

19.4.2021

FORTUMIN YHTIÖKOKOUS 28.4.2021 / ANNUAL GENERAL MEETING OF FORTUM ON 28 APRIL 2021

Vallitsevan koronapandemian vuoksi Fortumin osakkeenomistajilla oli mahdollisuus lähettää kysymyksiä yhtiölle ennen yhtiökokousta. Kysymyksiä tuli määräaikaan mennessä 27 kappaletta yhteensä seitsemältä osakkeenomistajalta. Kysymykset on ryhmitelty aihealueittain ja niihin on vastattu tässä dokumentissa sillä kielellä, jolla ne on esitetty.

Due to the continuing COVID-19 restrictions Fortum's shareholders had the possibility to submit questions to the company prior to the Annual General Meeting. Fortum received altogether 27 questions by seven shareholders by the deadline. The questions have been group by topic and answered in the same language as they were presented.

RAKENTEELLISET MUUTOKSET / STRUCTURAL CHANGES:

- Mikä on tilanne Venäjän vesivoiman ostosta vastakauppana Fortumin osallistumisesta Fennovoima Oy:ön?**
 - Fortumilla ei tällä hetkellä ole mitään uutta kerrottavaa asiasta. Emme käy aktiivisia keskusteluja TGC-1:n vesivoiman hankinnasta.

STRATEGIAN TOTEUTUS, HIILIVOIMASTA LUOPUMINEN JA ILMASTOTAVOITTEET / STRATEGY EXECUTION, COAL CLOSURES AND CLIMATE TARGETS:

- Aikooko Fortum kuluvan tilikauden aikana täydentää strategiaa aikataulutetulla suunnitelmalla fossiilisista polttoaineista luopumiseksi?**
 - Fortum julkisti päivitetyn strategiansa joulukuussa 2020. Strategia kattaa koko konsernin mukaan lukien tytäryhtiö Uniperin. Strategiansa mukaisesti Fortum edistää puhdasta energiatransitiota sekä tavoittelee kestäväää taloudellista kehitystä.
 - Osana strategiaa Fortum asetti koko konsernin kattavat taloudelliset tavoitteet sekä ilmastotavoitteet. Pariisin sopimuksen tavoitteiden mukaisesti Fortum-konserni aikoo olla hiilineutraali viimeistään vuonna 2050 (scope 1, 2&3 -päästöt) sekä Euroopan tuotannon osalta viimeistään vuonna 2035 (scope 1&2 -päästöt). Vuoden 2021 aikana on aikomuksenamme asettaa tavoite niiden epäsuorien päästöjen (scope 3 -päästöt) vähentämiselle, jotka syntyvät fossiilisten polttoaineiden myynnistä loppuasiakkaille.
 - Fortum keskittyy nyt strategiansa toteutukseen, eikä suunnitelmissa tällä hetkellä ole täydentää strategiaa.
- How is Fortum going to achieve carbon neutrality with such a big fossil gas capacity? What is the phase out plan for the gas plants?**
 - With the investment in Uniper, Fortum has become a major player in the gas market and we intend to utilise this unique position and our strong competences in order to seize the opportunities in the hydrogen economy and the gas market transforming towards clean gases.
 - European gas usage today is ~5,000 TWh and electricity usage ~3,000 TWh. Gas is used in heating buildings, in industry, transport and in energy production. In power generation, gas has a clear role as a transitional fuel, and will still be needed in the midterm to provide security of supply and flexibility in the energy system. Fortum views it as its responsibility to drive the energy transition from a holistic perspective.
- How can Fortum claim to be in line with a 1.5 degree target when the company is over tree folding the LNG portfolio and thus increasing the Scope 3 emissions and emissions from burning gas?**
 - Fortum intends to set a target for the scope 3 emissions during 2021, including the company's LNG-related activities. LNG is traded in the global market and in many regions,

LNG is used to displace brown coal, hard coal and oil in power generation, leading to substantial emission reductions. For reference, the International Energy Agency sees global LNG demand increasing by a third between 2019 and 2040 in their Paris agreement compliant scenario (SDS 2020). Moreover, Uniper's LNG activities in Europe help maintain a diversity of gas supply options, which is important for a region that is highly dependent on imports. In the longer term, LNG activities pave the way for imports of clean hydrogen and/or green ammonia from the global market.

