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FORTUM BIODIVERSITY MANUAL SUST-23 M2

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1 INTRODUCTION

1.1 Purpose

Fortum's direct impacts on biodiversity are mainly linked to the use of land and water areas for energy production. Indirect impacts may be caused by, for example, large-scale procurement of biomass for use as fuel or raw material as well as the procurement of other fuels. Climate change is a threat to biodiversity, thus the mitigation of climate change is an important part of biodiversity preservation.

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 governs the entire Fortum Group and is in line with Fortum's Sustainability Policy.

1.3 Definitions

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

Ecosystem services: Benefits provided to people by the natural environment that enable life on Earth. These include productive, cultural, maintenance and regulatory services.

IUCN red-listed threatened species: The IUCN Red List is the world's most comprehensive inventory of the global conservation status of biological species. The term "threatened" covers the three categories of extinction risk: critically endangered, endangered and vulnerable.

2 OBJECTIVE OF THE GROUP MANUAL

The objective of this manual is to improve biodiversity management in Fortum's operations and to increase the knowledge of our biodiversity impacts as well as to improve biodiversity in connection with our operations.

3 ROLES AND RESPONSIBILITIES

Within the scope of this manual, the following responsibilities apply:

- Heads of Divisions, Functions and Development Units are responsible for the implementation of this manual within their responsibility area.
- Corporate Sustainability is responsible for updating this manual on an as-needed basis and for annually compiling or reviewing a Fortum-level biodiversity action plan based on action plans received from business units.

4 GENERAL PRINCIPLES

We recognise that biodiversity is an essential element of sustainable development on a global and local scale. Fortum's activities have an impact on biodiversity, but our operations are also partly dependent on ecosystem services

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in terms of, for example, biomass resources and water. The following general principles apply:

- We assess and increase our knowledge of our biodiversity impacts and dependencies on ecosystem services, and aim to improve biodiversity in connection with our operations.
- We aim for a net positive impact on biodiversity.
- We commit to the sustainable use of biological resources.
- We communicate openly on our impacts and actions and cooperate with stakeholders.
- We contribute to the objectives of the United Nations Convention on Biological Diversity (CBD) and the Sustainable Development Goals (SDGs).

5 BIODIVERSITY IN CURRENT OPERATIONS

Regulatory compliance is Fortum's absolute minimum requirement in all operations. Hence, we shall ensure that we comply with all biodiversity-related licence conditions and other regulations that apply to our operations, including regulations on invasive alien species. Negative impacts on biodiversity need to be minimised in operations.

We shall increase our knowledge of biodiversity impacts especially related to endangered species and biotypes as well as protected areas close to Fortum's operations.

An assessment of biodiversity-related aspects and impacts as well as biodiversity-related risks and opportunities shall be integrated in environmental management systems.

In those operations where biodiversity impacts have been identified as being connected with a significant environmental aspect, action plans shall be defined as a part of the annual business and operational planning process. The actions shall be focused on priority areas with high biodiversity values or high potential for improvement. At minimum, the action plans should include actions, a time schedule and responsibilities.

Local measures to protect and mitigate the impacts on biodiversity shall be carried out according to the action plans.

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

6 BIODIVERSITY IN NEW PROJECTS

Biodiversity aspects have to be included in all environmental impact assessments (including formal EIAs) in relation to construction projects. Special consideration shall be given to assessing the impacts on:

- Protected areas and threatened habitats, if these exist close to the project area
- Any known population of threatened or protected species, especially IUCN red-listed threatened species, that might be affected by the project.

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Measures to mitigate impacts shall be carried out where feasible. During construction projects, a mitigation hierarchy (avoid, minimise, restore, offset) of biodiversity impacts should be applied.

7 BIODIVERSITY ISSUES IN THE SUPPLY CHAIN

Fortum's biodiversity impacts connected with the supply chain are mainly related to fuels. Biodiversity impacts shall be taken into account in fuel sourcing. Fortum's main tools for ensuring sustainable forest biomass procurement are certifications, such as FSC and PEFC. Biodiversity is an essential part in forest certifications. In coal procurement, Bettercoal tools are used in assuring sustainable coal purchasing.

8 REPORTING AND COMMUNICATION

Information on Fortum's biodiversity management shall be publicly available, e.g. on the company website or in annual reports. The material should include information on:

- Fortum's main impacts on biodiversity
- Fortum's biodiversity action plan, including targets and actions to improve biodiversity in connection with our operations
- Our recent biodiversity-related actions and improvements.