

1 December 2016

Distribution
Fortum Group

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Board of Directors, 20 December 2016

FORTUM SUSTAINABILITY POLICY

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1 SCOPE

The Fortum Sustainability Policy defined in this document is endorsed by Fortum’s Board of Directors and is to be followed by all Fortum divisions and functions and by all external persons working for Fortum.

The Fortum Sustainability Policy is built on the Fortum Code of Conduct and Fortum Supplier Code of Conduct. The international charters, agreements and recommendations that Fortum endorses in the area of sustainability are disclosed at www.fortum.com/sustainability. This policy is supported by the Fortum Human Resources Policy.

Implementation of the Fortum Sustainability Policy is supported by more detailed environmental, health and safety, human resources, purchasing, and legal and compliance related instructions.

This policy is reviewed on an as-needed basis by the Fortum Executive Management (FEM). Any amendments to this policy are approved by the Board of Directors. The Fortum Sustainability Policy is publicly disclosed at www.fortum.com.

2 CONTENT

Fortum wants to excel in sustainability and believes that balanced management of economic, environmental and social responsibility brings us a competitive advantage, is beneficial to our stakeholders and is necessary for the development of future societies. We continuously improve our sustainability performance by assessing our impacts and by addressing sustainability throughout the value chain. We engage our customers and society to drive the change towards a cleaner world.

Economic responsibility

For Fortum, economic responsibility means competitiveness, performance excellence and market-driven production that creates long-term value for our stakeholders and enables sustainable growth. We promote market-based policies and measures that help to solve global sustainability challenges and targets in the most cost-efficient way. We understand that our operations provide both direct and indirect economic benefits to our stakeholders, and we continuously review our impact and the well-being generated.

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Satisfied customers are key to our success. We continuously measure our customer satisfaction and are committed to performance improvement. We understand that active consumers will have a crucial role in the future energy system.

Fortum is a major purchaser of goods and services and has indirect responsibility for its supply chain. We conduct business with viable companies that act responsibly and comply with the Fortum Code of Conduct and Supplier Code of Conduct.

Environmental responsibility

Fortum's aim is to provide our customers with environmentally benign products and services and with smart solutions. We are committed to environmentally sound business practices and to the responsible use of natural resources. We take into account the life-cycle of our energy products and continuously aim to mitigate our environmental impact by utilising best practices and best available technologies. We want to minimise environmental non-compliances and incidents caused by our operations.

Circular economy, resource and energy efficiency and maximising the added value of waste and biomass are key priorities in our environmental approach. We also aim to mitigate climate change. Our competence in CO₂-free hydro and nuclear power production and in energy-efficient combined heat and power production support the development of low-carbon societies. Our solutions for sustainable cities and our investments in renewable energy serve the same target. Growth in solar and wind energy is an important tool for us in reshaping the energy system.

Social responsibility

For Fortum, excellence in safety is the foundation of our business and safe performance is a sign of professionalism. We believe that all work-related injuries, illnesses and safety incidents can be prevented. Fortum's goal is to provide a safe working place for all, and everyone is expected to take responsibility for safety. We have common targets and strive for continuous improvement.

In addition to occupational and operational safety, Fortum's social responsibility emphasises the secure supply of electricity and heat, and ethical business conduct. Social responsibility also includes being a good corporate citizen and taking care of the community around us. We also emphasise the wellbeing of our employees.

Sustainability embedded in business operations

Excellence in sustainability is incorporated in the company strategy and is an integral part of business operations. To implement this Sustainability Policy, Fortum:

- complies with legal, regulatory and contractual requirements
- continuously improves sustainability target-setting and performance

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- applies environmental, health and safety management systems in operations with a Group recommendation for external certification
- assesses sustainability performance when selecting suppliers, contractors and business partners
- includes the sustainability assessment as part of an investment evaluation and approval process
- engages stakeholders in active dialogue
- is committed to transparent communication, and reports annually on its sustainability performance

3 RESPONSIBILITIES

Fortum has a line responsibility in sustainability governance. The management of the divisions and the Group functions, and ultimately the President and CEO and the Board of Directors, are accountable for sustainability at Fortum.

Fortum's Board of Directors approves the Sustainability Policy and decides on the company-level sustainability target-setting that guides annual business planning. They also review the Group's sustainability performance and reporting.

Fortum Executive Management is responsible for setting the Group's sustainability ambition level and objectives, proposing the Group's sustainability targets for approval by the Board of Directors, and monitoring sustainability performance on a monthly basis.

The divisions define their detailed sustainability targets, develop action plans in accordance with Group-level targets, and ensure inclusion of these in the business goals. The divisions compare their sustainability performance against the targets, monthly and quarterly.

Corporate Sustainability is responsible for coordinating and developing sustainability at the Group level. This includes the Sustainability Policy and related Group-level instructions and manuals. Corporate Sustainability is also responsible for monitoring the policy implementation and for performance reporting on a monthly, quarterly and annual basis. Corporate Sustainability leads sustainability networks in order to develop common goals, targets, instructions and procedures in the whole company.

All managers and superiors have responsibility for implementing and controlling sustainability management and performance within their respective responsibility areas. This includes the assessment and mitigation of related risks.

All Fortum employees and external persons working for Fortum have the responsibility to comply with the Fortum Sustainability Policy and related laws, regulations and instructions. Fortum's suppliers are expected to follow the principles set out in the Fortum Code of Conduct and Supplier Code of Conduct.