- 5. Why, to this day, have Russian assets not been given a phase-out plan and is Fortum willing to announce the final date for their operation. Could Fortum provide detailed evidence to substantiate the claim mentioning each binding legal barrier that forbid or ban closures of coal plants and whether they legally supersede plant owners' right to decide for their own assets?**
- Fortum, as a group, targets carbon neutrality by 2050 at the latest and including inline CO₂ emission reduction of the group's Russian operations.
 - As announced in conjunction with the strategy update in December 2020, Fortum's Russian asset portfolio will gradually be transformed towards renewables, while reducing our fossil exposure. Fortum currently has total capacity pipeline of wind and solar of 2 GW in Russia (mainly through 50/50 utilising JV's), with 600 MW in operation, >700 MW under construction and almost 500 MW under development.
 - Assets have and are reviewed on a case-by-case basis and it is the group's obligation to optimise shareholder value, thus Fortum needs to ensure the financial viability of any taken business decision. Further, in some geographies, Fortum is both society and a system critical provider of power and heat, thus plant closures are not optimal solutions to make.
- 6. Will Fortum consider closing Datteln 4 within the next 10 years even if it never wins a government's tender to keep within the necessary coal phase-out timeline by 2030?**
- Based on the German coal exit law, Datteln 4 is defined to be operational until 2038.
 - In principle, we are always willing to discuss an earlier closure of an asset, however, this would need to include fair compensation to secure ownership rights and reflect shareholder value for the asset in question.
- 7. Will Fortum as a state-owned company follow this example and close (not sell) its and Uniper's remaining coal powerplants in the same period of time [Finland by 2029] to ensure a certain amount of consistency?**
- Fortum fully supports the national phase-out dates for coal and will close its assets in the respective countries accordingly.
 - The Group's coal-fired generation capacity in Europe will be reduced by more than 50% by the end of 2025, to approximately 5 gigawatt (GW). Measures taken to reduce coal-fired generation capacity include coal-fired plant closures in Germany as follows:
 - 0.9 GW closed at the end of 2020;
 - 0.8 GW by end of 2021;
 - 0.7 GW by end of 2022; and
 - 0.5 GW by the end of 2025.
 - The reduction also includes the closure of Uniper's 2 GW in the UK by the end of 2025 and the Group's previously announced commitment to discontinue the use of coal in Espoo by 2025. Further to the planned power plant closures mentioned above, Uniper will close its 1 GW coal-fired plant in the Netherlands by the end of 2029. As defined in the German coal-exit law, Uniper's 1.1 GW coal-fired power plant in Germany, Datteln 4, will be decommissioned by 2038.
 - The above mentioned plan include the announced ending of commercial operations at the 0.9-GW Heyden power plant already at the end of 2020, 5 years earlier than previously announced. Uniper will retire Wilhelmshaven coal-fired power plant by end of 2021, and now plans to establish a German national hub for hydrogen in Wilhelmshaven.

8. Does Fortum expect [the expansion of the EU ETS to other sectors] to improve its market position through impacting primarily competitors? What is the cost implication if we assume similar carbon prices as at the moment (while recognizing the sectors might be separated from the overall ETS umbrella)?

- Fortum agrees with the EU Commission’s assessment that “[there are] important benefits in expanding the use of emissions trading in the EU, to deliver in an economically efficient manner an increased climate ambition of 55% greenhouse gas emissions reductions” (17.9.2020). Fortum and has long supported the expansion and the tightening of the EU ETS as the most efficient way of ensuring climate targets are met. The EU ETS currently covers merely 40% of the EU’s total greenhouse gas emissions, a share that is steadily diminishing due to the superior effectiveness of the system. An expansion would therefore help keep the EU ETS as the cornerstone of EU climate policy and ensure the needed pace of emission reductions is achieved across the wider EU economy.
- In principle, a higher carbon price financially benefits all low carbon and carbon free activities and incentivises market actors to invest in them. In the power sector, these include hydropower, wind, solar, nuclear, bioenergy and hydrogen as well as CCS. As the third largest producer of carbon free electricity in the EU and a major investor in renewables, Fortum is among the beneficiaries of stronger carbon pricing.

