

## **IVO ENERGY LIMITED (Company No. 02346970)**

For and on behalf of its subsidiaries

**FORTUM ENERGY LIMITED** (Company No. 02668478)

**FORTUM CARLISLE LIMITED** (Company No. 10098089)

**FORTUM GLASGOW LIMITED** (Company No. 10359853)

**FORTUM O&M (UK) LIMITED** (Company No. 02564354)

England and Wales

As part of the Fortum Group (the Group)

## **MODERN SLAVERY ACT TRANSPARENCY STATEMENT 2020**

### INTRODUCTION FROM THE SENIOR MANAGEMENT

Fortum is a European energy company with activities in more than 40 countries. We provide our customers with electricity, gas, heating and cooling as well as smart solutions to improve resource efficiency. Further details can be found at [fortum.com](https://www.fortum.com).

Sustainability is at the core of Fortum's strategy. In our operations, we give balanced consideration to climate and resource issues, as well as our impacts on personnel and society. We assess our impacts and address sustainability throughout the value chain.

Our commitment runs through the entire Group, encompassing both top level management and our employee base globally. Sustainability management is based on the company's values, the Code of Conduct, the Supplier Code of Conduct, the Sustainability Policy and other policies and their specifying instructions. We continuously develop standards and processes to ensure inhumane practices such as modern slavery do not occur within our own operations or in our supply chains.

Fortum has signed the United Nations Global Compact initiative as of 30 June 2010 and expressly recognises and supports the ten principles in the areas of human rights, labour standards, environmental standards and anti-corruption. We are also a supporter of the Sustainable Development Goals adopted by the United Nations in 2015 (SDGs).

Our senior management fully subscribes to the values embodied in the Modern Slavery Act 2015 and condemns any occurrences of practices contravening the Act.

### ORGANISATION'S STRUCTURE AND BUSINESS MODEL

Fortum's organisation consists of four business divisions: Generation, Russia, City Solutions, and Consumer Solutions, and additionally Uniper as a segment. As the majority owner of Uniper, Fortum consolidated Uniper as a subsidiary as of 31 March 2020. Other Operations includes corporate functions, R&D and technology development projects.

The Ultimate Parent company is Fortum Oyj, registered in Espoo, Finland. Fortum Oyj is listed on the NASDAQ OMX Helsinki stock exchange. Globally, the Group had annual sales of EUR 49,015 million in 2020.

Fortum's operations are mainly based in the Nordic countries, Central Europe, the UK, Russia, Poland and the Baltic Rim area. We employ a diverse team of almost 20,000 energy-sector professionals. Together with Uniper, we are the third largest producer of CO<sub>2</sub>-free electricity in Europe. Fortum is the largest electricity retailer in the Nordic countries and one of the leading heat producers globally.

In the UK, Fortum Oyj has five wholly owned subsidiaries as follows:

- IVO Energy Limited (no. 02346970)
- Fortum Energy Limited (no. 02668478)
- Fortum Carlisle Limited (no. 10098089)
- Fortum Glasgow Limited (no. 10359853)
- Fortum O&M (UK) Limited (no. 02564354)

All Fortum Oyj's wholly owned UK subsidiaries explicitly subscribe to this Modern Slavery Act as authorised by the respective Boards and signed for by the Board of IVO Energy Limited on behalf of its subsidiaries.

Uniper SE is a subsidiary of Fortum, and listed company in Germany. Uniper therefore has its own sustainability processes, approach and standalone sustainability reporting. The Modern Slavery Statement of Uniper's UK subsidiaries can be found on Uniper's [website](#).

## OUR SUPPLY CHAINS

Fortum is a significant purchaser of goods and services. Fortum's total purchasing volume in 2020 was EUR 42.8 billion. For Fortum, excluding Uniper, electricity purchases from the Nordic wholesale electricity market for retail sales, investments, and fuel purchases accounted for the majority of purchases. The rest of the purchases consist of other goods and services related to, for example, operation and maintenance as well as to other functions, such as IT solutions, marketing, and consulting.

