

ILMATAR

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Sustainability review
2023
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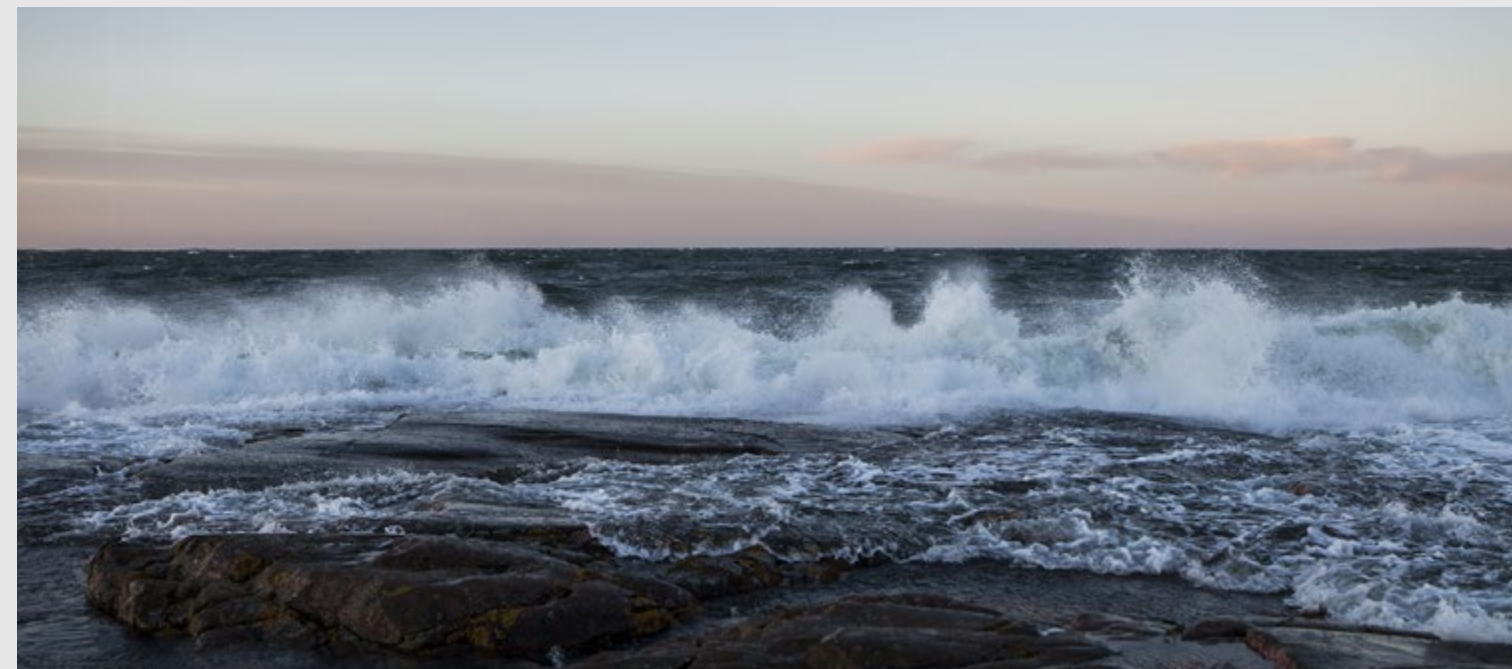
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About Ilmatar

Ilmatar is a leading Independent Power Producer (IPP) and renewable energy developer in the Nordics. We generate clean electricity sustainably and efficiently from natural sources, wind and sun. With energy storage, we enhance a more flexible energy ecosystem.

Our extensive portfolio spans over 20 gigawatts in mainland Finland, Åland, and Sweden, where we develop, own and operate a diverse range of wind and solar energy production facilities throughout their operational lifetimes.

Headquartered in Helsinki, we employ over 100 top experts who enhance the clean transition.



**Ilmatar – Charging the Nordics.
With renewable energy.**





Our year 2023

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CEO review

Year 2023 was an eventful year, filled with many positives but with challenges as well. Ilmatar truly evolved from a Finnish wind energy company into a Nordic independent power producer. We focused on development, construction and operation of wind and solar power farms, and we sold our electricity consumer business to Väre.

I started as the CEO for Ilmatar in the beginning of 2023, in the middle of an energy crisis. We have come a long way since. It has been great to witness how the energy transition has taken many steps to the right direction in the Nordics. Finland has replaced nearly all its electricity net import while becoming almost climate neutral in electricity. I am proud to say that we have played a part in this.

Although the energy market was not in the kind of crisis in 2023 as it was in the previous year, geopolitics and various conflicts and wars made the market unstable. That is why we

must get used to instability as it is here for the long term. However, we continued to execute our strategy to accelerate the green transition.

Success on many fronts

We succeeded in matters that we could impact. We brought wind farms in Somero, Karvia, Kristiinankaupunki, Isojoki and Alajärvi and solar farm in Joroinen to commercial operation. Developed and built by us, they will remain in our ownership. They were all completed on schedule, some even ahead of schedule.

Project development was successful in all our markets, and we expanded our project development portfolio substantially. The number of effectively developed and permitted solar power projects is just one example. Development of offshore wind power continued according to plan.

New business development brought several new opportunities to

our table in 2023, particularly those related to energy storage solutions and hydrogen. As we completed construction on several assets in 2023, we developed our asset management to meet the needs and to ensure that we have the ability to take care of our growing number of assets.

Significant financing and investment decisions

We secured a milestone financing of 500 million euros to build more renewable energy production in the Nordics. We continued to invest, making final investment decisions on two wind farms, Korpilevonmäki in Säkylä and Pahkakoski in Ii, with a total of 36 new turbines. These big investment decisions proved that Ilmatar continues to be courageous in its' investment decisions, as they were essentially the only final investment decisions on wind farms in Finland in 2023. Construction has already commenced on both wind farms.

The Pahkakoski wind farm in Ii is built by using the TCI-contracting model (Transport, Crane and Installation), commonly used particularly in the U.S., but this is one of the first large-scale sites in Europe to be built with this effective contracting model.

Electricity market volatility continued in 2023. The average electricity price decreased over 50% compared to 2022 which, together with increasing cost of capital, created pressure for both revenue and EBITDA. However, the market price stayed at a somewhat higher level than where it was before the peak year 2022.

Strong position in the market

Even in the challenging market situation we demonstrated that we are strong in our current operating environment. We are not only a project developer, but also an independent power producer who is responsible for the whole life cycle of a production asset. The operating model is unique in Finland. In 2023, our growth was significant. We became the biggest renewable electricity producer and notable actor when one looks at the production existing, under construction or in investment

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We did not just grow in the number of employees or teams but also in terms of company culture in many ways.

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phase. In Sweden, we are the biggest solar energy developer.

The electricity market's behavior and electricity price impact our business. We cannot impact their behavior, but a part of our production is tied to Power Purchase Agreements (PPA). In 2023, our PPA production was mainly under construction. We expect the share of PPA's to increase to approximately 70% by 2027. In the future, only approximately 30% of our electricity production will swing according to daily electricity price.

Growing number of top-notch professionals

Our personnel grew from 73 to 115 top-notch professionals who have proven that they know how to take the renewable energy business forward. We did not just grow in the number of employees or teams but also in terms of company culture in many ways. At the same time, we maintained a very positive and welcoming atmosphere in the company. Our personnel survey, Siqni, showed positive results but also room for improvement. We got off to a good start in developing our processes and will continue to do so in 2024.

Double materiality assesment - the base for our sustainability work

We continued the development of our sustainability work. We set our goals for years 2024–2027 with the ESG strategy that was approved in 2023. With our ESG strategy, we demonstrate the environmental, social and governance factors that we believe to be intrinsically important for our current and future business operations.

Our ESG strategy shows that we have already moved from intention to action. To give an example, in

2023 we conducted a double materiality assessment which created the base for our ESG strategy. We also completed an assessment of our salient human rights risks which were closely linked to our supply chain.

We are proud to have achieved a positive climate impact with our operations during 2023. Meaning that the positive impact of the renewable energy we produced is greater than our emissions caused.

I want to reiterate our commitment to the UN Global Compact initiative and its ten principles regarding human rights, labour, environment and anti-corruption. We will continue to further develop our operations. Our international commitments demonstrate our ambition and give credibility and transparency to our ESG work and data.

More renewable energy in 2024

In 2024, we will continue to execute our strategy according to the priorities set out in the updated strategy. The role of solar power and energy storage solutions will continue to grow in importance. We will continue to be more efficient independent power producer and utilize the

best technologies available. We will work more with the chosen next generation energy solutions that complement our business.

2023 was a year of hard work and many changes and challenges. It was nevertheless a success, and there are many things that we can be proud of. I would like to thank all Ilmatar employees for their hard work and dedication and our owners for their trust. The work is never something that we do alone, and this is why I want to extend a big thank you to our partners and customers as well.

Juha-Pekka Weckström

CEO

Highlights



First solar farm in Joroinen

In the fall, construction of our first solar farm was finished at the former Joroinen airport, and the farm was connected to the national grid. Cooperation with the municipality of Joroinen continues with two other solar power projects in 2024.



Energy storage to Piiparinmäki

We built an energy storage in the vicinity of the Piiparinmäki wind farm in cooperation with the British fund manager, Glenmont Partners. The farm's 41 turbines produce electricity at a rated capacity of 211 megawatts, part of which is directed to a new 30-megawatt storage. The balancing power in the energy storage allows for electricity to be distributed to the grid when it is optimal in terms of market conditions. The storage technology provides an extensive selection of tools for managing power both within the wind farm and the national grid.



Six new wind farms completed and brought to commercial operation

A total of 36 wind turbines were constructed in two locations in the Alajärvi hybrid farm. All of them were brought to commercial operation during last half of the year. By the end of the year, we had also brought to commercial operation wind farms in Somero, Karvia, Isojoki and Kristiinankaupunki. During the year, our production capacity increased by a total of 355 megawatts and 485%.

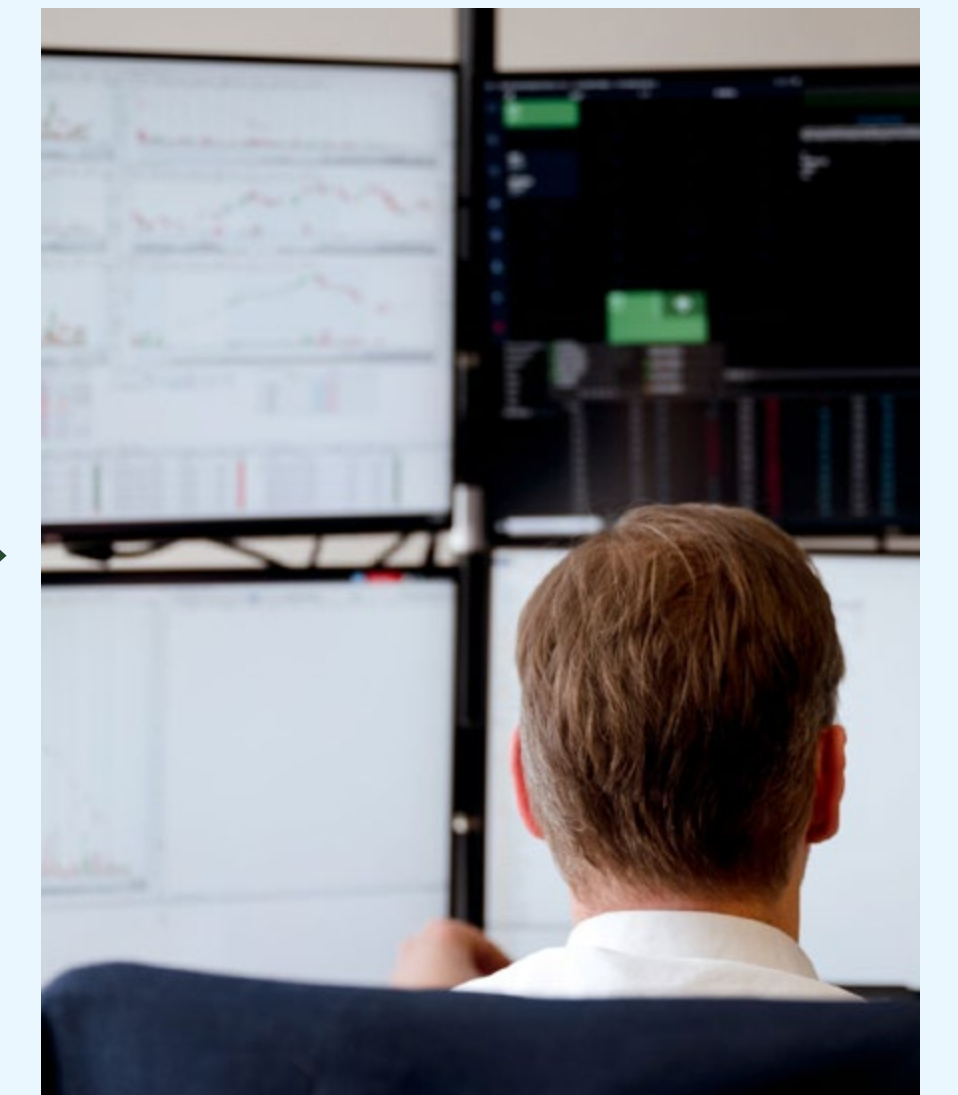
Electricity contract customers found new home with Väre

In the spring, we withdrew from our consumer business operations and transferred our electricity contract customers to the energy company Väre. The decision was based on our strong growth strategy and increased business focus on the development, construction and ownership of wind and solar power farms and electricity storage facilities in the Nordic countries.