KAASU, VETY JA NORD STREAM 2 / GAS, HYDROGEN AND NORD STREAM 2

9. What kind of financial risk do gas plant fleet pose for Fortum taking into account the growing price of CO2 allowance & the aging gas plant fleet possibly needing refurbishment?

- The financial risk is limited as gas-fired generation is clearly needed to provide security of supply as the share of intermittent renewables grows in the European power market. Gas-fired generation offers the flexibility needed for the energy system with the lowest cost and the low emissions.
- A significant (and growing) part of Uniper’s gas portfolio is non-merchant as it is either contracted by customers or by grid operators under reserve schemes. Those assets are generally not exposed to the CO2-price.
- But the profitability of gas-fired generation in merchant markets is not singularly driven by CO2. Instead, it is the difference between power price, gas price and CO2 (spark spread) which is relevant. As the power price is correlated with CO2, increasing CO2 prices do not necessarily mean a lower profitability on the gas assets.
- Finally, gas-fired generation offers the flexibility needed to back-up the increasing part of renewables in the system. As such, gas fired power plants are as of today the best source for flexibility taking into consideration cost and emissions.

10. Is Fortum willing to ensure that the hydrogen it plans to produce will only be used to decarbonise hard-to-abate sectors, not in power or heat? Will Fortum be able to commit to producing hydrogen using only excess/surplus renewable electricity (preferably powered by solar and wind), which would otherwise be curtailed due to grid congestion? How are biodiversity concerns factored into the production? If Fortum plans to commit to other forms of hydrogen, like blue hydrogen, how will it justify it since the company is expected to decarbonise? Is Fortum going to phase out its fossil gas even if the ramp-up of clean hydrogen is not achieved in time?

- Fortum incl. Uniper does indeed consider industry and transport as the major markets for hydrogen. However, we do not exclude the electricity/heating market as hydrogen will be also needed in this area as a source for flexible energy to back-up renewables; it will be up to the market to decide for which purposes hydrogen will be used.
- We are open to all colors of hydrogen. Turquoise and blue H2 do not emit CO2 into the atmosphere and are therefore carbon-neutral and do not jeopardize the CO2-targets. Especially in the short-to-midterm those sources of H2 can play an important role. The same applies to pink hydrogen.

- Fortum incl. Uniper has clear decarbonisation targets, which will be further substantiated and expanded to Scope 3 going forward. Hydrogen will play a vital role in this context and also help to decarbonise natural gas consumption. Please read more: <https://www.fortum.com/about-us/cleaner-world/why-does-europes-pathway-clean-energy-go-through-natural-gas>.

11. Fortum's subsidiary Uniper is one of the investors of the controversial Nord Stream 2 pipeline. As Fortum/Uniper will trade gas from Nord Stream 2, could you please specify the compliance check steps that Fortum/Uniper are undertaking to ensure that the extraction of fossil gas for Nord Stream 2 will not lead to environmental damages or human rights violations. Please specify, for which gas extraction sites you are planning to do compliance checks. Could you also give an estimate of the amount of green hydrogen to be transported via Nord Stream 2 in the upcoming years according to your estimations?

- Uniper is only a financing partner of Nord Stream 2, currently we do not receive any gas from Nord Stream 2.
- Fortum incl. Uniper is neither an owner nor an operator of Nord Stream 2 pipeline and cannot comment on the capabilities of the pipeline.

UNIPER BUSINESS RELATED TOPICS

12. As the new chair of Uniper's advisory board, is Markus Rauramo aware of the fact that Uniper is still buying and trading coal from Drummond, a US-based coal mining company active in Colombia, whose actual and former CEOs Miguel Linares and Augusto Jimenez have been charged with complicity in gross human rights violations? Does Drummond meet the compliance standards of Fortum? If not, will Fortum draw any consequences?

