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Nebahat Albayrak, 14 December 2025

FORTUM BIODIVERSITY MANUAL

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1 INTRODUCTION

1.1 Purpose

The purpose of this manual is to define Fortum's approach in biodiversity management and to set a common framework to ensure that biodiversity issues are systematically considered as part of our environmental management processes and our operations throughout Fortum.

1.2 Scope

This manual applies to the entire Fortum Group and external persons working for Fortum. The manual is in line with Fortum's Sustainability Policy and other biodiversity related policies, instructions and manuals listed in Appendix 1.

1.3 Definitions

Biodiversity: The variability among living organisms, including diversity within species, between species, and of ecosystems.

Ecosystem services: The contributions of ecosystems to the benefits that are used in economic and other human activity, respectively the benefits people obtain from ecosystems. In the Millennium Ecosystem Assessment, ecosystem services can be divided into supporting, regulating, provisioning and cultural. The Common International Classification of Ecosystem Services (CICES) classifies types of ecosystems services.

Kunming-Montreal Global biodiversity framework (GBF): Globally recognised agreement adopted in December 2022 which aims to halt and reverse biodiversity loss by 2030.

SBTi: Science Based Targets initiative is corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis.

2 ROLES AND RESPONSIBILITIES

The roles and responsibilities outlined in Fortum Group Sustainability Governance Model apply to the Biodiversity Manual.

3 GENERAL PRINCIPLES

Fortum recognizes the importance of protecting biodiversity and respecting our planetary boundaries. Our operations, like all energy production, have effects on the surrounding environments. When designing new power plants and renovating old ones, environmental impacts need to be considered.

Fortum is committed to contributing to the globally recognised frameworks and agendas on ensuring sustainable development, including the Kunming-Montreal Global Biodiversity Framework (GBF) which aims to halt and reverse biodiversity loss by 2030.

Ecological mitigation hierarchy is a widely accepted principle in mitigating impacts on biodiversity. Fortum is committed to managing all impacts on biodiversity, terrestrial and aquatic, in its own operations and in supply chains, according to the mitigation hierarchy.

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According to the ecological mitigation hierarchy, negative impacts on biodiversity should first be avoided and second be minimized. After this, impacted ecosystems should be restored. As a last resort, residual negative impacts can be compensated either in or outside impacted area.

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BIODIVERSITY TARGETS

While climate change is a major driver of biodiversity loss globally, Fortum has made a strategic decision to exclude climate pressures from its biodiversity targets as it is already comprehensively addressed through Fortum's SBTi-validated climate targets. Fortum's biodiversity targets are designed to address material impacts that directly affect ecosystems and species through hydropower production and land use change.

Aquatic target:

- Increase the ecological value in river stretches where actions have the most ecological benefit, by 2040

Terrestrial targets:

- Achieve a net positive biodiversity impact on land use for our own operations from 2030 onwards
- No increase in land use negative impact on biodiversity from procured biomass in existing operations compared to 2024 levels

Key actions for reaching the targets are outlined in Fortum's biodiversity transition plan, which will be reviewed annually and updated on an as-needed basis.

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BIODIVERSITY IN CURRENT OPERATIONS

Fortum's policies, instructions and manuals, targets and transition plan are to be applied in all operations. Additionally, all operations need to be compliant with regulatory requirements and permit-related requirements.

Biodiversity-related material impacts, risks and opportunities for all operations across the value chain shall be assessed annually. Mitigation measures to address the material impacts and risks shall be identified and where relevant be applied in accordance with the mitigation hierarchy.

Fortum's operations located in or near biodiversity sensitive areas, which are potentially negatively affected, are assessed annually.

Whenever feasible, local stakeholders, biodiversity specialists and other interested parties shall be involved in the planning of mitigation measures and the assessment of impacts.

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BIODIVERSITY IN GROWTH PROJECTS

Consideration of biodiversity aspects in growth shall be conducted according to the guidelines and requirements outlined in Fortum's Investment Manual.

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Alignment with Fortum's biodiversity targets and transition plan shall be ensured in investment decision.

In construction projects, biodiversity aspects have to be included in all environmental impact assessments. Measures to mitigate impacts, including those raised by authorities and other stakeholders during the permitting process, shall be assessed and carried out when feasible. During construction projects, the mitigation hierarchy (avoid, minimise, restore, compensate) of biodiversity impacts shall be applied.

7 BIODIVERSITY IN THE SUPPLY CHAIN

All material impacts and risks related to biodiversity in the supply chains shall be considered appropriately, including assigning mitigation measures when feasible. Material impacts to biodiversity in the supply chains, other than climate change, are mainly related to procurement of fuels. When sourcing bio-based fuels, residual biomass and certified biomass shall be prioritised over biomass derived from virgin sources.

8 REPORTING AND COMMUNICATION

Fortum's material impacts, risks and opportunities, policies, targets, transition plan, actions and resources, and metrics on biodiversity are generally disclosed in the Sustainability Statement as part of Annual Report.

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APPENDIX 1

Other key policies, instructions and manuals

- Code of Conduct
- Supplier Code of Conduct
- Sustainability Policy
- Group Risk Policy
- Sustainability Governance Model
- Investment Manual
- Group Manual for Sustainability Assessment
- Instructions and Minimum Requirements for EHS Management
- Forest Management Guidelines
- Group Counterparty Risk Instruction