



share of waste is about 40% of the fuel use. Incineration of waste reduces the use of virgin fossil fuels e.g. coal and fuel oil in electricity and heat production and, furthermore, reduce specific carbon dioxide emissions, because of energy-efficient power and heat production. Fortum has estimated that the new Zabrze CHP plant will reduce CO2 emissions by about 200,000 tonnes in relation to the produced energy. In 2019, Fortum also started the use of REcovered Fuel (REF) at the Järvenpää power plant in Finland. The REF is delivered from Fortum's Riihimäki plant.

Additionally, Fortum offers in Finland a survey-based plan to its partners, which are interested in improving the whole waste management chain for a cleaner and more sustainable world. Based on a waste survey, Fortum is able to design the entire waste management system, including also training, advising and reporting after implementation.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

- Direct engagement with policy makers
- Trade associations
- Funding research organizations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
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trade	with minor exceptions	<p>based energy and climate policy framework regarding the future EU long-term target setting, the emissions trading scheme and the functioning of the internal energy market. Fortum strongly advocated for the adoption of the EU 2050 climate neutrality objective and increasing the climate targets 2030-2050. Fortum welcomed the European Green Deal Communication, a set of initiatives to reform the energy and climate policy during the next few years. Fortum highlighted the need to strengthen the ETS by modifying the MSR, increasing the linear reduction factor (LRF) and improving the coherence between the EU ETS and complementary policies. The extension of the EU ETS was also highlighted, especially regarding heating and cooling sector. Fortum had extensive dialogue with several governmental organisations and politicians in the EU, the European Commission and the Parliament in particular, and member states. During the year Fortum participated in several international business initiatives promoting the role of business in climate change mitigation: Caring For Climate Initiative under the UN Global Compact and Carbon Pricing Leadership Coalition by the World Bank. Fortum has also been active in the Union of the Electricity Industry – eurelectric, which represents the common interests of the whole European electricity industry, and has participated in discussions with national authorities and other stakeholders.</p>	<p>change mitigation and supports cap and trade-based emissions trading as the main climate policy instrument in Europe, because it is market based, technology neutral, cost efficient and flexible. Fortum considers the following measures necessary to strengthen the incentives generated by the EU ETS: - Short-term (2020-2030): revision of the ETS Directive in 2021 with the focus of revising the Market Stability Reserve parameters, revision of the linear reduction factor (LRF) in line with the 2030 and 2050 climate targets and extension of the ETS to new sectors (especially heating and cooling). - Long-term (after 2030): Emissions reduction target as a headline target and the EU ETS as the key instrument to steer the EU climate policy. Other targets that have overlapping effects on the EU ETS – targets like those on renewable energy sources, energy efficiency and taxation – must be supportive of the EU ETS, if needed at all. This applies to the targets themselves as well as to the measures by which they are implemented in order to avoid a situation in which they water down the incentives of each other. CO2 reduction targets based on the EU 2050 Strategy should be set for 2030-2050. In addition, extension of the ETS to new sectors should be carefully analysed.</p>
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tax	<p>and so called windfall tax in particular. Fortum has engaged in close collaboration with the European Commission in particular. Fortum has also been active in the Union of the Electricity Industry – eurelectric, which represents the common interests of the whole European electricity industry, and has participated in discussions with national authorities and other stakeholders.</p>	<p>policy targets and measures to reach them, the EU must rely on the core source of its competitiveness i.e. well-functioning internal energy markets. EU cannot afford policy measures that do not exploit the internal market or which are non-market based and/or predominantly national. If the functioning of the emission trading is not addressed, the risk for national measures like CO₂-taxes increases. This development must be reversed. In 2019, Fortum supported the establishment of an ambitious EU long-term climate target (climate neutrality for 2050). In 2019, Fortum also welcomed the communication from the Commission for the European Green Deal. For the energy sector, where investments are capital intensive and with long lead times, it is crucial that the future energy and climate policy framework is predictable. In Fortum's view, a well-functioning and efficient internal energy market is essential for reaching the decarbonisation target in the most cost-efficient way, and lowering the overall social costs of decarbonisation. - The focus should be placed on carbon emission reduction. The future climate policy framework should be based on a single binding headline target for CO₂. - The EU should target at carbon neutrality by 2050.</p>
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efficiency	with minor exceptions	legislation, Fortum has engaged in close collaboration with the European Commission, Parliament and Council. Fortum has also been active in the Union of the Electricity Industry – eurelectric, which represents the common interests of the whole European electricity industry, and has participated in discussions with national authorities and other stakeholders.	believes that more efficient use of energy sources is of great importance. However, in a modern and low-emitting energy system where an increasing share of power production is characterised by intermittency, it is more important when energy is consumed than how much energy is consumed. Energy efficiency policies and legislation should be designed to reflect this paradigm. Fortum has asked for a common heating and cooling strategy for the EU, but sees the Energy Efficiency Directive as an important step forward within the heating and cooling plans drafted by the Member States. Fortum welcomed the Directive, as district heating and cooling (DHC) is acknowledged as an important technology in achieving a more energy-efficient society. Fortum is, however, against an EU obligation to introduce mandatory savings targets allocated to distributors or electricity retailers through energy-savings obligation schemes. It is the energy users who must be directly motivated to create their own energy savings. The energy provider, of course, must be involved in offering tools and information to get consumers to make conscious decisions regarding their energy consumption. Furthermore, whenever considering such targets, early actions in each Member State must be taken into account.
Clean energy generation	Support with major exceptions	Fortum has engaged in close collaboration with the European Commission in particular. Fortum has also been active in the Union of the Electricity Industry – eurelectric, which represents the common interests of the whole European electricity industry, and has participated in discussions with national authorities and other stakeholders.	In Fortum's view: - Well-functioning and efficient internal energy market is essential for reaching the decarbonisation target in the most cost-efficient way and lowering the overall social costs of decarbonisation. - The focus should be placed on carbon emission reduction. We welcome that the EU 2030 framework sets the emissions reduction target as the headline target. - The EU ETS is the most efficient tool to be used to meet this target. Additional targets for renewable energy or energy efficiency should focus on non-ETS sectors. Measures promoting these targets should not water down the CO2-price incentive or undermine the functioning of the internal energy market, and they should be harmonized to the extent possible. - European policy needs European implementation measures. Complementary national policies (CO2 taxes etc.) must be avoided in order to