- We are aware of the renewed allegations of former Drummond executives including the current CEO about the support and financing of paramilitaries between 1996 – 2001. We fully understand the gravity of the accusations.
- From a compliance perspective Uniper takes full responsibility via their ESG Due Diligence Business Directive with a company-wide screening process for identifying and reporting the main ESG risks of all existing and new potential counterparties, intermediaries, and business partners in accordance with the OECD Guidelines for Multinational Enterprises. The decision to continue or enter a business relation with suppliers classified as high risk is taken by a Risk Committee composed of members of Uniper's Management Board.
- Uniper has been engaging with Drummond continuously via the Bettercoal Colombia Working Group. Drummond has been assessed twice and has been very proactive and cooperative in the engagement and in this matter specifically. The independent assessors noted significant progress between the two assessments including on governance and human rights issues. Whilst the assessors identified room for improvement in most areas, Drummond was no longer missing on any of the Bettercoal Code's requirements.
- Uniper is continuously engaging with mining companies including Drummond as well as with key counterparts in Colombia. Uniper's position with regards to the peace building process is reflected in the work and objectives of the Better Coal Columbia Working Group (CWG): we would like to see all Better Coal Suppliers in Cesar actively contribute to the Truth Commission and further engage with victim organizations as the Asamblea Campesina. This expectation and request was also clearly addressed in previous bilateral conversations Uniper had with selected Colombian suppliers.
- Supporting the peace building process in the mining regions is one of the prioritized topics which the Colombia Working Group will cover during the virtual engagement with Colombian Stakeholders starting end of April. The group is planning to engage in individual calls not only with Bettercoal Colombian Suppliers but also with Governmental organisations, dialogue institutions, international organisations and labour organisations.

- 13. Does [Uniper's] business counterpart [Baku-based State Oil Company of the Azerbaijan Republic (SOCAR)] meet the Fortum compliance standards with regard to human rights, corruption, money laundering? How do you evaluate SOCAR's role as a major source of income for Azerbaijan's authoritarian president Aliyev and his Government? How do you evaluate Uniper's long-term contract with SOCAR from a climate perspective?**
- The human rights situation in Azerbaijan is not satisfactory. Uniper is convinced via engagement with its business partner that they can actively contribute and have a positive influence on the situation in the country. Critical issues are addressed and solutions for social and also ecological challenges are being developed. Uniper sources pipeline gas from Azerbaijan under a contract initiated in 2013 that runs until 2045.
 - From a climate perspective natural gas has a clear role as a transitional fuel and will be needed in the midterm to provide security of supply and flexibility in the energy system. It is responsible to drive the energy transition from a holistic perspective. Europe will depend on energy imports for the foreseeable future.
 - Fortum group's alignment with the goals of the Paris Agreement and carbon neutrality target by 2050 at the latest, naturally also comprises the decarbonisation of our gas business and assets. We are convinced that hydrogen can play a vital role in this context.
- 14. How can Fortum justify involvement (via shareholding in Javelin Global Commodities) in the West Cumbria Coal mine - a project that would risk breaching commitments made under the Paris Climate Agreement, and the UK's 6th carbon budget? Where do you expect to find a market for the coal, given the increasing regulation on greenhouse gases and sulphur content in steel production?**
- Javelin is an independent company in which Uniper holds a minority stake, below 30%. Javelin markets coal entirely independently especially within America. Uniper is responsible for shipping the internationally marketed coal.
 - Being the third largest generator of CO2 free power in Europe, Fortum supports the tightening regulation on greenhouse gases reduction and broadening of the scope to include also other sectors, such as housing and transport.
- 15. Are you aware of the high financial risks related to the LNG Goldboro project (also highlighted by this apparent desperate action of Uniper's partner) that wasn't capable of lifting off for over 8 years now? Will you distance yourself publicly from the behaviour of your partner Pieridae by also affirming that this is not the way Fortum/Uniper considers their partner to behave towards reasoned opposition to projects that do also pose a financial and reputational risk for Fortum/Uniper and their stakeholders?**
- We cannot comment on the intentions or ambitions of our counterparties.
 - Uniper is a customer of the potential LNG Goldboro project, but not involved in the project development. Financial implications of any further delay of the project are expected to be limited for Uniper.