Establishment of 24/7 trading

We established a new 24/7 intraday trading desk, which helps to optimize our energy portfolio management in the Nord Pool Spot and Intraday markets in the Nordic countries. Continuous trading also provides an opportunity to offer extra capacity for the so-called reserve market. This a significant step forward on our journey towards becoming an independent power producer (IPP).





Dozens of Ilmatar employees now shareholders

At the end of the year, we issued a share incentive plan to our employees. Employees with permanent employment were offered the opportunity to buy company shares. Thanks to the share incentive plan, our company gained 66 new shareholders.



Ilmatar Club took part in company marathon relay

At the end of May, we participated in a company marathon running event, organized in Helsinki by the Finnish Olympic Committee. Our employees took part in the marathon relay, running 19 laps around Töölönlahti. Not even a brief hailstorm could slow down our super-fit runners. All proceeds from this event, the largest corporate sports event in Finland, were donated to a good cause – children’s sports.

Seabed surveys north of Åland

We launched a large-scale seabed survey in the Stormskär, Väderskär and Vågskär project areas. Stormskär and Väderskär are in the Åland territorial waters and Vågskär to the north of them in Finland’s economic zone. We conducted seabed studies and soundings and installed gauging equipment on the seabed. At the same time, we started to investigate birdlife on the marine areas. The surveys produce a lot of valuable information on the shape of the seabed and on natural values, all of which will be presented in the environmental impact assessment (EIA).



Solar power projects moved forward in Sweden

Our solar power projects progressed in Sweden and our first Swedish solar farm became fully permitted. The 55 MWp solar farm, that will be built on two locations covering approximately 54 hectares of land all-together, is in Knihult, Småland in Southern Sweden. Knihult solar farm is a proof of our strong growth in Sweden.

Supporting youth work on schooner Helena

Sail Training Foundation Finland (STAF) aims to prevent the social exclusion of young people and raise interest in seafaring. We have made a two-year commitment to support the important work STAF does on schooner Helena. STAF has arranged sailing voyages and other marine events for young people at risk of social exclusion already for 50 years.

Key figures*

Renewable energy production, %

100

Positive climate impact, ktCO₂e

163.9

covering emissions of over 17,000 Finns

Carbon footprint, ktCO₂e

84.3 (135.5)

Turnover, MEUR

23.19

Tax footprint, MEUR

86.81

Number of permanent employees, 31 December 2023

115 (72)

Personnel growth, %

60 (85)



*Financial figures are unaudited.

Construction of wind power remained active and the role of solar power increased

In terms of construction of wind power, 2023 was the second-busiest year in Finland ever. In total, 212 new wind turbines were built in Finland. We were responsible for no less than 28% of them. We made two new wind power investment decisions in an operating environment that had its challenges and slowed down the decision-making process for many other actors. The role of solar power in energy production increased, both in general and in our own portfolio.

According to statistics compiled by the Finnish Wind Power Association, wind power capacity increased in Finland by 212 (2022: 437) turbines and 1,280 (2,430) megawatts in 2023. Of these wind turbines, we built and owned 59, i.e. 28%. We were pre-eminent actor as the second-most-active actor built 12% of new wind turbines. In 2023, we brought six wind farms and one solar farm to commercial operation. We also made the largest wind

power investment decisions in Finland, more specifically in Northern Ostrobothnia and Southwest Finland.

At the end of 2023, there were 1,601 (2022: 1,393) wind turbines in Finland, with a combined capacity of 6,944 (5,677) megawatts. Wind power production increased by almost 25%. Wind power covered approximately 18 (14) % of all electricity consumption in Finland. Its share of electricity production was

19 (17) %. Our share of wind power capacity was 6%, making us one of the five largest wind power owners in terms of capacity.

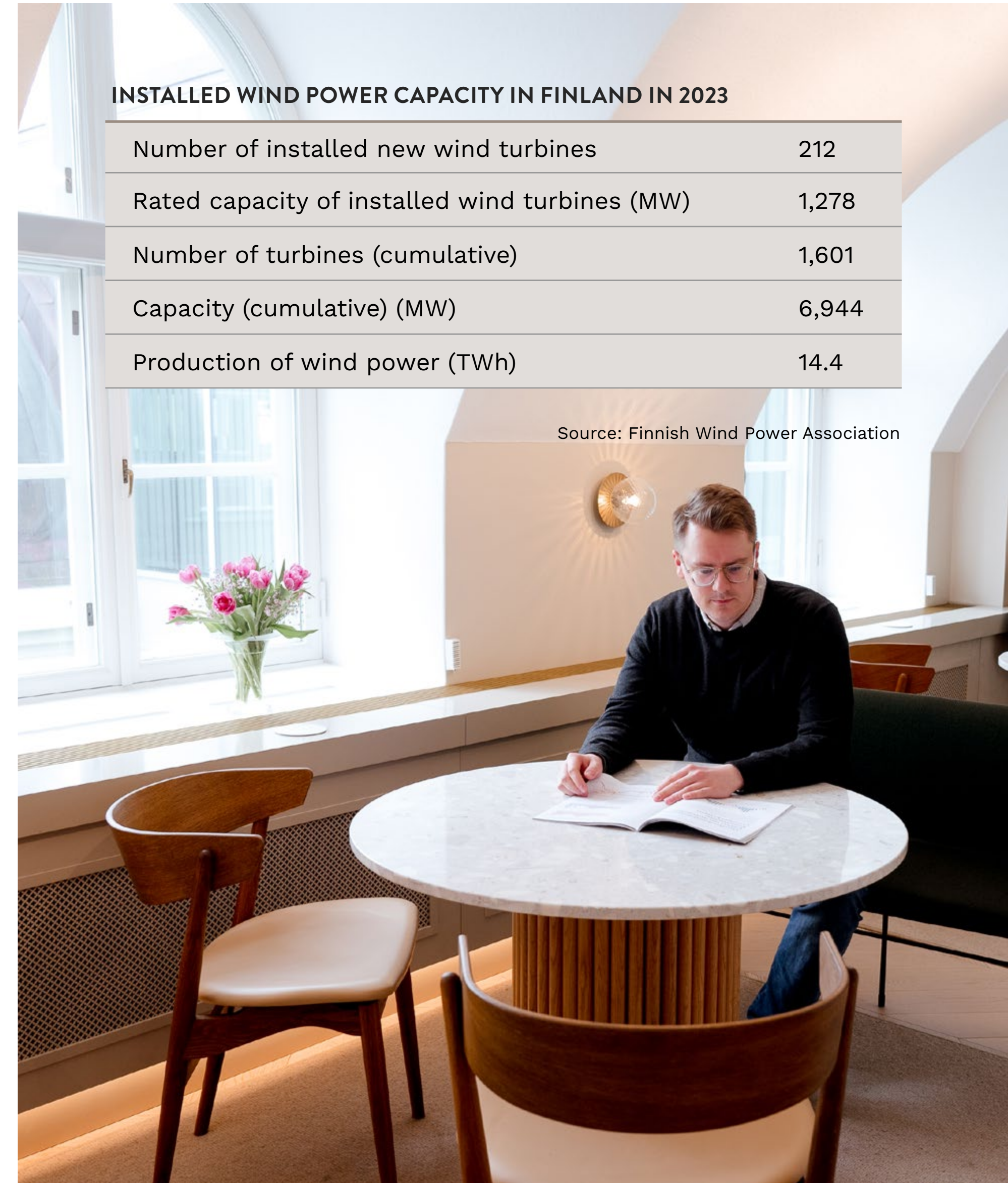
At the end of 2023, ongoing onshore wind power projects totalled 2,588 megawatts in Finland. Projects with permits in place totalled 3,495 megawatts.

At the end of 2023, only one offshore wind farm was in operation. However, 32 offshore wind power projects were ongoing in Finland. Out of these, one 400-megawatt project already has the required permits in place. Land-use planning has been completed in three projects. Eight projects were in pre-planning phase. (Source: Finnish Wind Power Association and Sweco).

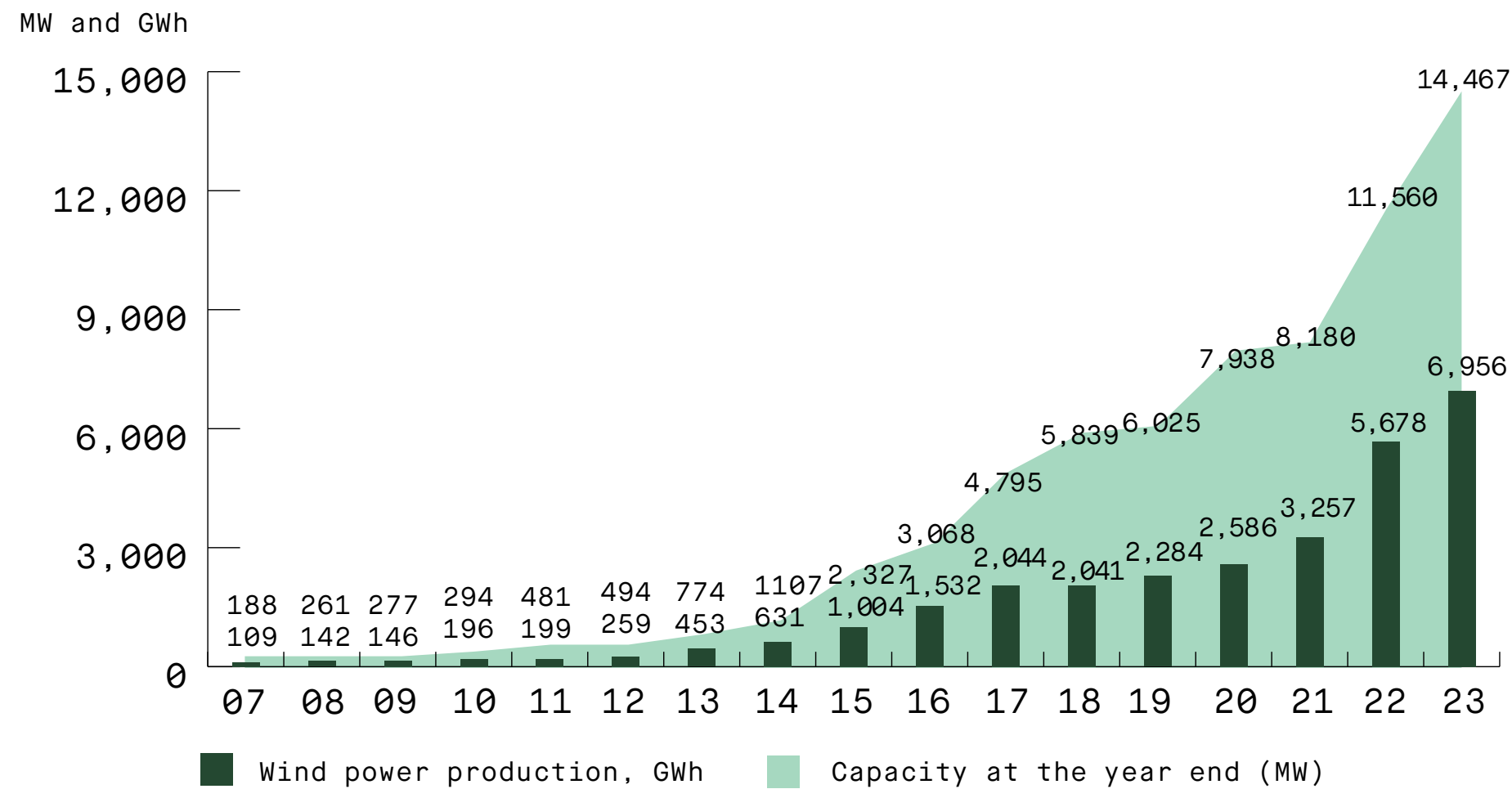
INSTALLED WIND POWER CAPACITY IN FINLAND IN 2023

| | |
|--|-------|
| Number of installed new wind turbines | 212 |
| Rated capacity of installed wind turbines (MW) | 1,278 |
| Number of turbines (cumulative) | 1,601 |
| Capacity (cumulative) (MW) | 6,944 |
| Production of wind power (TWh) | 14.4 |

Source: Finnish Wind Power Association



FINNISH WIND POWER PRODUCTION INCREASED BY 25%



Source: Finnish Energy trade association

Wind power construction continued

While we made two major investment decisions in 2023, the market in general saw very few investment decisions in wind or solar power. Economic uncertainty, cost escalation, high interest rates and high cost of financing affected investment decisions in renewable energy projects. Many investment decisions were postponed, and projects

rescheduled to a later date. In terms of investment decisions, 2023 was slower than the particularly busy year of 2022. Many projects are in development, but they may not all materialise.

