

Human rights due diligence at Fortum

February 2023



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Our respect for human rights is expressed in ▶ **Fortum’s Code of Conduct** and ▶ **Supplier Code of Conduct**, which are approved by Fortum’s Board of Directors. Human rights due diligence is part of our Sustainability governance, and roles and responsibilities of implementation are defined in ▶ **Fortum’s Sustainability Policy** and supported by internal instructions. The commitment applies to all Fortum divisions and functions in all operating countries.

Fortum’s approach for human rights due diligence is based on the UN Guiding Principles on Business and Human Rights and follows the six steps outlined in the OECD Guidelines for Multinational Enterprises.

Human rights due diligence is an ongoing process where risks and impacts are assessed continuously as part of various processes. Additionally, we annually review the overall HRDD governance model, including possible right-holders and impacts, any new or cancelled processes, relevant KPIs of implementation and effectiveness as well as changes in regulatory framework.



Identification of human rights risks and right-holder groups

We have identified the actual and potential human rights impacts and right-holder groups that our operations have direct or indirect human rights impacts on. The identification of our key human rights impacts is based on reports and studies by various organisations and authorities, country-specific risk assessments, dialogue with stakeholders, and information obtained from supplier audits, for example.

The most significant direct human rights impact is related to the safety of our employees and contractors working at Fortum’s production sites. Our potential direct human rights impact also includes health and safety impacts on local communities around our sites. Other potential direct impacts are related to the non-discrimination and equality of our employees and the right to privacy of our customers and employees.

Our operations may also have indirect impacts on those working in the supply chain, as well as on members of local communities in supply chains. Our most significant potential indirect human rights impacts are related to excess working hours, compromised occupational health and safety, insufficient salaries, forced labour, discrimination, violations of freedom of association and child labour.

Potential adverse impacts and right-holder groups	Customers	Own employees	Local communities around own sites and in supply chains	Employees of contractors and in supply chains
	<ul style="list-style-type: none"> • Right to privacy • Just transition • Responsible marketing • Security of supply of energy and heat 	<ul style="list-style-type: none"> • Health and safety • Discrimination • Right to privacy • Freedom of association and collective bargaining • Working hours and remuneration 	<ul style="list-style-type: none"> • Health and safety • Impacts on local communities, e.g. on environment, land rights or indigenous people’s rights • Just transition 	<ul style="list-style-type: none"> • Health and safety • Working hours and remuneration • Discrimination • Forced labour • Child labour • Freedom of association and collective bargaining

Taking action to cease, prevent and mitigate adverse impacts

Fortum’s approach to the fulfilment of human rights is based on thorough risk and impact assessments that are included in various processes. For example, human rights assessments are part of investment project planning, especially in new operating countries. A human rights assessment is also included in the country and counterparty risk assessment and supplier qualification process.

Risk mitigation measures are risk-based and take into account the severity and likelihood of the impact, as well as our role in the cause of the impact. Examples of measures include policies, instructions and trainings for employees and contractors, paying special attention to Code of Conduct implementation, attaching specific contract clauses in joint venture agreements or purchase contracts, participation in industry initiatives as well as consultations with employees and local communities. The main activities to assess and address human rights impacts are described in the table below.

Potential adverse impacts and right-holder groups	Customers	Own employees	Local communities around own sites and in supply chains	Employees of contractors and in supply chains
Action to cease, prevent and mitigate adverse impacts	<ul style="list-style-type: none"> • Data privacy and safety policies and processes • Securing the supply of energy and heat • Responsible marketing guidelines 	<ul style="list-style-type: none"> • EHS policies and instructions • Security policies and instructions • People policy, Equality promotion plan • Recruitment practices, job classification • Employee surveys • Data privacy and safety policies and processes • Cooperation with employee representatives 	<ul style="list-style-type: none"> • CSR Programme • Stakeholder consultations • Industry initiatives, Bettercoal, Solar Stewardship Initiative • EHS Incident management 	<ul style="list-style-type: none"> • Supplier Code of Conduct • EHS policies and instructions • Know your counterparty process • Supplier qualification • Contract clauses • Sustainability audit, safety audit • Industry initiatives, Bettercoal, Solar Stewardship Initiative
	<p>Country-entry risk assessment process</p> <p>Investment risk assessment and expert review</p> <p>Risk country list</p> <p>Trainings on e.g.: Code of Conduct and Supplier Code of Conduct, Compliance, Health and safety, Data security</p>			

Tracking implementation effectiveness

Fortum uses various metrics to track the implementation of the due diligence processes and measures taken. For example, health and safety performance in our own operations as well as for contractors is monitored on a monthly basis. SpeakUp reports, regular employee surveys and customer feedback are also important channels for measuring the effectiveness of implementation.

The performance is reported at the annual [► Sustainability report](#).

Potential adverse impacts and right-holder groups	Customers	Own employees	Local communities around own sites and in supply chains	Employees of contractors and in supply chains
Tracking implementation effectiveness	<ul style="list-style-type: none"> • SpeakUp reports • Customer satisfaction • Training completion rates 	<ul style="list-style-type: none"> • EHS performance, LTIF, TRIF, severity rate • Incident investigations • Sickness absence rate • Pay gap analysis • Employee survey results and response rate • SpeakUp reports • Collective agreements coverage • Training completion rates 	<ul style="list-style-type: none"> • CSR programme monitoring • Bettercoal CIP and follow up • SpeakUp reports • Training completion rates 	<ul style="list-style-type: none"> • Contractor EHS performance, LTIF, TRIF, post-evaluation • Incident investigations • Supplier qualification rate • Audit findings and CAP monitoring • SpeakUp reports • Training completion rates

Communication

The annual Sustainability Report and Non-financial report is our main channel of communication regarding the action taken during the year and KPI results. We also report annually in compliance with relevant national requirements such as the Modern Slavery Act in the UK and Norwegian Transparency Act in Norway. We engage with stakeholders in active dialogue and seek to respond to inquiries from non-governmental organisations.

Remediation and grievance mechanism

If human rights violations are discovered in Fortum's operations, we start an investigation together with the relevant business or function to understand the root causes and to prevent similar violations from occurring again. Corrective action is taken to prevent any broader impact and, if possible, to remediate any damage.

If any violations related to human rights are discovered in our product or service supply chains, we investigate the case together with the relevant business partner. Corrective measures are agreed in collaboration with the partner, and implementation of the measures is monitored by means of audits, for example. When non-compliances are found through Fortum's sustainability audits, the supplier makes a Corrective Action Plan and its implementation is monitored on case-by-case basis. In global supply chains where we do not have direct contact and leverage to influence the supply chain actor that causes the adverse impact, we seek to increase our leverage via collaboration with other companies and industry initiatives.

Fortum has internal and external reporting channels for the reporting of any suspected misconduct relating to labor conditions or human rights violations. Fortum uses an external service provider's [► SpeakUp-channel](#) for reporting. The channels are described in Fortum's Code of Conduct and Supplier Code of Conduct and are accessible on our internal and external websites. The channels are anonymous and available in over 70 languages. SpeakUp reports are investigated thoroughly, and actions are taken accordingly. Suspected misconduct and measures related to ethical business practices and regulatory compliance are regularly monitored and assessed by Fortum's Audit and Risk Committee.