YMPÄRISTÖVAIKUTUKSIIN LIITTYVÄT KYSYMYKSET / ENVIRONMENTAL TOPICS:

16. Aikooko Fortum kuluvan tilikauden aikana tehdä kattavan arvioinnin toimintansa luontovaikutuksista?

- Fortumin biodiversiteettimanuaalissa määritetään yhtiön luonnon monimuotoisuuteen liittyvät periaatteet. Manuaalin mukaan luonnon monimuotoisuus pitää ottaa systemaattisesti huomioon ympäristöjohtamisen prosesseissamme ja toiminnoissamme. Lisäksi manuaalissa on luonnon monimuotoisuuteen liittyviä täsmentäviä ohjeita, jotka koskevat nykyisiä toimintoja, uusia hankkeita, toimitusketjua sekä raportointia ja viestintää.
- Pyrimme parantamaan luonnon monimuotoisuutta toimintojemme yhteydessä, toteutamme monimuotoisuuteen liittyviä hankkeita, ja teemme hankkeissa yhteistyötä sidosryhmiemme kanssa. Ympäristöjärjestelmissämme olemme arvioineet kunkin toiminnon merkittävimmät

ympäristönäkökohdat, jotka osalla toiminnoista liittyvät luontovaikutuksiin. Arvioimme myös uusien hankkeidemme vaikutukset luonnon monimuotoisuuteen ja pyrimme lieventämään niitä. Kompensoimme ja pienennämme erityisesti vesivoimantuotannosta aiheutuvia vaikutuksia luonnon monimuotoisuuteen.

- Päivitämme vuosittain luonnon monimuotoisuuden toimintaohjelmamme, jossa kuvataan käynnissä olevat ja suunnitellut vapaaehtoiset luonnon monimuotoisuuteen liittyvät toimet. Toimintaohjelma on luettavissa [nettisivuillamme](#) (englanniksi).
- Olemme asettaneet uuden, luonnon monimuotoisuuteen liittyvän tavoitteen vuodelle 2021. Yhtiön tavoitteena on toteuttaa vähintään 12 merkittävää vapaaehtoista toimenpidettä, jotka parantavat lajien elinoloja ja vahvistavat populaatioita. Lisäksi nostimme luonnon monimuotoisuuden yhdeksi vastuullisuuden olennaiseksi teemaksi yhtiössä.

17. Aikooko Fortum kuluvan tilikauden aikana ryhtyä toimiin sen varmistamiseksi, että kaikessa Fortumin kokonaan omistamassa tai osaomisteisessa vesivoimantuotannossa huolehditaan asianmukaisesta ympäristövirtaamasta ja kalateistä?

- Jokainen joki ja voimalaitos on erilainen, ja tarvitaan jokaisen joen ominaispiirteisiin sopivia erilaisia ratkaisuja ympäristövaikutusten huomioon ottamiseksi parhaiten.
- Fortum on aktiivisesti edistänyt erityisesti vaelluskaloihin liittyvää tieteellistä tutkimustyötä. Tulosten perusteella minimivirtaamat ja kalatiet eivät aina ole tehokkaimpia toimenpiteitä varsinkaan suurissa rakennetuissa joissa. Voimalaitosten juoksutuksia rajoittavia toimenpiteitä harkittaessa tulee myös aina ottaa huomioon niiden mahdollinen kielteinen vaikutus uusiutuvan vesivoiman tuotantoon ja erityisesti säätöön.
- Pyrimme tekemään vesivoiman ympäristötoimenpiteitä niiden vaikutusten perusteella, ja jokikohtaisesti toimet ovat erilaisia mm. kalanistutuksia, kalojen elinympäristökunnostuksia, kalojen ylisiirtoja ja kalateitä. Osallistumme moniin hankkeisiin luonnon monimuotoisuuden kehittämiseksi vaikutusalueellamme yhteistyössä kuntien, paikallisten viranomaisten ja sidosryhmien sekä tutkimuslaitosten kanssa.

