, that climate change not only features in the government programme but is also the running theme of the on-going Finnish EU Presidency. In this context we would like to draw your immediate attention to the corporate code of conduct of the Finnish state-owned company Fortum and its soon-to-be subsidiary Uniper. Since the first acquisition of Uniper's shares in 2018, the civil society has repeatedly requested Fortum to impose a new corporate strategy covering the joint portfolio of the two companies that aligns with the Paris Agreement and a coal phase-out by 2030 in Europe¹.

We are aware that the Ownership Steering Department of the Prime Minister's Office, under your supervision, will soon finalise the new State Ownership Policy for state-owned companies – as has been mandated in the PM Rinne's Government Programme. Furthermore, we understand that the 1.5 degree target of the Paris Agreement is now the front and centre of the sitting government's programme. Uniper emits approximately 70 million tonnes of CO₂ per year² exceeding the annual emissions of Finland (56 Mt). Addressing the emissions of Fortum and Uniper hold great potential for meaningful emissions reductions well beyond the Finnish borders.

Therefore, we approach you in order to express the urgent need for the government to steer its investee company Fortum to respect climate science as Uniper's enormous carbon footprint becomes the indisputable responsibility of the Finnish state. The new State Ownership Policy should reflect the 1.5 degree target and guarantee the closure of coal plants by 2030 at the latest.

Unfortunately, Fortum has proven to block the European energy transition on several accounts, which makes us believe that a forceful state intervention is warranted. Fortum's CEO, Pekka Lundmark, is on record for endorsing the recommendations of the German Coal Commission and the German 2038 coal phase-out timeline. This timeline and the associate phase-out pathway is widely known for being out of step with climate science – and the Finnish government's own coal ban by 2029. **We strongly encourage the Finnish government to show consistency by ensuring that Fortum respects the Finnish coal phase-out timeline in its operations abroad.**

Despite the request by the UN Secretary-General António Guterres to stop new coal by 2020, Uniper still invests in the new 1,100 MW coal plant Datteln 4 expected to start production in summer 2020. Datteln 4 would not replace older, less efficient coal plants as Uniper and Mr. Lundmark argue. Following the recommendations of the coal commission these coal plants are going to be subject to short- or midterm closures. Instead the CO₂ emissions of Datteln 4 would add to the carbon budget. Therefore, if allowed to operate, Datteln 4 would increase Germany's operating coal fleet and thus complicate the German coal phase out. **Fortum must prevent the inauguration of Datteln 4.**

¹ Climate Analytics (2019). Global and regional coal phase-out requirements of the Paris Agreement: Insights from the IPCC

² Covering scopes 1-3

Furthermore, we are very concerned about Uniper's bullish behaviour in the Netherlands revolving around the premature closure of its coal power plant Maasvlakte. Uniper has announced in public to file an ISDS claim within the framework of the Energy Charter Treaty against the Netherlands, if the Dutch 2030 coal phase-out law enters into force. Both Finland and the Netherlands are members of the Powering Past Coal Alliance and such a threat by one member's state-owned company to another member erodes the very credibility of the alliance. Not only is the case highly predatory in nature, and arguably detrimental to Finland's reputation as a climate leader, but could also send a chill effect throughout Europe, where other governments contemplate early plant closures. **Fortum must now put a stop to such aggressive gesturing that hampers climate ambition in Europe.**

Lastly, the upcoming German coal exit bill is expected to establish a tender model for compensating hard coal power plants if they close before 2030. **We ask the state to ensure that Fortum closes the plants by 2030 - even if their bid in the tenders will not be accepted. And to do so by decommissioning the plants rather than selling them to the market.**

Therefore, we kindly ask you to exercise your right as the majority shareholder of Fortum and its soon-to-be subsidiary Uniper. **The Finnish government's climate ambition should be reflected in the new State Ownership Policy as an immediate priority.**

As part of the policy, Fortum must be requested to:

- present a strategy for the combined portfolios of the two companies that is aligned with the Paris agreement, including a complete coal phase-out not later than 2030 in the OECD countries. The plan must be presented to the public by Fortum's 2020 AGM;
- decommission its coal plants, instead of selling them to competitors, thereby achieving real CO₂ emission reductions;
- stop all further investments into Datteln 4 and prevent it from going online;
- commit to immediately withdraw the ISDS claim threat against the Netherlands.

Yours sincerely,

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