It was a challenging year for many in the renewable energy business, but we did well in the constantly changing landscape. This was indicated not only by our new investment decisions and active project

development but also by our quickly growing number of personnel.

A large share of renewable energy projects is now completed, thanks to a very active construction phase. New construction will take place as soon as our investment decisions move to the construction stage. New investment decisions, made in late 2023, will see completion in 2025 at the earliest. On the other hand, construction as a whole is expected to increase in the coming years. According to the Finnish Wind Power Association, capacity is expected to grow by approximately 1,000 megawatts in 2024 and by approximately 1,500 megawatts in 2025. The demand for wind power remains strong due to the demand of electricity brought on by industrial investments and the electrification of the society as a whole. However, increasing capacity is also dependent on demand, the electrification of traffic and production plant investments.

A total of 94,650 million euros of onshore wind power investments were in development in January 2024. Offshore wind power investments in development totalled 40,200 million euros, and another 33,600 million euros worth of investments were in the preliminary inves-

tigation phase. Most of the investments, i.e. 64,600 million euros, are expected to see completion in 2030.

Production of solar power increased by 65%

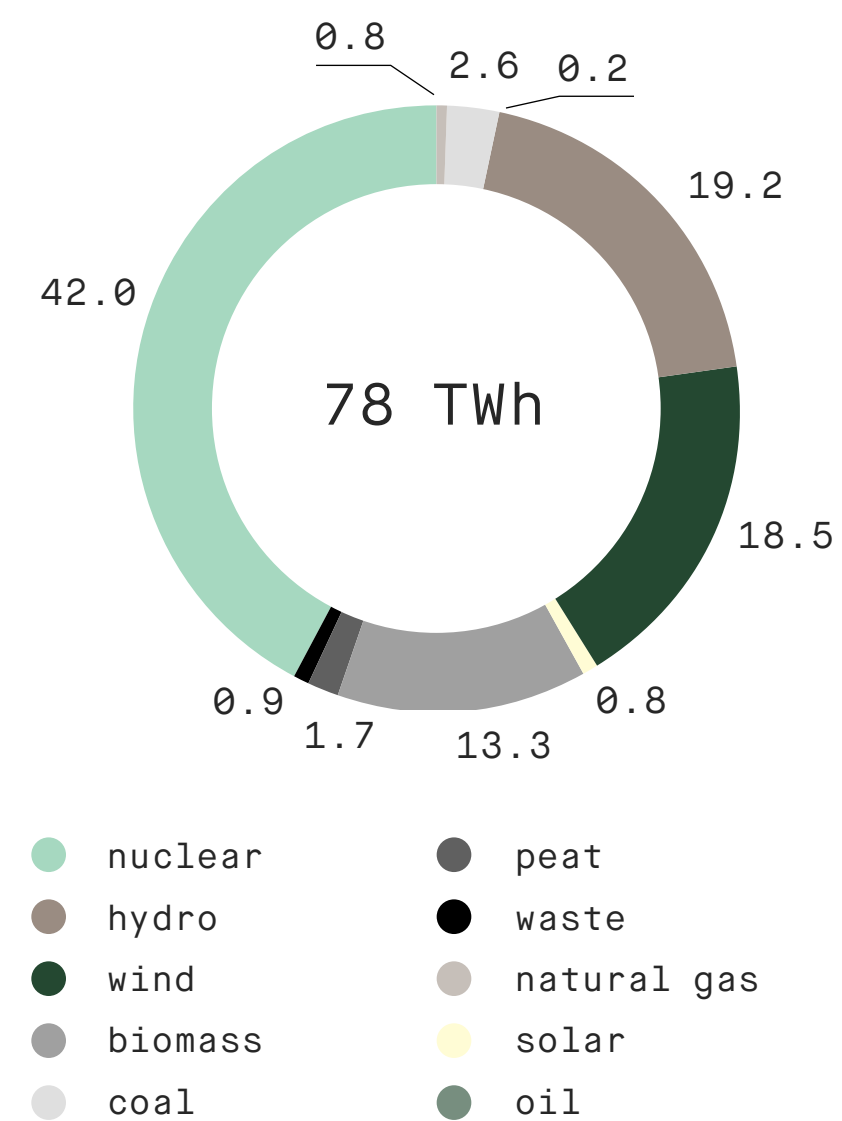
According to the Finnish Energy trade association, production of solar power increased by 65% in Finland in 2023. However, solar power still constituted only 0.8% (2022: 0.6%) of the entire production of electricity. In 2024, the share of solar power is expected to rise to over 1% for both consumption and production.

According to Motiva and the Energy Authority, there were 16 solar farms of 1 to 10 megawatts in production at the end of 2023 in Finland. Their combined capacity was nearly 50 megawatts. A total of seven solar farms were completed in 2023, with a combined capacity of 25.5 megawatts. One of those farms is the Joroinen solar farm, built by us, with a capacity of five megawatts. A total of 124 solar power projects are in the preliminary investigation, permit process, or construction phase. Eight projects are under construction. They have a combined capacity of 345.2 megawatts, with individual projects varying between 1 and 206 megawatts.



According to the Confederation of Finnish Industries (EK), solar power-related investment decisions in Finland total approximately 250 million euros. These investments are expected to materialise by the end of 2027. Most of the investments, 155 million euros, are predicted to materialise in 2025. There are 2,939 million euros worth of investments in development.

ELECTRICITY PRODUCTION PER ENERGY SOURCE IN 2023 (FINLAND), %



Source: Finnish Energy trade association

Plenty of potential in the Swedish market

As in Finland, Sweden is also experiencing a boom in the production of renewable energy. Wind power production has increased particularly in Northern Sweden, with investments from energy-intensive industries. Since starting operations in Sweden at the end of 2022, we have focused on solar energy which has a lot of market growth potential. Production of solar energy is more profitable in Sweden than many believe. The same is true for Finland, too. In Sweden, the weather is rarely so hot that the degree of efficiency is reduced. And what is more, long summer days provide lots of insolation.

Fluctuations in electricity prices

According to the Finnish Energy trade association, electricity production in Finland increased significantly from pre-energy crisis levels. In 2023, the production grew by 13%. At the same time, consumption decreased by more than 2%. Currently, electricity is consumed less than ever in the 2000s. One particular reason for this is the decreasing demand by industry. Wind power

investments and the completion of Olkiluoto 3 have increased electricity production.

On the electricity market, prices decreased by 62% compared to the previous year, inching closer to normal levels. In 2022, the war in Ukraine caused a sudden price hike. In 2023, we returned from a serious energy crisis closer to normal conditions. Regardless, electricity prices fluctuated significantly even in shorter time periods.

In the future, we will be needing a lot more balancing power as we increase weather-dependent production in order to ensure steady production and pricing. One solution lies in energy storages and electric batteries. We are increasing the role of hybrid production where wind and solar power construction is accompanied by electricity storages built in the same production area.



It was a challenging year for many in the renewable energy business, but we did well in the constantly changing landscape.

A year of action and changes

For Ilmatar, 2023 was a year of action, change, instability, and growth. We executed our business plan and delivered on what we could have an impact on. We brought our first solar farm and six wind farms to commercial operation, totalling 59 turbines. Our wind power investment decisions on two wind farms with 36 turbines were essentially the only ones made in Finland in 2023.







We expanded our project development portfolio successfully in Finland and Sweden, and the role of solar energy in our portfolio grew substantially. 12 of our solar projects received building permits in 2023. The Finnish government granted us two survey permits for offshore project areas, Bothnia and Bothnia West, in the Finnish Exclusive Economic Zone (EEZ). We continued the seabed surveys in our Vågskär project area. They provided us vital information on seabed conditions for designing durable turbine foundations.

We started 24/7 trading operations. To our knowledge, our new intraday power trading desk marks the first time in over ten years when an energy company in Finland establishes its own 24/7 trading desk. The trading desk, in collaboration with our trading team, optimizes our energy portfolio in the Nord Pool Spot and intraday electricity markets as well as participates in ancillary service markets.

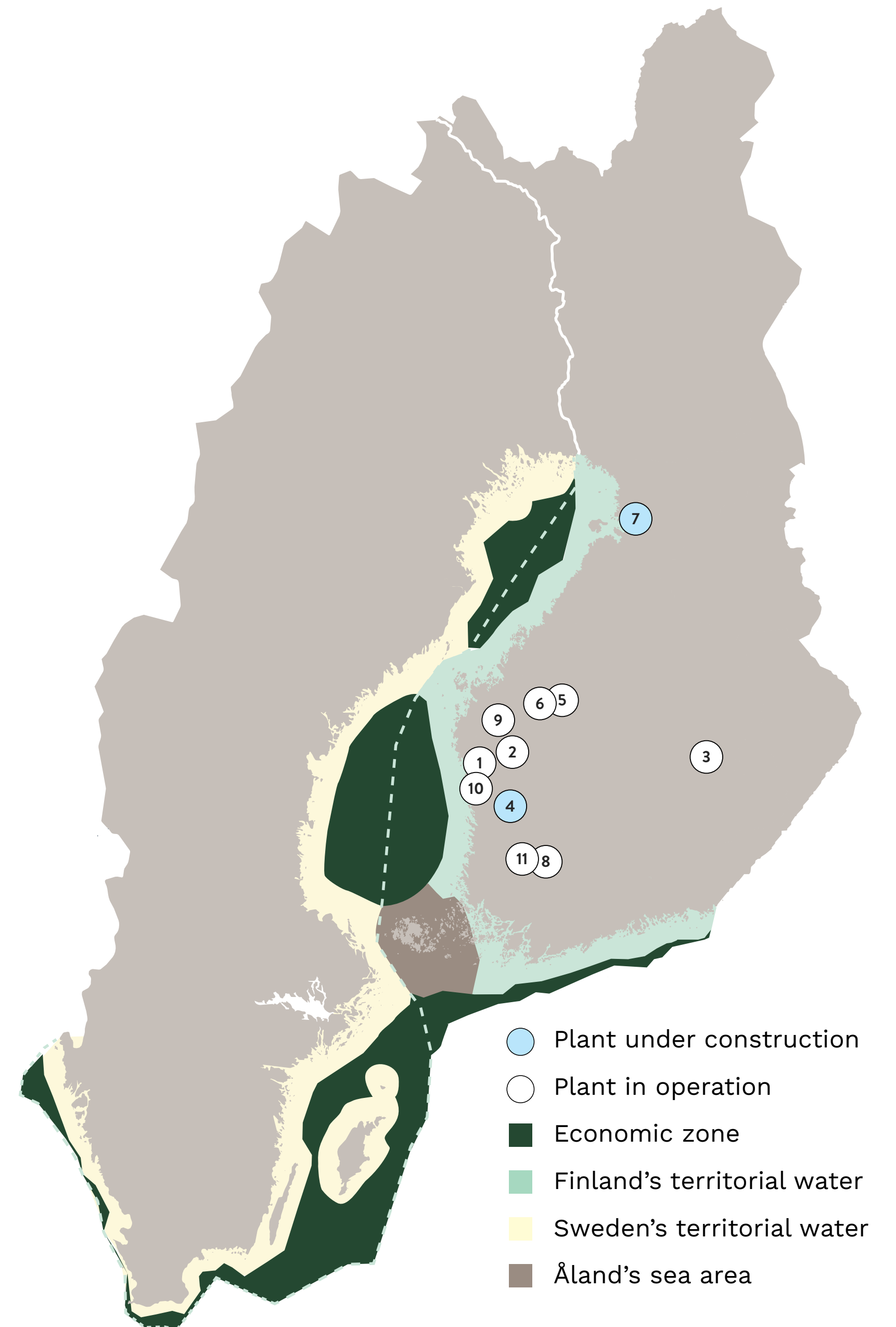
According to our strategy, we focused on the development, construction, operations and ownership of wind and solar power farms. We focused to become a leading Nordic independent power producer that enables the electrification of businesses and society and drives green transition. We sold our electricity consumer and business customers to Väre. The transfer was completed during the first half of the year.