C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

Eurelectric

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Eurelectric is strongly committed to reducing carbon emissions and meeting the EU's climate targets for 2020-2050 and its 2050 climate vision. Delivering these targets and vision depends on an appropriate policy framework that enables cost-effective investments in low-carbon technologies. Eurelectric has consistently adopted a proactive approach in developing market-oriented policies and measures that will help to mitigate climate change. In 2019, eurelectric continued the promotion of its Decarbonisation Pathways Study highlighting that with electrification the EU can reduce 80-95% of CO2 emissions by 2050. eurelectric supported the EU climate neutrality objective for 2050 and welcomed the Commission's proposal for the European Green Deal.

How have you influenced, or are you attempting to influence their position?

Fortum is through the national associations represented in the Working Group Climate Change and Decarbonisation and several other groups at eurelectric and has been actively contributing to the development of positions at eurelectric. Fortum's representative is currently vice chair of the Working Group Climate Change and Decarbonisation and has a continuous dialogue with the association.

Trade association

IETA (International Emissions Trading Association)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position



emissions reductions at a low cost, given its flexibility and links to the Kyoto mechanisms. IETA believes that structural reforms to the EU ETS thus need to be discussed as part of the wider future policy framework post-2020. The EU ETS cap - and its annual linear reduction factor - should be the main tool to reach the EU 2030 target.

How have you influenced, or are you attempting to influence their position?

Fortum is represented in several climate related working groups at IETA and has been actively contributing to the development of positions at IETA. Fortum's representative is currently a member in an ad hoc group developing IETA's 2050 Vision Document. Fortum has a continuous dialogue with the association.

Trade association

Finnish Energy

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Finnish Energy (FE) is the voice of over 260 member companies that produce, acquire, transmit and sell electricity, district heat and district cooling and offer related services. FE is committed to a vision of carbon neutral electricity and district heat in Finland in 2050, supporting the EU-wide 80-95% emission reduction goal. FE sees a market-based EU ETS as the key instrument to a low carbon future in the covered sectors. FE welcomes the effort of strengthening the ETS, because alternative development would likely result in a fragmented climate policy, disintegrated internal energy market and high cost of transformation towards a low-carbon society. The changes to the ETS should be coordinated with regard to a broader energy and climate policy framework post-2020.