18. Milloin yhtiö luopuu Kemijoen Sierilän vesivoimalan suunnittelusta ja nykyisten vesivoimaloidensa kalatalousvelvoitteiden päivitysten vastustamisesta?

- Lapin ELY-keskus jätti keväällä 2017 Pohjois-Suomen aluehallintovirastolle hakemuksen Kemijoen ja Raudanjoen voimalaitosten kalatalousvelvoitteiden muuttamisesta. Fortum ei ole osapuoli tässä prosessissa. Fortum omistaa Kemijoki Oy:n koko osakekannasta yhteensä 28,3 %.

19. Onko yhtiö arvioinut mainehaittaa, joka tulee aiheutumaan [datakeskuksista], kun vaadittavien laskelmien kautta tulee julkisuuteen, että vihreinä esitetään hankkeita, jotka kaksinkertaistavat kuntien sähkönkulutuksen ja lämmön talteenotto on vuositasolla vain murto-osa tuosta kulutuksesta? Katsooko yhtiö, että ilmastoargumentilla on hankkeissa oikeus kiihdyttää luontokatoa ja syrjäyttää luonnon monimuotoisuuden ja virkistykseen tarpeet?

- Puhtaan sähkön rooli kasvaa kun rakennetaan hiilineutraalia yhteiskuntaa ja sähköllä korvataan fossiilista energiaa. Sähkön kulutus tulee kasvamaan ja kaikki Pohjoismaihin rakennettava uusi sähköntuotanto on CO₂-vapaata ydinvoimaa ja kasvavassa määrin tuuli- ja aurinkovoimaa.
- Datakeskustoimiala kasvaa voimakkaasti johtuen digitalisaatiokehityksestä ja pilvipalvelujen kysynnän kasvusta. On ilmaston ja energian hankinnan kannalta perusteltua ohjata datakeskusinvestointeja sinne, missä on CO₂-päästötöntä sähköä tarjolla ja missä palvelinhalleissa joka tapauksessa syntyvä hukkalämpö voidaan kierrättää esim. kaukolämmitykseen.
- Tämä on mahdollista Espoon Hepokorvenkallion ja Kirkkonummen Kolabackenin hankealueilla, jotka sijaitsevat pääkaupunkiseudun laajan kaukolämpöverkon piirissä. Hepokorvenkallion ja Kolabackenin datakeskusten hukkalämmöllä on tarkoitus korvata fossiilisten polttoaineiden polttoon perustuvaa lämmöntuotantoa erityisesti Espoo-Kirkkonummi-Kauniainen alueella. Laskentateholtaan 100 MW datakeskuksen

hukkalämmön kierrättämisellä voidaan vähentää alueen kaukolämmityksen CO₂-päästöjä noin 400 000 tonnia vuodessa.

- Luonnon monimuotoisuuden vaaliminen on Fortumille tärkeää ja olemme tyytyväisiä, että sekä Espoon että Kirkkonummen kaavahankkeissa kaavoittajat ovat voineet yhteensovittaa luontoarvot ja datakeskusrakentamisen kestäväällä tavalla. Sama pätee myös niin alueiden ekologisiin yhteyksiin kuin virkistysmahdollisuuksiinkin.

20. What concrete measurements is Fortum taking to reduce upstream methane emissions?

Additionally, what goals has Fortum set itself in terms of reducing upstream methane emissions, and how are these goals monitored? Methane emissions in the energy sector are a really important issue and one that has relatively recently begun to receive more attention. According to data from the International Energy Agency, about 15% of anthropogenic methane emissions are related to natural gas production and transmission.

- Uniper together with other major oil and gas companies has signed up for the Oil and Gas Methane Partnership (OGMP) under the umbrella of the United Nations, the European Union and non-governmental organisation (NGO) the Environmental Defense Fund.
- OGMP is a voluntary initiative to help oil and gas companies report and reduce methane emissions, foster transparency, and share best practices. Its aim is for the whole industry to reduce its methane emissions by 45% by 2025. Promoted by the European Commission and various NGOs, OGMP 2.0 fosters industry-wide collaboration, including with strategic upstream suppliers.
- At the European level, the European Commission recently presented its first-ever methane strategy, in which the EU seeks to improve the measurement of methane emissions, for example by using satellites. We fully support this work and believe it will provide much needed transparency to the topic.