Market instability, due to geopolitical tensions and conflicts, made investors more cautious, increased

WIND AND SOLAR FARMS IN OPERATION AND UNDER CONSTRUCTION IN 2023




| | | mega-watts |
|----------------------------------|---|------------|
| 1 Isokeidas, Isojoki |  | 31 |
| 2 Jäkäläkangas, Karvia |  | 30 |
| 3 Joroinen |  | 5 |
| 4 Korpilevonmäki, Säskylä |  | 38 |
| 5 Louhukangas, Alajärvi |  | 143 |
| 6 Möksy, Alajärvi |  | 78 |
| 7 Pahkakoski, Ii |  | 186 |
| 8 Palma, Somero |  | 17 |
| 9 Rasakangas, Kurikka |  | 48 |
| 10 Västervik, Kristiinankaupunki |  | 56 |
| 11 Voimamyly, Humppila-Urjala |  | 26 |

interest rates and caused fluctuation in electricity prices. While the energy market became more unpredictable, it did not prevent us from executing our strategy and accelerating the green transition. We secured a milestone financing of 500 million euros to build more renewable energy production in the Nordics.



-  Plant under construction
-  Plant in operation
-  Economic zone
-  Finland's territorial water
-  Sweden's territorial water
-  Åland's sea area

ENERGY PRODUCTION AND STORAGE PROJECTS UNDER DEVELOPMENT, MEGAWATTS

| |  |  |  |
|--|---|--|---|
| Lapland | 3,975 | - | - |
| Kainuu | 638 | 220 | - |
| Northern Ostrobothnia | 2,220 | - | 100 |
| Central Ostrobothnia | 75 | 281 | - |
| Ostrobothnia | 1,065 | - | 30 |
| Southern Ostrobothnia | 750 | 280 | 37 |
| Central Finland | 263 | 703 | - |
| Northern Savonia | 323 | 688 | - |
| Southern Savonia | - | 165 | - |
| South Karelia | - | 146 | - |
| Kymenlaakso | - | 446 | 50 |
| Tavastia Proper | - | 695 | 50 |
| Päijät-Häme | - | 140 | - |
| Pirkanmaa | 553 | 499 | - |
| Satakunta | 173 | 457 | 30 |
| Southwest Finland | - | 558 | - |
| Uusimaa | - | 235 | - |
| Åland Islands | 3,160 | - | - |
| EEZ | 8,560 | - | - |
| SE1 (Electricity bidding zone, Sweden) | - | 1,145 | 50 |
| SE2 (Electricity bidding zone, Sweden) | 100 | 707 | - |
| SE3 (Electricity bidding zone, Sweden) | - | 10,543 | 240 |
| SE4 (Electricity bidding zone, Sweden) | - | 1,210 | 315 |



Alajärvi becomes home to our first hybrid farm in Finland

WE ARE BUILDING ONE OF THE FIRST HYBRID FARMS in Europe in South Ostrobothnia. A hybrid farm refers to a plant entity that produces energy in several ways.

All 36 wind turbines in the Alajärvi wind farm were brought to commercial production just before Christmas 2023. The turbines produce renewable energy at a total rated capacity of 221 megawatts. The Alajärvi wind

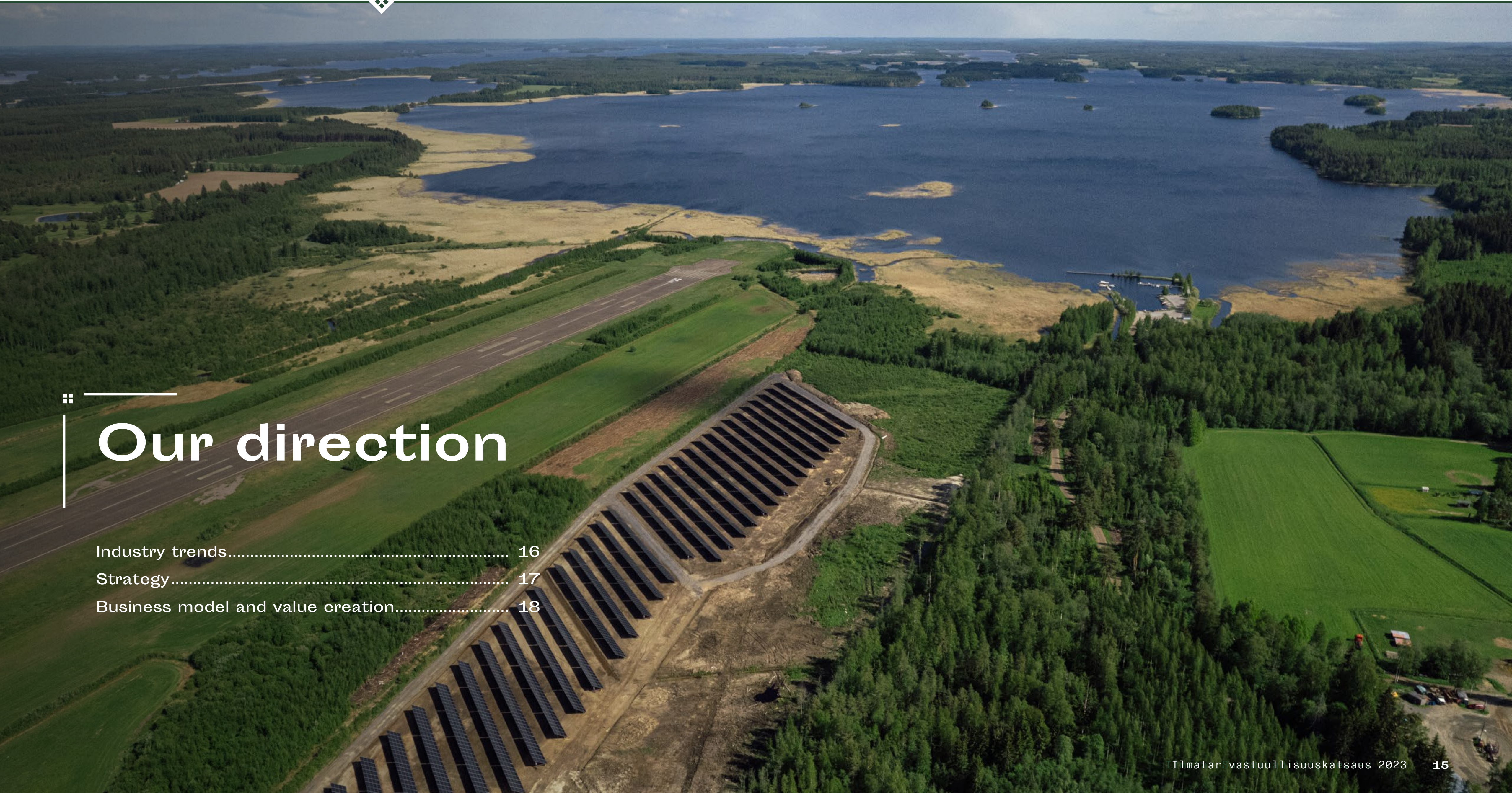
farm will be expanded in the near future with a solar farm and a battery storage.

Upon its completion, the hybrid entity of renewable energy in Alajärvi will produce clean energy at a total rated capacity of 370 megawatts which equals the needs of up to 370,000 one-bedroom apartments.

“In Finland, Ilmatar is a pioneer in construction, production and ownership of renewable energy. Our hybrid

farm again demonstrates our ability to boldly advance the market in ways that will bring added value to several stakeholders – to investors, to project employees as well as landowners, to name a few,” says Juha-Pekka Weckström, CEO of Ilmatar.

[Read more on our website.](#)



Our direction

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trends in renewable energy

1. The pace of wind power construction is accelerating

In terms of wind power construction in Finland, 2023 was the second-busiest year in the country's history. Finland's wind power capacity increased by 212 wind turbines and 1,280 megawatts. Wind power amounts to approximately 14% of all electricity production, and investments in wind power were about 2.2 billion euros. According to an estimate by the Finnish Wind Power Association, Finland's annual wind power production could reach 30 terawatt hours by 2030. It is expected that

construction of offshore wind power will pick up significantly in the near future in both Finland and Sweden.

2. Political will drives growth

EU legislation, such as the 'Fit for 55' package, drives demand for renewable energy in the coming years. Finland has set a national energy and climate target, striving to increase the share of renewable energy to 51% of total consumption by 2030. According to Sweden's long term climate goals, the emissions of greenhouse gases from Sweden must be at least 85% lower in 2045 than they were in 1990.

3. The importance of energy self-sufficiency has increased, dependency on Russia needs to decrease

The energy transition has progressed rapidly in Finland. Finland has succeeded in replacing Russian energy production in a short period of time. Simultaneously, electricity has become almost climate neutral.

4. Availability and reliability of renewable energy require investing in energy storages

With renewable energy production on the rise, it is increasingly important to plan, develop, and build solutions for storing renewable energy, which helps balance out availability and price changes on the markets.

5. New technologies drive transition into renewable energy sources

The development of more efficient and reliable technologies supports the growth and competitiveness of wind power. With technologies such as Power-to-X, wind and solar power can be used to produce synthetic fuels that can replace fossil fuels. Hydrogen technology is expected to become the great balancing force for the electricity system.

6. Wind and solar power are the most cost-efficient forms of energy production in the future

The conditions for wind power production are excellent in Finland and Sweden. In terms of potential

for solar energy production, Finland and Sweden are on par with Central European countries, as our dark winters are compensated by light-filled summers. In addition, the cooler air and sun reflecting from the snow are advantageous for the production of solar power. Once solar panels have been acquired and installed, the production of solar energy is emission-free.

7. Lack of resources poses a problem

Scarce resources, i.e. the lack of raw materials, components, production resources and skilled professionals, remains a major challenge for the production of renewable energy.

Higher targets and a focus in the Nordics

For the world to meet the Paris Agreement's 1.5-degree goal and fight the climate crisis, the green transition needs to continue regardless of economic or geopolitical standing in the world. Meanwhile, the electrification of society sets new requirements for increased electricity demand. We are already accelerating the green transition in the Nordics, and to do more we set our targets even higher in our updated strategy in 2023.

In our strategy, we defined the Nordics as our focus market area where the energy demand is expected to increase due to energy-intensive industry and hydrogen demand build-up in the area. The healthy market outlook attracts investors, as the Nordic countries have stable societies with a well-functioning electricity infrastructure. Onshore wind power has proclaimed its position as an impor-

tant renewable energy source while solar and offshore wind power are set to increase their role.

Our unique operating model covers the entire life cycle of renewable energy production and differentiates us from the other actors as we are able to create a long-term positive impact on society where we operate. We continue our top-notch project development and efficient construction of assets. Today, we are a fully-formed energy company and an independent power producer (IPP) with a 24/7 trading desk and commercial and technical asset management. We have plans ready for the end-of-life recycling when the time comes. We keep a sharp eye on the next-generation energy solutions.



Three strategic priorities

We narrowed down our strategic priorities to three ambitious goals.

1.

ACCELERATE SOLAR AND WIND POWER GROWTH

We continue to develop renewable electricity production and grow our solar pipeline. Mergers and acquisitions are a possibility for us, as is the expansion of operations to include our own onshore wind development in Sweden. We review our process' readiness to scale and prepare an investment portfolio to support the yearly investment target of 300–500 million euros.

2.

INDEPENDENT SUSTAINABLE ENERGY PRODUCTION

We develop operations and define the roles and responsibilities in our organization. Mid & Back-Office functionalities for physical and financial trading are set up as well as counterparty risk management and follow-up procedures. Our clear processes and a committed team ensure the delivery of the business case against final investment decision commitments for all projects. We continuously monitor and improve the operational performance of our assets.

3.

BUILDING THE BASE FOR NEXT GROWTH HORIZONS

We continue the development of the current offshore project pipeline. While we have defined our focus market, we are also open to opportunities elsewhere and evaluate the possibility of strategic partnerships with other players. We are scouting for large-scale green hydrogen development possibilities along offshore wind development where relevant. We explore the role of battery energy storage systems in the portfolio and advance the flexibility business.