How have you influenced, or are you attempting to influence their position?

Fortum is represented in the Climate Change Committee, in the Board and Energy Production Committee at FE and has been actively contributing to the development of positions at FE. Fortum has a continuous dialogue with the association almost on a daily basis.

Trade association

Swedenergy

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Swedenergy is the united voice of Swedish energy industry. Swedenergy is representing companies involved in the production, distribution and trading of electricity and heating & cooling in Sweden – with a total of 400 member companies. Swedenergy believes that the EU ETS should become the main driver for cutting GHG emissions in line with the EU





and thereby create incentives for long term investments in low carbon technology. Short term measures may however also be necessary to increase the credibility of EU ETS and to avoid introduction other, less cost-efficient measures, to rule out the role of EU ETS.

How have you influenced, or are you attempting to influence their position?

Fortum is represented in the Working Group Climate (with focus on EU ETS and other climate issues), in the energy and climate policy committee as well as in the supplier centric model committee at Swedenergy and has been actively contributing to the development of positions at Swedenergy. Fortum has a continuous dialogue with the association almost on a daily basis.

Trade association

Euroheat and Power

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Euroheat and Power (EHP) is the international network for district energy, promoting sustainable heating and cooling in Europe and beyond. Representing members from over 30 countries it is a non-for-profit association uniting the district energy sector and headquartered in Brussels, Belgium. EHP membership includes national district heating and cooling associations, district heating and cooling utilities, equipment manufacturers, academic institutions, research bodies and consultancies active in the sector. EHP strongly supports the EU long term climate ambitions. In particular, EHP advocates for more action and investments to decarbonise the heating sector in Europe, promoting district heating and cooling as one of the vehicles to integrate more renewable and low carbon heat to the energy mix. The district energy sector takes continuous steps in improving environment and climate action. The use of district energy leads to significant emissions reduction and ensures the transition to renewable energy and low-carbon technologies for heating and cooling. A number of current EU policies ensure the reduction of environmental impact and trigger modernisation of existing district heating and cooling networks. The EU emissions trading system (ETS) covers district heating installations, whereas individual boilers do not fall under the scope of the current rules. Fortum believes that a revised ETS must help foster the development of efficient district heating networks and, more generally, the evolution of the heating sector in line with the EU's overall climate and energy ambitions. For example, a mechanism designed to expose individual (non-ETS) boilers to a carbon price signal should be established. In addition, EHP has called EU policy makers to ensure that EU ETS revenues are spent to modernize EU energy systems, including district heating networks, as well as to promote innovation. In 2019, EHP has been working with the EU policy makers to provide technical input and comments on a number of implementing legislation measures e.g. setting out the new benchmarks for free allowances, rules on the functioning of the Modernization Fund and others.

**Trade association**

COGEN Europe

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

COGEN Europe aligns with the importance of mitigating climate change. COGEN Europe's primary focus is on promoting the further utilization of high-efficiency co-generation for both industrial heat and district heating production. Key justification is the primary energy efficiency benefit, providing competitive heat base load capacity for industries and DH systems and security of supply in the electricity markets, of co-generation compared to separate production of required heat with heat-only boilers and separate production of electricity in a condensing power plant.

How have you influenced, or are you attempting to influence their position?

Fortum has delivered its views and positions mostly related to Energy Efficiency Directive, Renewable Energy Directive and to the role of co-generation in climate mitigation to COGEN Europe.

C12.3d**(C12.3d) Do you publicly disclose a list of all research organizations that you fund?**

Yes

C12.3f**(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?**

This process is mainly governed and coordinated by Public Affairs function and the Public Affairs Steering Group in the company. The main task of Fortum's Public Affairs is to be aware of current and upcoming energy-related policy and legislation in the EU and in all countries where Fortum operates. This information is brought into the company's strategic and business decisions. Fortum's positions are prepared in close collaboration with business divisions, corporate relations, communication and sustainability experts. Positions to influence policy are approved by relevant business divisions and/or corporate