21. Are you planning on engaging with partners about possible methane leakages in the supply chain, e.g. via inquiries to your partners?

- We fully support efforts to bring more transparency into the global issue of methane leakages, such as the EU Methane Strategy.
- Uniper together with other major oil and gas companies has signed up for the Oil and Gas Methane Partnership (OGMP) under the umbrella of the United Nations, the European Union and non-governmental organisation (NGO) the Environmental Defense Fund.
- OGMP is a voluntary initiative to help oil and gas companies report and reduce methane emissions, foster transparency, and share best practices. Its aim is for the whole industry to reduce its methane emissions by 45% by 2025. Promoted by the European Commission and various NGOs, OGMP 2.0 fosters industry-wide collaboration, including with strategic upstream suppliers.

22. Is Fortum planning on applying satellite-based measurement technologies, especially with regards to Russia, in order to improve their database when it comes to methane emissions in their value chain?

- Fortum follows the Greenhouse Gas (GHG) Protocol in its Scope 1, 2 and 3 emission calculations. Fortum's GHG emissions are annually assured by Fortum's financial auditors. Independent limited assurance report on Fortum's Greenhouse Gas Emissions is available on the company's website (Sustainability Report).
- We believe methane leakage is an important topic for the entire industry and satellite imagery is a valuable tool of measurement. Regarding leakage rates in Russia, a satellite-imagery provider Kayrros recently (27.7.2020) concluded: "We note that the observed volumes of fugitive methane from large leaks along Russian gas infrastructure fall within the rate of transmission losses reported by Gazprom."

ECT AND DUTCH GOVERNMENT

23. Aikooko yhtiö hakea ECT-investointisuojaan mukaisia korvauksia hiilivoiman alasajosta? Jos, niin miltä kaikilta valtioilta korvauksia haetaan? Näkeekö yhtiön johto ECT-investointisuojaan mahdollistamat ja veronmaksajien kustantamat miljardikorvaukset ilmastokriisiä vasten moraalisesti oikeutettuina?

- Fortumin tytäryhtiö Uniper ilmoitti 16.4, että se hakee kansallisen tuomioistuimen ja kansainvälisen välimiesmenettelyn kautta selvyyttä onko yhtiö oikeutettu korvauksiin, kun sen Maasvlakte 3-voimalaitos Alankomaissa suljetaan lain nojalla paljon ennen sen suunnitellun käyttöiän päättymistä.
- Uniper ei kyseenalaista Alankomaiden oikeutta asettaa hiilen energiakäytön kieltävää lakia, eikä oikeusprosesseilla pyritä lain kumoamiseen tai pitkittämään laitoksen käyttöaikaa. Uniper ei ole tässä vaiheessa esittänyt euromääräistä korvausvaatimusta.
- Toimintaympäristön muutokset vaikuttavat energia-alan investointeihin, jotka ovat kokoluokaltaan usein suuria ja elinkaareltaan pitkiä. Viime vuosien esimerkit osoittavat, että ulkomaisille yhtiöille voidaan maksaa korvauksia, jos kohdevaltion politiikka ja sääntely äkisti muuttuu. Myös Euroopan komissio on arvioinut, että jäsenmaat voivat olla velvollisia korvaamaan yhtiöille menetettyjä investointeja.
- ECT-sopimus velvoittaa sen allekirjoittaneita maita kohtelemaan sijoittajia tasapuolisesti ja oikeudenmukaisesti. Yhtiön johdolla on lainsäädännöllinen velvollisuus toimia huolellisesti yhtiön etua edistäen. Johto toimisi vastoin tätä velvollisuutta, jos se ei selvitä, onko yhtiö oikeutettu korvauksiin äkkinäisen sääntelymuutoksen aiheuttamista tappioista.

24. Will Fortum commit to announcing it will not pursue the ISDS case against the Dutch government or, in future, not use arbitration in any other geography instead of the local courts to challenge early retirements of its fossil assets? Will Fortum commit in public to withdrawing all lobby effort that its subsidiary has conducted to promote fossil gas in the EU decarbonisation plans?