We create value in many ways

RESOURCES ▶

Financial resources

- Turnover 23 MEUR, investments 343 MEUR

Operational resources

- 6 wind power plants and 1 solar power plant in operation. Strong renewable energy project pipeline: 80 projects in permitting phase in Nordics
- Land use rights, land lease agreements with 1,790 landowners in Nordics
- Infrastructure, power stations and road network

Natural resources and raw materials

- Wind and sun as energy sources
- Steel, concrete, copper, glass fiber, road construction materials
- Environmental policy and circularity commitment

Employees

- Experts who master the environmental, quality and health and safety topics
- 115 permanent employees in Finland, Åland, and Sweden
- Employee Net Promoter Score (eNPS): 19
- Future workplaces certificate
- Code of Conduct, Equality and non-discrimination plan, human rights due diligence process

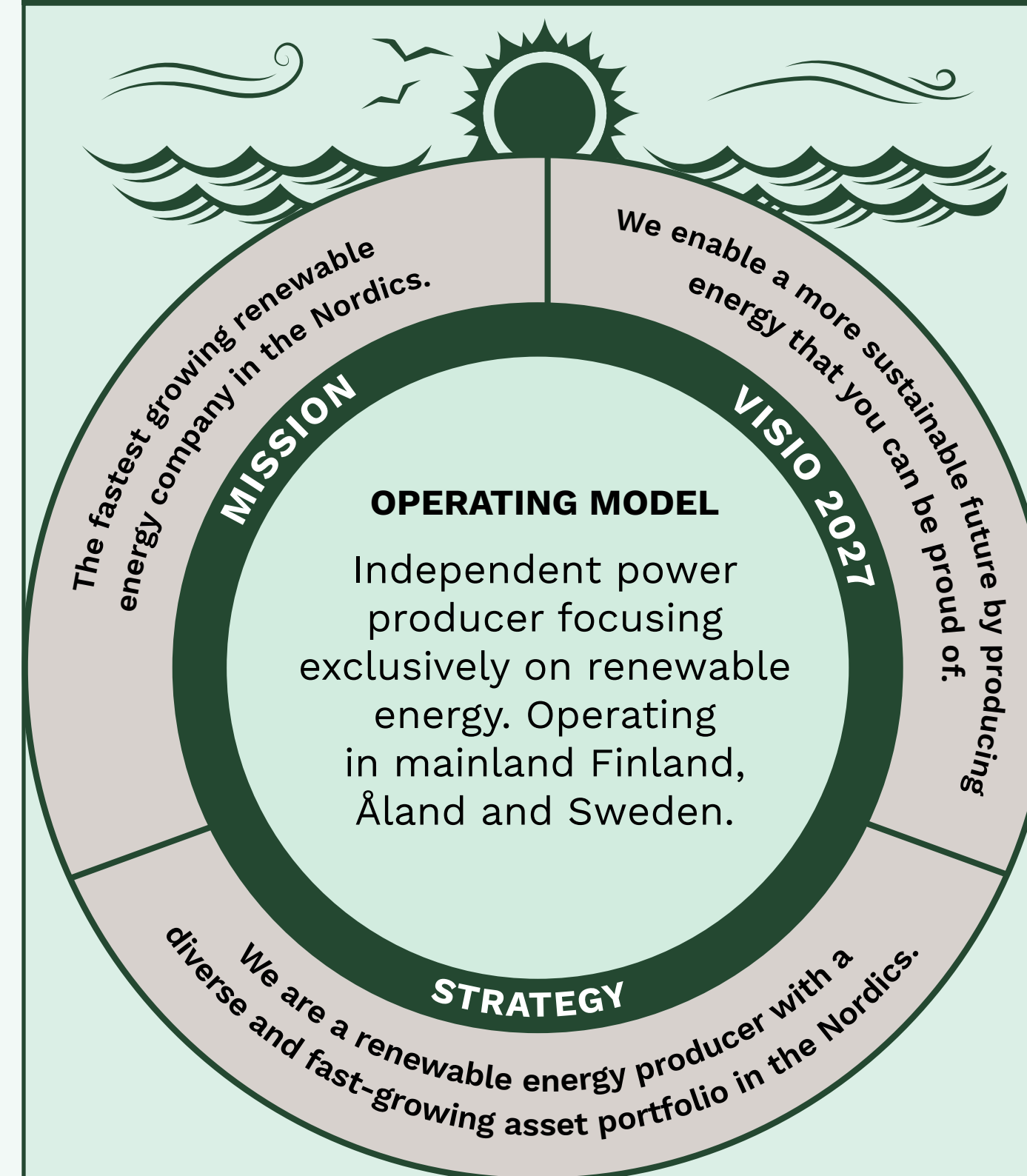
Partnerships

- Wide network of suppliers, contractors, partners, consultants, landowners and municipalities
- Code of conduct attached to every contract within the value chain
- New suppliers evaluated based on social and environmental criteria

Intangible assets

- Strong inhouse project development experience, deep local knowledge and open communication with local stakeholders
- Quality and environmental ISO certificates
- Brand, corporate culture and committed employees

BUSINESS MODEL ▶



WE DEVELOP, CONSTRUCT, OPERATE AND OWN WIND AND SOLAR PARKS

- development • land lease • permitting process • project finance • construction • energy production and trading • technical and commercial management

VALUE OUTPUTS ▶

Products and services

- 433 MW renewable energy production capacity
- 415,292 MWh of renewable energy produced
- 24/7 trading desk
- 24/7 control and maintenance

Carbon footprint

- Total emissions (Scope 1, 2 & 3) 84.3 ktCO₂e, of which 99.5% from construction of new assets
- Waste: 6 tonnes, of which 63% was recyclable
- Up to 90% of the wind turbine parts and solar panels can be recycled at the end-of-life stage

Biodiversity

- 100% of the permitted projects covered by nature assessment
- 11 pre-studies, 68 nature studies, 31 EIAs ongoing, 2 sea bottom surveys ongoing
- 6 hectares including 12,000 new trees planted in Finland as ecological compensation

Social outputs

- 56 public hearing events organized for local communities
- 2 visitor centers inside the wind farms

Economic outputs

- Taxes paid 86.81 MEUR, salaries paid to employees 10.11 MEUR, payments to suppliers, rent for land owners, interest for investors

IMPACTS

For environment

- Renewable energy accelerates the clean transition to fossil-free energy production, helps to reduce emissions and to slow down the climate change.
- Positive climate impact and handprint was 163.9 ktCO₂e, which covers the annual emissions of over 17,000 citizens

For society

- Ensuring energy self-sufficiency in Finland, forerunner in the new technologies, responsible and reliable energy production
- During the entire lifetime of a wind park the contribution to GDP is 654 MEUR, value creation 636 MEUR ja investments 213 MEUR.
- Attracting foreign investments to Finland which increases the employment rate and wellbeing.
- Renewable energy investments enable also further investments in hydrogen and green transition.

For local communities

- The vitality of regional business, supporting the municipal economy, the creation of new jobs. Energy self-sufficiency for municipalities.
- Property tax revenues are significant for the municipality's vitality and well-being, such as the construction of apartments and infrastructure and the provision of services.
- In the project locations, financial support for local non-profit organizations

For employees

- Salaries, personal development, meaningful job, an equal and non-discriminatory working environment
- 31% of employees and 33% of senior management are women
- 100% of employees have completed the anti-corruption and anti-bribery training

For partners

- Employment impact in construction: 160 FTEs
- Business growth and development
- Safe working environment: LTIF 8.25 (including employees and contractors)
- Protecting human rights and business ethics throughout the supply chain





Our approach to sustainability

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Management of sustainability

The foundation for our sustainability work is built on our mission, vision and shared values – expertise, accountability, forerunner and sustainability. Our work is guided by our management systems, Code of Conduct, policies and commitments as well as various guidelines.

With well-organized sustainability management, we aim to ensure that we achieve our sustainability goals. We continuously develop both our sustainability work, management and reporting as we aim to comprehensively respond to the sustainability requirements of our owners.

Sustainability at Ilmatar is the responsibility of the Board of Directors, the supreme governing body. The Board of Directors monitors the management of the impact on the company's finances, the environment and people and the progress towards company targets. The Board of Directors approves the sustainability strategy and program, key policies and action plans as well as the most important initiatives and targets. The Board also approves

the sustainability report before it is published.

We report on the sustainability performance of our business annually to the Board of Directors and owners. The reporting includes, among others, information on emissions, governance and the carbon footprint of each wind and solar farm. The Board members represent our owners who are private equity and fund managers specialized in the energy transition and the sustainable growth of holding companies and strongly committed to sustainable financing and investing in accordance with the ESG criteria.

The operative functions of Ilmatar are the responsibility of the Management Team. In the Management Team, Vice President of Communications, Marketing & ESG is responsi-

ble for sustainability matters. Practical matters related to sustainability, coordination, reporting and communication related to sustainability are the responsibility of the ESG Manager who reports to Vice President of Communications, Marketing & ESG.

Our Management Team takes part in defining the most material sustainability themes and approves the sustainability strategy. Each Management Team member is responsible for managing and implementing the sustainability strategy in practice within their respective areas of responsibility. The Management Team's incentive systems include sustainability indicators that are related, among others, to employee satisfaction and occupational safety.

Business operations fulfill corporate sustainability

Corporate sustainability is managed and implemented daily in our business areas. Our construction team is responsible for the occupational safety of construction sites. Project development takes biodiversity into account already at the development stage, conducts comprehen-



sive ecological surveys and engages in active dialogue with landowners. In addition, our procurement team is responsible for assessing supplier sustainability, our finance department for due diligence and our legal team for our contracts. Our Trading Desk secures that electricity is sold responsibly to the market 24/7. Where necessary, we shall establish project organizations that include representatives from different functions, with the goal of promoting various sustainability initiatives.

Sustainability risks are assessed, and the company's overall risk man-

agement process aims to reduce them. The company's risk framework is updated and mapped out twice a year.

Sustainability work is included in our day-to-day actions, and every Ilmatarian contributes to it. In 2023, we advanced our personnel's awareness on sustainability by establishing an intranet channel for sustainability-related matters. Using the channel, our employees can familiarize themselves with our sustainability strategy and related goals and read current news on environmental and social sustainability.

Policies governing sustainability

- Updated in 2023, our **Code of Conduct** outlines the set of rules we follow on e.g. human rights, anti-corruption and legal compliance. All our and our affiliates' employees are required to comply with our Code of Conduct. Learning the Code of Conduct is included in our employees' onboarding process. In addition, we require that all contractors, suppliers, partners and other stakeholders working for, or on behalf of, Ilmatar are committed to complying with our Code of Conduct. The Code of Conduct is published on our website. It is included in our contractor agreements. [For more information, see page 47.](#)
- In addition to the Code of Conduct, our operations are guided by **Ilmatar's Environmental Policy** which was updated in 2023. The Environmental Policy is published on our website. We require that our partners comply with our Environmental Policy principles in all our projects. We comply with the environmental impact assessment (EIA) in the construction of wind power. In Finland,

this procedure is mandatory for farms exceeding 45 megawatts or 10 plants and requires Ilmatar to provide comprehensive ecological surveys before moving forward with the projects. [For more information, see page 34.](#)

- Our **equality and non-discrimination plan** includes goals related to e.g. equality in compensation, recognizing the importance of diversity, and reinforcement of inclusion. The internal plan is available for all our employees in the intranet. In 2023, we conducted an internal employee survey regarding equality in our organization. The plan is updated bi-annually with the next update scheduled for 2024.
- Ilmatar and its group companies respect the privacy of all their customers and partners and comply with the current data protection legislation. Our **data protection** and information security policy were updated in 2022. The statement is applied each time a customer uses our services or interacts with us and it is published on our website. [For more information, see page 49.](#)

In addition to policies driving sustainability, we have created internal instructions and guidelines for, e.g. working remotely, travelling, work time tracking, onboarding, improving occupational health and safety with occupational health services, improving our work community and developing personnel skills, early intervention and contractor selection process. In addition, all wind and solar farms have their own safety instructions. We have identified occupational safety as our next area of improvement. During 2024, our goal is to create an occupational health and safety policy that covers the entire organization.

Transparency plays an important role in responsible business

We comply with the EU's Regulation on Wholesale Energy Market Integrity and Transparency (REMIT) which supports open and fair competition in the markets.

We release any inside information we may have if it they are likely to have a significant impact on wholesale energy markets. In accordance with the REMIT regulation, we report any significant changes in electricity production that may have an impact



on electricity prices on the market, i.e. those exceeding 100 megawatts. We also inform of any significant capacity changes via an UMM (Urgent Market Message).