Over half, i.e. about 64% of the purchasing volume, excluding Uniper, was purchased from suppliers operating in Europe, mostly in Finland, Sweden, and Norway. This does not include electricity purchases from the Nordic wholesale market. About 35% of Fortum's purchases, excluding Uniper, were from countries we classify as "risk countries". The majority of these purchases were from Russia.

In 2020, Fortum, excluding Uniper, had about 13,000 suppliers of goods and services. About 1,300 of the suppliers were in risk countries. Excluding the Russia Division's local suppliers, there were about 300 suppliers in risk countries.

## OUR CODES OF CONDUCT & POLICIES ON SLAVERY AND HUMAN TRAFFICKING

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. The Fortum Code of Conduct and Supplier Code of Conduct reflect our commitment to acting ethically and with integrity in all our operations and in business relationships. The Code of Conduct and Supplier Code of Conduct are regularly reviewed in order to ensure compliance with evolving company and regulatory requirements. Fortum's Code of Conduct and Supplier Code of Conduct were updated during 2020 and published in early 2021. All Fortum Oyj's UK subsidiaries subscribe to the Fortum policies and codes of conduct:

- [The Fortum Code of Conduct](#) establishes the basic principles of conduct that everyone must follow. It defines how we treat each other, do business, and engage with the world.
- [The Supplier Code of Conduct](#) includes the sustainability requirements for suppliers of services and goods. The Supplier Code of Conduct is based on the principles of the UN Global Compact initiative and is divided into four sections: business principles, human rights, labour standards, and the environment.
- Our goal is to operate **in compliance with the UN Guiding Principles on Business and Human Rights**, and to apply these principles to our own operations as well as to supply chain management.

- This is coupled with an **acknowledgment of and respect for internationally recognised human rights standards**, including but not limited to the right not to be subject to inhumane or degrading treatment, the prohibition of slavery and child labour, as well as economic and social human rights.

More details on our policies and values can be found in our [Sustainability Report](#).

Uniper continues to have its own separate Code of Conduct and Supplier Code of Conduct. Both companies' Codes of Conduct are based on similar fundamentals and they establish the basic principles of conduct that everyone must follow. The companies' Supplier Codes of Conduct are both based on the ten principles of UN Global Compact.

#### DUE DILIGENCE PROCESSES FOR SLAVERY AND HUMAN TRAFFICKING

As part of our initiative to identify and mitigate risk we have in place internal reporting as well as supplier assessment processes to ensure our policies and codes of conduct are complied with. We pay special attention to suppliers operating in risk countries. Our risk-country classification is based on the ILO's Decent Work Agenda, the UN's Human Development Index and Transparency International's Corruption Perceptions Index.

We have systems in place to:

- **Identify and assess potential risk areas in our supply chains**
- **Monitor potential risk areas in our supply chains**
- **Mitigate the risk of slavery and human trafficking occurring in our supply chains**
- **Ensure reporting of potential misconduct and abuses**

#### SUPPLIER ADHERENCE TO OUR VALUES AND ETHICS

We have zero tolerance to slavery and human trafficking. We expect our business partners to act responsibly and to comply with the Fortum Code of Conduct and our Supplier Code of Conduct.

The Supplier Code of Conduct endorses, inter alia, our commitment to core labour standards. These include an undertaking not to use forced labour or child labour (capturing anyone below 15 years or exceptionally 14 years). If suppliers are employing young people, above the minimum age but under 18 years, suppliers shall not jeopardise their health, safety or morale. We further require that wages and working hours are agreed on fairly and comply with national minimum wages standards or industry standards, whichever is higher. We also require suppliers' employees to be allowed at least one day off per every seven-day period.

As regards the workplace, we require suppliers to ensure their employees operate in a safe and healthy working environment including, at the very minimum, access to drinking water, clean sanitary facilities, adequate ventilation and thermal conditions, emergency exits, proper lighting and access to first aid supplies and related facilities.

Our Supplier Code of Conduct is included in purchase agreements with a contract value of EUR 100,000 or more. As per our contract clause, Fortum contractors warrant that neither the contractor themselves nor any persons acting on their behalf are engaged in or using child labour or forced labour in the fulfilment of their Fortum contract. This clause includes a requirement to inform Fortum as soon as legally possible of any changes in relation to this matter. In addition, suppliers are required to have in place adequate policies and management systems to ensure no child labour or forced

labour is used. Our standard contracts authorise the carrying out of supplier audits to monitor compliance and give Fortum a right to termination of the contract in case of non-compliance with the Supplier Code of Conduct.