- Uniper announced on 16 April that it has submitted legal claims regarding the Maasvlakte 3 power plant to a Dutch court and to international arbitration. The new Dutch law does not mandate compensation for the losses of energy companies' investments. Uniper's goal is to obtain legal clarity on whether it is justified to exclude from compensation a plant that is being prematurely closed.
- Investment-State Dispute Settlement mechanisms remain important in the future due to various reasons. Countries may be subject to measures under international law, if they enact laws that violate international agreements they have ratified. For example, the ECT applies to all energy sector investments, also to renewables. In 2012 the number of renewable energy dispute resolution cases increased dramatically as a result of retrospective changes made in aid policies for renewables in numerous countries. Renewable energy dispute cases under the ECT clearly account for the most cases in recent years.
- The political environment can change rather quickly. Investments in the energy sector, on the other hand, are made for decades. Changes in the operating environment impact energy sector investments, which are large in scale and have a long lifecycle. According to the European Commission's impact assessment, achieving carbon neutrality in line with the EU's climate targets requires doubling the current rate of investment in the energy sector. Therefore, we need a predictable regulatory environment and investment protection.
- Our core business areas will continue to be CO₂-free power – hydro, nuclear, wind and solar – and gas. As Europe transitions away from coal, our leading gas business provides much-needed flexibility and stability to the power system, enabling fast growth in solar and wind power. Our role is also to provide reliable supplies of natural gas for heating, power and industrial processes across Europe, from individual households to large modern factories, who depend on these supplies every day of the year.
- We are placing so much emphasis in our strategy on contributing to the development of a hydrogen economy. Currently, in terms of energy, Europe uses roughly 70% more gas than electricity. For the society to become carbon neutral, most of the gas we use today will have to be replaced with hydrogen or other clean gases. This will not be an easy task for Europe. We are ready to contribute and will build on Uniper's first-mover position in hydrogen.

25. What is the role of Fortum as a majority shareholder in [Uniper's] process [in negotiating with the Dutch Government on compensation for Maasvlakte3] and is Fortum planning to use its position to make sure the claim is withdrawn altogether, and an agreement is reached with the Dutch government?

- It is the duty of the management of Uniper to seek clarity to whether the company is entitled to compensation and as the parent company, Fortum supports Uniper in this matter.
- Uniper has sought to find out through open dialogue with Dutch authorities alternatives to replace coal combustion at Maasvlakte. So far, these discussions have been inconclusive. However, of course we would prefer an amicable solution that would allow us to focus on building a sustainable future on the site.

MUUT / MISCELLANEOUS

26. How is Fortum going to meet the demands of the State Ownership Policy?

- Fortum updated the strategy for the whole Fortum Group to drive the clean energy transition and deliver sustainable financial performance in December 2020. The strategy and Fortum's operations overall, are aligned with the Finnish State's Ownership Policy.

27. How did Fortum assess and address the allegations [of violation of community rights, money laundering, corruption and illegal selling of coal from East Ukraine to Kaproben]? Has Fortum ever stopped a business relationship with a Russian coal company as a result of a negative compliance check? If so, will Fortum implement the same procedures for Uniper as soon as possible?

- Fortum and Uniper are members of the Bettercoal initiative and use the Bettercoal Code and tools in monitoring sustainability of the coal supply chain. Kaproben/Taldinskaya Mining Company is a Bettercoal Supplier and its mines have been assessed against Bettercoal Code. The company is implementing its Continuous Improvement Plan and regularly communicates its progress to third party assessors.
- In addition, Fortum has a compliance screening process to review the background of its business partners, including possible allegations related to, e.g., money-laundering and corruption. These compliance checks are based on external service providers' databases. We are aware of the rumors and allegations against Kaproben and have therefore separately reviewed their actions. These checks did not reveal anything alarming requiring further actions. If new allegations related to the company emerge, we will carefully review them. In accordance with our ethical principles, we will take immediate action if any supplier is found to be in violation of our principles.
- As a legal company listed in Germany, Uniper applies its own processes for ESG Due Diligence and Know Your Counterparty.