Our key commitments

- UN's Universal Declaration of Human Rights
- ILO Declaration on Fundamental Principles and Rights at Work
- The United Nations Global Compact
- UN's Sustainable Development Goals (SDG)

We are committed to the UN Global Compact initiative and advance the UN's Sustainable Development Goals

We have been a UN Global Compact signatory since 2021. We are committed to complying with the ten principles related to human rights, labor, the environment and anti-corruption. We support and respect universal human rights and the freedom of association and are committed to preventing discrimination in our work community and recruiting processes, among others.

WE ADVANCE WITH OUR BUSINESS OPERATIONS ESPECIALLY THE FOLLOWING UN SUSTAINABLE DEVELOPMENT GOALS:



Good Health and Well-Being. We take good care of our employees' and contractors' health, safety and well-being. We bring significant regional economic benefits to our project localities.



Affordable and Clean Energy. We produce renewable energy and increase the availability of renewably sourced electricity in the market.



Decent Work and Economic Growth. We take good care of our employees, and we grow responsibly. We strive to boost economic growth spurred by renewable energy.



Industry, Innovation, and Infrastructure. We use the latest technology at our power plants and ensure long service life and continuous energy production. We are building a new electricity infrastructure in Finland.



Responsible Consumption and Production. We conserve and recycle materials wherever possible. We provide our customers opportunities to consume sustainable and renewably sourced electricity.



Climate Action. By producing renewable energy and supporting the green transition, we reduce both our and our customers' emissions.



Life Below Water. We take the seafloor, ocean health and marine biodiversity into consideration when planning offshore wind power.



Life on Land. We take care of people and the environment. Preserving biodiversity is at the core of our sustainability efforts in both wind and solar power projects.



Partnerships. Cooperation with our partners opens opportunities for new innovations and supports the green transition in society. We are a responsible partner and expect the same commitment from our stakeholders.

We have identified the human rights impact of our supply chain

As part of the UN's Global Compact Business and Human Rights Accelerator program, we assessed the potential human rights impact of our global supply chains in 2023. We update the assessment continuously in case new risks are identified. To integrate our human rights commitment to our daily practices, we have implemented a supplier selection process and apply strict criteria for our procurement activities. To mitigate any risks, the requirements are included in all our supplier, partner and vendor agreements. Some concrete examples of these efforts include our Human Rights Due Diligence process, supplier self-evaluations and ESG questionnaires as well as on-site audits. [For more information, see page 49.](#)

We comply with minimum safeguards for human rights

The UN's Universal Declaration of Human Rights is part of our internal training, and our minimum safeguards are based on the declaration.

An extensive third-party evaluation on human rights practices related to our activities found that

we comply with the minimum safeguards laid out in the EU Taxonomy Regulation.

Based on the evaluation, We are strongly committed to supporting sustainability and responsible business practices. Sustainability is the core principle that guides our decision-making processes. The evaluation highlighted several positive actions in our business activities in regard to respecting human rights and applying good governance practices, which reflect our predictive approach.

Zero-tolerance for corruption in all its forms

We apply a zero-tolerance policy towards bribery and corruption. We do not make promises, offer bribes or make illegal payments to authorities or any other parties. Furthermore, we do not advise or suggest anyone to offer or approve them on our behalf.

We treat our business partners professionally, fairly and equally, and based on objective factors. We do not let our own preferences and interests affect the approach we take. We are truthful and transparent in our interactions with clients, suppliers and other stakeholders.

We believe in honest competition and comply with competition legislation without exception.

In 2023, every new employee received anti-corruption training during onboarding.

In our projects, we require that our contractors comply with the legislation regarding contractors' obligations and liability. For the supervision, we employ the services of Vastuu Group. [For more information, see page 48.](#)

In 2023, every new employee received anti-corruption training.

Whistleblowing channel for reporting concerns

We encourage our employees, partners and other stakeholders to inform us of any concerns or suspicions regarding any activities that are against the law or our set of rules, our Code of Conduct or our values. Our employees may report directly to their supervisor or elected representative. In addition, in late 2022, we established a whistleblowing channel, hosted by an external operator, where any observed or suspected abuse may be reported, openly or anonymously. The channel is accessible via our website. In 2023, we received three reports via the channel. One was irrelevant, the other one was internally forwarded to another process, and the one, related to our supply chain, we reacted accordingly. Ilmatar's Legal & Compliance team processes the reports without bias and undue delay.

Active work for industry organizations

In 2023, Ilmatar was a member among others in the following industry organizations:

- **Finnish Wind Power Association (FWPA)** where we are members in the Advocacy committee, the Offshore wind power committee, the Grid committee, the Sustainability workgroup and the Technical Task Force
- **Finnish Energy** where we are a member in the wind power committee
- **Both2nia network** which develops the hydrogen industry in the Gulf of Finland
- **Hydrogen Cluster Finland** promotes the interests of Finland based companies engaged in hydrogen development
- **FIBS (Finnish Business & Society)** which is the largest corporate responsibility network in the Nordic countries
- **Auringosta Energiaa**, a coalition of solar power developers operating in Finland
- **Svensk Solenergi**, a solar energy industry organisation in Sweden
- **ETI Sverige**, Ethical Trading Initiative Sverige
- **Nätverket Bärkraft.ax**, a corporate responsibility network operating in Åland



CERTIFICATES GUARANTEE THE COMPLIANCE OF OUR OPERATION

- ISO 14001 environmental certification for Ilmatar Service
- ISO 9001 quality certification for Ilmatar Service
- Future Workplaces Certification recognizes the exceptional management of our corporate culture. [For more information, see page 42.](#)

Stakeholder engagement

Our renewable energy value chain involves several stakeholders. Our key stakeholders include landowners, municipal decision-makers, financiers, employees, suppliers, and contractors. Cooperation with our stakeholders is critical for our business operations. We actively listen to them, aiming to understand our stakeholders' expectations and address their needs. Sustainability, one of our corporate values, is meaningful to our stakeholders. We want to be forerunners in the energy sector. Our goal is to drive green transition by constructing more renewable energy for Nordic electricity markets.

During 2023, we refocused our strategy and sold our consumer-focused retail business. In accordance with our current strategy, we now focus on providing renewable energy to the electricity grid and to corporate customers through Power Purchase Agreements (PPA).

In 2023, we also conducted a double materiality assessment, which included interviewing a total of 15 internal and external stakeholders. Involving stakeholders in the analysis helps us steer our operations in the right direction.

Cooperation with our stakeholders is critical for our business operations.

MUNICIPALITIES



Jaakko Kuronen

Director of Joroinen municipality

EXPECTATIONS

I expect good and open cooperation with Ilmatar in the future. The development of the projects has been in professional hands and the communications with the municipality has been proactive and interactive.

HOW WERE THE EXPECTATIONS FULFILLED IN 2023?

The expectations were met excellently. In addition to the fact that Ilmatar is developing industrial-scale solar power in Joroinen, we also talked a lot about an energy hub in Keski-Savo and the possibilities energy refining in the Keski-Savo region.

COMMUNICATION CHANNELS

Communication and dialogue have been conducted by e-mail, telephone and several times also face-to-face. In addition, Ilmatar was represented in the panel discussion at the Elävä maaseutu trade fair.

CONTRACTORS



Senja Poutiainen

Keski-Suomen Betonirakenne Oy

EXPECTATIONS

We expect continuity, cooperation and open discussion with Ilmatar in the future as well, in the same way as until now we have had so far. We also expect that Ilmatar trusts our way of contracting its wind farms.

HOW WERE THE EXPECTATIONS FULFILLED IN 2023?

Expectations were well met. Ilmatar showed its trust in us when choosing a contractor for the Pahkakoski wind farm.

COMMUNICATION CHANNELS

It has been easy to communicate with Ilmatar; someone always answers quickly by e-mail or by phone. Discussing issues is constructive.



LANDOWNERS



Matti Pesonen

Landowner, Alajärvi

EXPECTATIONS

We approached Ilmatar over ten years ago. After meeting the company's founders for the first time, I myself believed and trusted that the wind farm could actually be built one day.

HOW WERE THE EXPECTATIONS FULFILLED IN 2023?

As a citizen engaged in agriculture and forestry, I would like to highlight, for example, the excellent road network, which Ilmatar manages in its renewable energy farms all year round. It is available to all of us and, winter maintenance is well taken care of by local assistance. Wind power plant maintenance and road maintenance create permanent jobs here.

We have been cooperating for more than ten years. Ilmatar's corporate culture, flexibility and adaptability are at a stunning level.

COMMUNICATION CHANNELS

After more than ten years of discussions, and now that wind turbines have appeared in the scenery here, many things that I have been imagining for a long time have become a reality and most of the dialogue with the locals is very positive towards Ilmatar and the opportunities brought by renewable energy.

EMPLOYEES



Inka Hirvonen

Junior Project Developer,
Ilmatar

EXPECTATIONS

As my employer, I expect Ilmatar firstly to have a responsible and sustainable approach in all fields of work. Secondly, to take into consideration our company values in the daily tasks and thirdly, to maintain an active culture of conversation between the employer and the employees.

HOW WERE THE EXPECTATIONS FULFILLED IN 2023?

In 2023, Ilmatar improved its internal communication, further developing the company's internal communication channel "Intratar". In addition, the strengthening of Ilmatar's values such as "Sustainability" in everyday work is reflected in the creation and implementation of new strategies, such as the ESG strategy.

COMMUNICATION CHANNELS

During 2023, discussions were held in the Ask Away meetings, which enable a direct conversation between management and employees. The employees have been able to comment on the strategies that impact them, such as the ESG strategy, already during at the preparation stage.



SUPPLIERS



Katja Seppä

Prysmian Group Finland

EXPECTATIONS

Since its foundation, Ilmatar has trusted Prysmian Group's products and know-how. Ilmatar is an important, long-term customer for Prysmian Group Finland, and we want to continue to deepen our partnership. For our part, we develop renewable energy solutions to serve Ilmatar's projects. As solar power and offshore wind power increase their role in the coming years alongside onshore wind power in Finland and the Nordic countries, we see enormous opportunities for our cooperation.

HOW WERE THE EXPECTATIONS FULFILLED IN 2023?

Our cooperation has been in line with our expectations in 2023. We have delivered cables to several Ilmatar's wind power projects in 2023.

COMMUNICATION CHANNELS

We have had an open and good discussion about the markets, projects and technical issues with Ilmatar and its contractor partner. We want to be Ilmatar's comprehensive system supplier of energy solutions for all kinds of projects.

FINANCIERS



Jakob Groot

Partner,
Copenhagen Infrastructure
Partners (CIP)
Green Credit Fund I

EXPECTATIONS

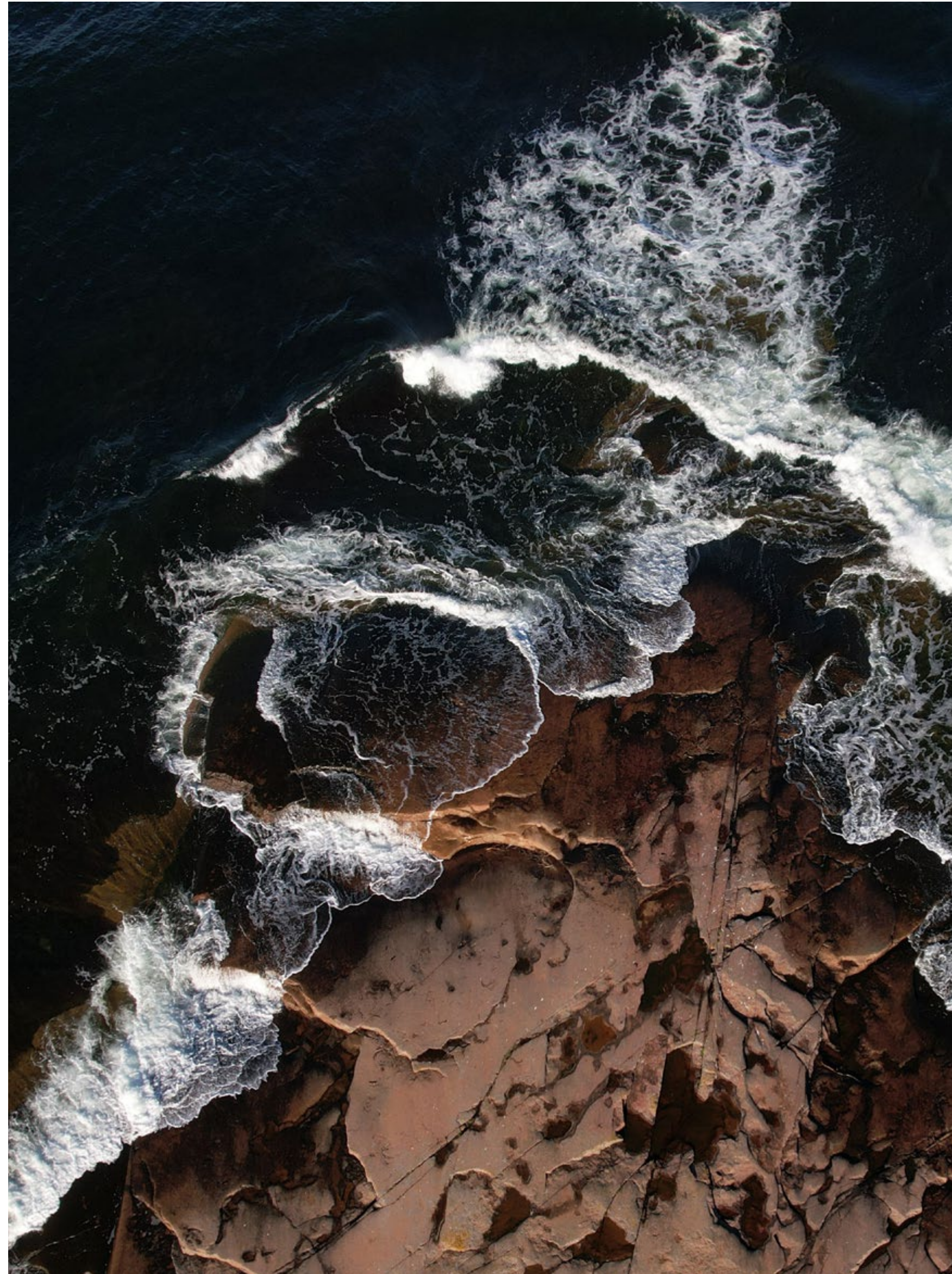
We expect that Ilmatar follows in all its business the applicable laws and permitting proceedings as well as its own ESG policies such as Code of Conduct and Environmental Policy. We expect the implementation of new human rights due diligence plan and development of reporting in construction projects, environmental matters of operational wind farms, and social key figures.

