

20 March 2020

**RESPONSE TO JOINT INVESTOR LETTER FROM 17 MARCH 2020**

Dear investors,

We thank you for your joint investor letter dated 17 March, 2020, addressing your concerns related to Fortum's Uniper investment. We note that your letter has simultaneously been circulated in social media. We share your concerns and welcome an open dialogue with all our stakeholders. We believe that the best results are reached by thoroughly discussing the issues and hearing each other's arguments.

We strongly support the EU's 2050 carbon neutrality goal, which is in line with the Paris Agreement. We acknowledge and respect the national coal phase-out plans and other climate policies and legislations in all our operating countries. At the same time, our view is that when replacing fossil-based energy production, we must ensure that the transition is fair to all stakeholders. The modern society does not work without electricity, and reliable energy supply must be secured at an affordable cost especially during critical times.

Fortum is a long-term supporter of the EU Emissions Trading Scheme. It has already proven to be the single most effective way to decrease emissions in all EU countries and sectors covered by the scheme. The central idea of the ETS system is that it delivers the targeted emission reductions irrespective of which individual plants or industrial facilities operate. Thanks to the higher CO<sub>2</sub> price the use of coal in European power production decreased by 24% last year. It would therefore be a priority to further tighten the ETS in line with the 2050 carbon neutrality target and to extend it to other sectors such as heating and transport.

We are looking forward to closing our Uniper majority transaction by the end of March 2020. We welcome Uniper's carbon neutrality target for its European generation by 2035 and support Uniper's exit plan for coal assets and commitment to develop clean gas solutions. Our own European generation is already 96% carbon free.

It is Fortum's priority that close cooperation and strategy alignment with Uniper starts without delay. As a result of the strategy work, we will set ambitious decarbonization targets covering the combined operations of the two companies. Our assets are already well-suited for the transition, including both CO<sub>2</sub>-free nuclear and hydro as well as other renewable generation. We also have assets that play a crucial role in providing security of supply during the energy transition i.e. gas. Both companies also have unique competencies that are needed in the transition, e.g. Fortum has a solid track record in decarbonizing heat and Uniper has unique capabilities in hydrogen development.

We would like to reiterate our view that emissions must be cut and coal phased out in order to mitigate climate change. Fortum has a convincing track record in both, and both Fortum and Uniper have recently announced further strong measures in this respect. This work will continue.

We look forward to setting up a discussion with you as soon as possible to continue the dialogue.

Yours kindly,

Fortum Corporation

A handwritten signature in blue ink, appearing to read 'Pekka Lundmark', with a long horizontal flourish extending to the right.

Pekka Lundmark  
President and CEO