Internal reporting channels used for reporting any suspected misconduct relating to labour practices or human rights violations are defined in Fortum's Code of Conduct. In addition to internal reporting channels, Fortum has an external "[SpeakUp](#)" channel which is available to all stakeholders.

Our supply chain management tools consist of:

- **Supplier qualification process**

Our supplier qualification process applies to purchase agreements with a contract value of EUR 100,000 or more. At the end of 2020, 77% of Fortum's purchasing volume, excluding Russia Division and Uniper, came from qualified suppliers. Supplier qualification is conducted upon entering a contractual relationship as well as regularly thereafter in 3-year cycles.

In the qualification process, suppliers respond to a supplier questionnaire that we use to help determine, among other things, the supplier's possible operations in risk countries, certified management systems, and the occupational safety level of the contractors. If potential risks in the supplier's operations are identified through the questionnaire, the supplier is asked to provide more information or a supplier audit is performed.

The Russia Division uses their own supplier qualification process that is based on Russian procurement law.

- **Supplier audits**

In supplier audits, we assess the supplier's compliance with the requirements in Fortum's Supplier Code of Conduct. Audits are done on-site, and they include site inspections, management and employee interviews, and reviews of documents. In 2020, Fortum also conducted remote audits due to Covid-19 pandemic. If non-compliances are found, the supplier makes a plan for corrective actions and we monitor implementation thereof. Fortum uses an international service provider for conducting audits, especially in risk countries. In Fortum's own operating countries, the audits are performed mainly by our own personnel.

- **Bettercoal initiative**

We are a member of Bettercoal with an expressed vision to continuously improve corporate social responsibility, including social, environmental, and ethical practices in the coal supply chain. We use the Bettercoal Code and tools to monitor and improve the sustainability of the coal supply chain. This is achieved by assessing the performance of coal mining operations against the twelve principles of the Bettercoal Code through the supplier assessment process. Bettercoal site-assessments are always conducted by a third, approved party.

The Bettercoal Code specifically calls for adherence to internationally recognised human rights standards. Principle 6 requires that companies provide employees with documented information that is clear, understandable and in accordance with the law regarding, inter alia, rights related to hours of work, wages, overtime, compensation and benefits. It sets standards for remuneration, working hours and health & safety. It further provides for the prohibition of the use of child labour in accordance with the standards in the ILO Convention 138. Additionally, the Bettercoal Code requires those engaged in the coal supply chain not to participate in, or benefit from, any form of forced labour or modern slavery, including prison, indentured, bonded, slave or other forms of forced labour, or participate in acts of human trafficking.

Uniper applies its own supplier qualification process for suppliers with a significant expected annual purchase volume or those that have been marked as having a high or medium health and safety risk. Uniper's qualification process follows similar principles and steps as Fortum's. In addition, Uniper

applies its own processes for ESG Due Diligence and Know Your Counterparty. Uniper is also a member of the Bettercoal Initiative.

## TRAINING

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chains and our business, we provide training to our staff. The following form pillars of our approach to training:

- **Fortum Code of Conduct training**  
We provide online training on the Code of Conduct as part of the induction programme for new Fortum employees. The online training is continuously available to all employees, and in 2021 the entire personnel undertakes the training on updated Code of Conduct.
- **Supplier Code of Conduct training**  
The relevant personnel will receive training on the revised Supplier Code of Conduct during 2021. In addition, we will publish an online training on Supplier Code of Conduct that will be available to all employees.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our UK subsidiaries' slavery and human trafficking statement for the financial year ending 31<sup>st</sup> December 2020.



**Reijo Salo**

Director of IVO Energy Limited

For and on behalf of

Fortum Oyj's wholly owned

UK subsidiaries



**Hanna Masala**

Director of IVO Energy Limited

For and on behalf of

Fortum Oyj's wholly owned

UK subsidiaries

Date: 27<sup>th</sup> May 2021