HOW WERE THE EXPECTATIONS FULFILLED IN 2023?

According to the information we have received, Ilmatar's sustainability work and operations are in mainly aligned with CIP's expectations. CIP recognized during the due diligence process several improvements that Ilmatar had already considered before the dialogue with CI GCF I. Implementation of recognised improvements was sped up according to loan agreement's ESG commitments.

COMMUNICATION CHANNELS

The most important communication channels are virtual (Teams meetings and emails) and personal meetings between CIP and Ilmatar.



Double materiality assessment

Our ESG strategy and targets are based on a double materiality assessment, which identifies the effects of our business on external stakeholders and the environment (inside-out), as well as the related financial risks and opportunities from an internal perspective (outside-in).

The double materiality assessment was conducted for the first time in spring 2023 together with a third-party. A total of 15 external and internal stakeholders participated in the assessment, including our own employees, financiers, suppliers, representatives of the electricity network, and partners.

We started by summarizing 50 potential sustainability topics in a long list, from which those least relevant for us were eliminated. Based on the shortened list, stakeholders were asked to provide written and oral assessments of relevance on a scale of 1 to 5. In terms of materiality, medium (3) was considered the threshold value. Based on the results, our management team confirmed the selection of material sustainability topics in an internal validation workshop.

Based on the combined results of the preliminary assessment and stakeholder interviews, it was concluded that the sustainability topics most material for our business are:




- energy transition enabler
- biodiversity and circularity-enhancing activities
- human rights and safety in the supply chain
- attractive employer
- active community member
- accountable and fair actor




Quantitative and measurable targets were set for each material topic. These targets are in line with our strategy, and we report on their progress annually in our sustainability report.

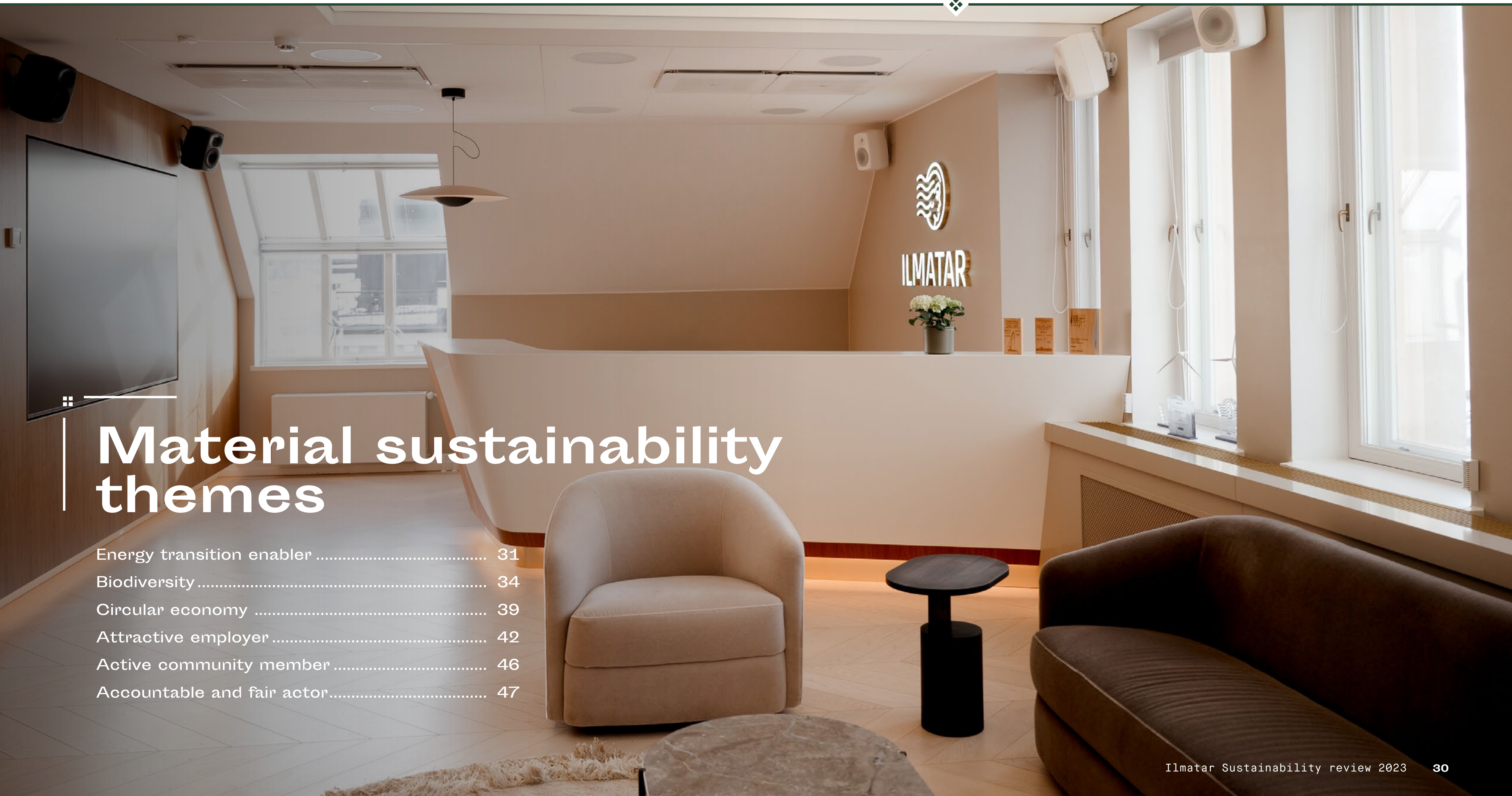
Quantitative and measurable targets were set for each material topic.

Our ESG strategy

OUR SUSTAINABILITY GOALS ARE SET UNTIL 2027

| Material themes | Description | 2027 goals | Progress in 2023 | UN SGD's |
|--|--|--|---|---|
| Energy transition enabler | We are committed to operating in the most sustainable way. We contribute to mitigating climate change by producing fossil-free energy. Positive carbon handprint is not enough for us. We strive to reduce our carbon footprint, including the supply chain related activities, where a substantial part of our carbon emissions occur. We also continuously assess the impacts of climate risks to our portfolio. | <p>4 GW of renewable energy production assets in operation</p> <p>Reduction of CO₂ footprint in line with 1.5C ambition</p> <p>100% renewable energy used in own operations</p> <p>Climate risk assessment for 100% of our operating assets</p> | <p>433 MW of renewable energy assets in operation</p> <p>CO₂ emissions reduced by 38%</p> <p>89% of renewable energy used in own operations</p> <p>Climate risk assessment started</p> |  |
| Biodiversity and circularity-enhancing activities | To support biodiversity, we identify the best available solutions for land use in our projects, aiming to conserve biodiversity and mitigate any negative environmental impacts. We develop operations that support biodiversity and enhance circularity, while also mitigating any negative effects on nature or animals. | <p>Biodiversity assessment for 100% of projects (incl. solar)</p> <p>100% of installed solar panels will be recycled in the future</p> | <p>Biodiversity assessment completed for 100% of our permitted projects</p> <p>No installed solar panels have reached the end-of-life stage yet</p> |  |
| Human rights and safety in supply chain | We take good care in selecting carefully our partners and contractors, as the majority of potential negative impacts on human rights and occupational health and safety risks exist within the supply chain. By closely monitoring their performance and establishing improvement targets, we actively promote human rights throughout our supply chain. Transparent communication about targets, measures and results helps to enhance sustainability throughout the value chain. | <p>Human rights commitment integrated in 100% supply contracts</p> <p>Lost Time Injury Frequency (LTIF): < 4 including employees and contractors</p> | <p>Human rights commitment in 100% of the contracts</p> <p>LTIF: 8.25 including employees and contractors</p> |  |

| Material themes | Description | 2027 goals | Progress in 2023 | UN SGD's |
|--|---|---|---|---|
| <p>Attractive employer</p> | <p>Working for a purpose inspires our employees. We focus on the well-being of our employees and on developing their expertise. We foster diversity and provide equal career opportunities, aiming to attract the best experts in the industry.</p> | <p>Employer Net Promoter Score (eNPS) > 40</p> <p>100% of employees have a development plan</p> <p>Women in highest management positions > 40%</p> <p>Zero-tolerance for harassment</p> | <p>eNPS: 19</p> <p>100% of employees have a development plan</p> <p>Share of women in senior management positions 33%</p> <p>No reported cases</p> |  |
| <p>Active community member</p> | <p>We want to be an active member of the communities where we operate, aiming to ensure the security of the surroundings for all users of the areas. To make that possible, we engage actively with local communities throughout the different stages of the projects. Open dialogue helps us understand local priorities and address potential concerns.</p> | <p>100% of projects with a public consultation event organized</p> <p>100% of projects with dedicated project development manager</p> | <p>70% of projects in permitting stage had a public consultation event organized in 2023</p> <p>100% of projects have a dedicated project development manager</p> |  |
| <p>Accountable and fair actor</p> | <p>We operate transparently, ethically, fairly and equally, following good corporate governance principles. We also expect our counterparties the other parties to uphold the same high standards. We act as a fair taxpayer and strictly reject any anti-competitive measures as well as any form of bribery and corruption.</p> | <p>Zero-tolerance for bribery and corruption</p> <p>100% of personnel trained in corporate governance (incl. code of conduct, anti-corruption, human rights, environmental policy)</p> | <p>No reported cases</p> <p>100% of employees have completed the anti-bribery training</p> |  |



Material sustainability themes

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| Biodiversity | 34 |
| Circular economy | 39 |
| Attractive employer | 42 |
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| Accountable and fair actor..... | 47 |



Our positive climate impact

Our core business is to help create a world that runs on renewable energy, and we are committed to performing our business in the most sustainable way possible. We aim to accelerate the renewable energy transition by having four gigawatts of renewable energy production assets by 2027. A positive carbon handprint is not enough for us, and we strive to reduce our carbon footprint, including our supply chain emissions.

We aim to accelerate the energy transition by having four gigawatts of renewable energy production assets in operation by 2027. In 2023, we made investment decisions to support this goal. We brought seven renewable energy assets to commercial operation and had 433 megawatts of production capacity. We are moving towards the four-gigawatt target, but there is a lot of work to be done.

Our efforts in sustainability are further consolidated by the fact that the power plants we build remain under our ownership, ensuring safe and efficient use throughout their life cycle. We take care of monitoring, optimizing production and servicing the assets regularly. Our technical and commercial services are ISO 14001 certified, along with the ISO 9001 quality control certificate.

Generating electricity cost-efficiently and emissions-free

With modern technology, wind and solar power are the most cost-effective ways to generate electricity. Renewable energy payback time is relatively short; studies show that the payback period for a two-megawatt wind turbine is around six months, after which the wind turbines become climate neutral. Wind power's lifecycle carbon dioxide emissions are around 7–11 grams per kilowatt-hour, mainly consisting of emissions caused by the construction, transport, and maintenance of the turbines. Offshore wind power has slightly higher lifecycle emissions than onshore wind, but it also produces energy more efficiently due to higher wind speeds and lack of physical interference.

In 2023, we really lived up to our aim of being an energy transition enabler and our wind production capacity grew substantially in Finland. We were by far the most active in investing in, constructing, and bringing wind power into operation.

During its projected lifetime of 40 years, a solar farm emits around 44 grams of carbon dioxide per kilowatt-hour of electricity produced. Majority of the emissions arise from material usage during the construction phase, including solar panels, assembly equipment, inverters, substations, and cables. Land use has a substantial impact on the life-cycle carbon dioxide emissions of solar farms, as they occupy more land than wind power farms. There are many things that need to be considered regarding the location of a solar farm. We aim to build on land with low environmental value. For example, placing solar farms on peatlands can have a climate positive effect, helping reduce carbon dioxide emissions throughout their lifecycle.

We brought into commercial production our first solar farm in Joroinen. In Sweden, we took big steps forward in acquiring suitable land for solar farms, and our first solar farm in Sweden was fully permitted.

❖

In 2023, we were by far the most active in investing in, constructing, and bringing wind power into operation in Finland.

We enable a positive climate impact

In terms of carbon dioxide emissions, we achieved a positive climate impact in 2023. It means that the positive impacts, also called carbon handprint, is greater than our carbon footprint. Already now our operations are climate positive. The emissions caused by the construction of our renewable energy assets are compensated in the long term as we replace fossil fuels with renewable energy, reducing the total car-

bon dioxide emissions of the Nordic energy grid. In 2023, the positive impact of our operations was 163.9 ktCO₂e, which equals emissions generated by over 17,000 citizens.

Our emissions are generated by construction

We have been calculating our carbon footprint since 2021. The calculations are conducted by a third party, based on the international Greenhouse Gas (GHG) protocol. In 2023, Ilmatar's total carbon emissions amounted to 84.3 (2022: 135.5) kilotonnes, of which 99.5% was related to the construction of power plants. The emissions decreased by 38% compared to previous year since the constructed wind farms were smaller in size. Our emissions are almost entirely caused by the construction of our assets. Most of the construction emissions in 2023 were generated by the Somero, Karvia, Isojoki and Kristiinankaupunki wind farm projects.

Our own operations generated 420 (2022: 148) tonnes of carbon emissions, which equals 0.5% of the total emissions. The emissions from our own operations grew slightly from the previous year due to the growth of the company and number of per-

sonnel. The emissions were caused by business travel and procurement of new equipment.

Cooperation to decrease emissions

Since construction-related emissions are not generated directly under our own operations, we cooperate closely with our contractors to reduce them. Foundations for wind turbines require raw materials such as steel and concrete, both of which are emission-intensive and have a high carbon footprint. Transportation of heavy materials involves burning fossil fuels, increasing emissions especially in project locations that are difficult to access. We are looking into carbon-neutral construction alternatives with our suppliers, such as using greener steel and concrete as well as using wood as a tower component. We also utilize existing infrastructure as much as we can by building hybrid power plants, which have the potential to significantly reduce construction emissions.

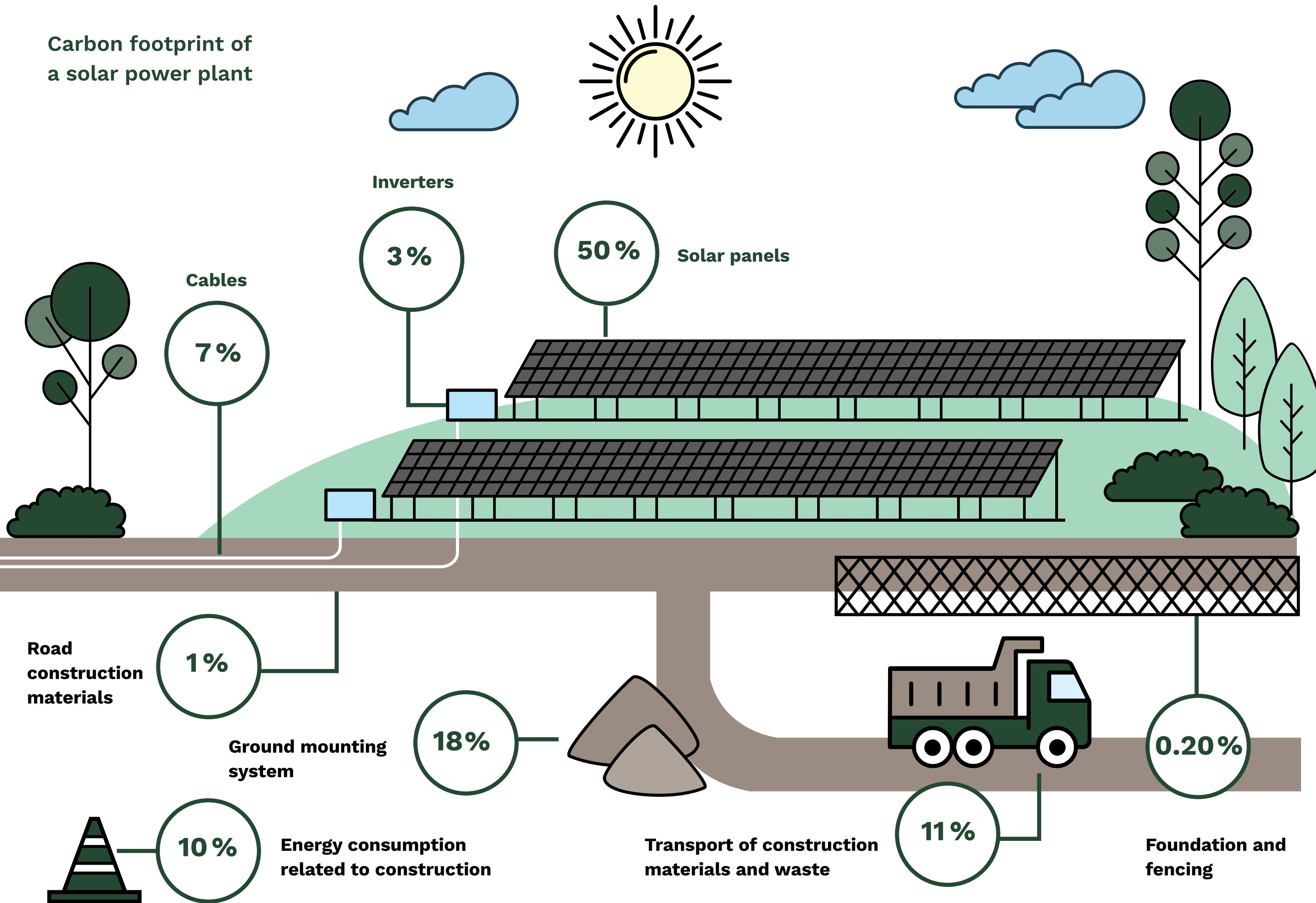
Although the share of emissions generated by our own operations count only for 0.5% compared to the construction emissions, which count for 99.5% of the total, we continuously strive to reduce them as well.

We have updated our travel policy to encourage our employees to minimize business travel-related emissions by traveling only when necessary and by selecting the most environmentally friendly means of transportation. Most of the energy used in our own operations comes from our own production and is therefore renewable. In 2023, 89% of the energy used in our own operations came from renewable sources.

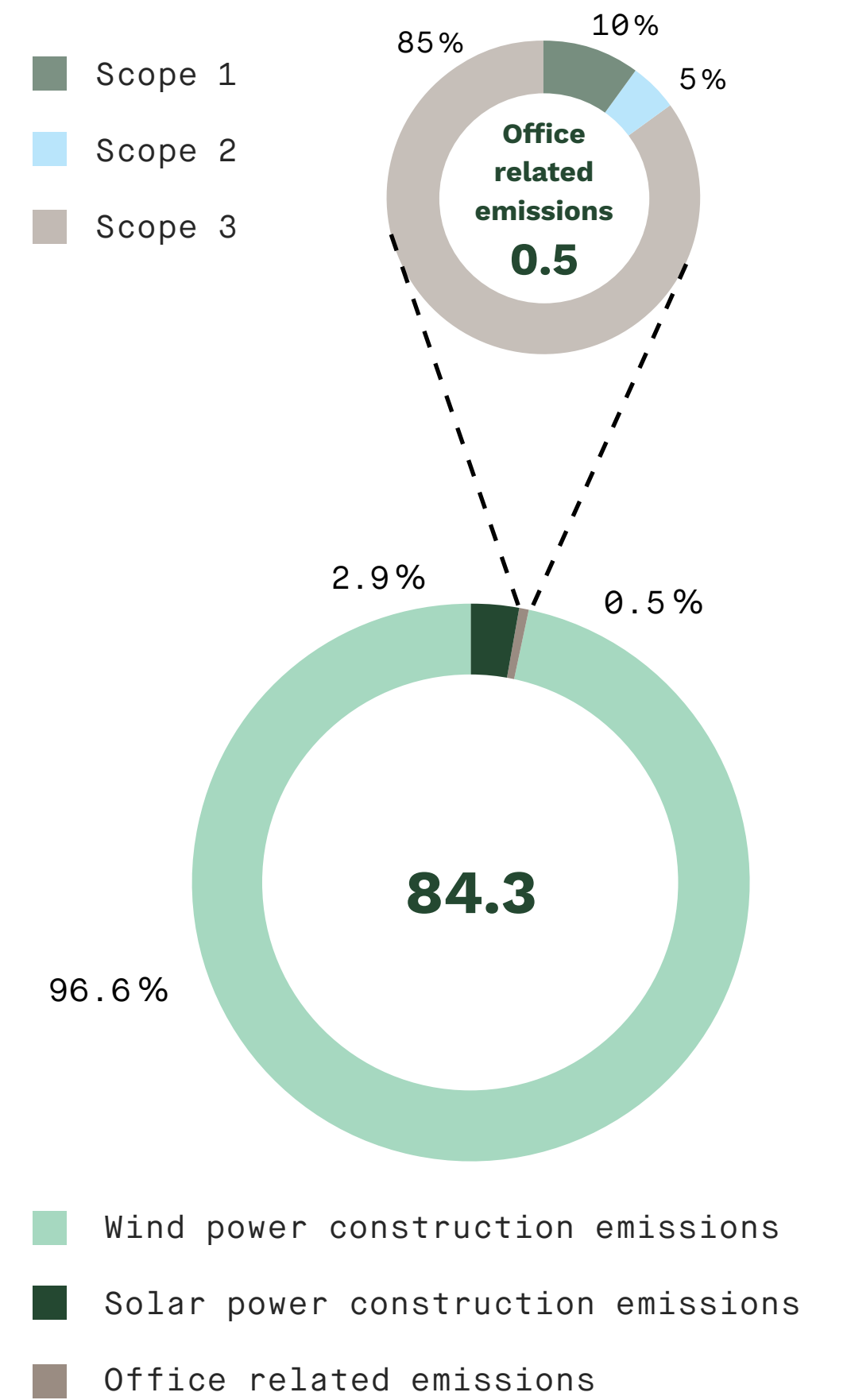
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Our operations have a positive climate impact. Our carbon handprint is now greater than our carbon footprint.

Carbon footprint of a solar power plant



Ilmatar's 2023 carbon footprint 84.3 kt CO₂e



We foster biodiversity and promote circular economy

Our goal is to develop our activities that advance biodiversity and circular economy and minimise our negative impact to the environment and wildlife.

Our primary goal is to preserve local biodiversity values and avoid any negative impact as early as possible in the project planning stage. We build wind and solar farms with consideration to local environmental values in accordance with our environmental policy. Like any construction, our operations do impact biodiversity, but the result is clean energy to help curb climate change. The environmental impact of wind power is almost exclusively limited to land use.

Environmental impact thoroughly assessed

When selecting project locations, we assess the environmental values of the area and its suitability for renewable energy production. We conduct comprehensive prelim-

inary investigations on environmental impact in the planning stage of both wind and solar power projects. The development areas for renewable energy are typically not in an untouched, natural state. They are often already in forestry use. When identifying project areas, we typically select locations of no significant environmental value, such as old fields, wastelands, peat production areas or forestry areas.

In principle, we steer clear of nature conservation areas, areas with high biodiversity value, and historical sites. If we identify sites with significant environmental value or endangered species during our preliminary investigation, we alter our plans. For instance, we can reduce the size of the wind farm area or change the location of roads, power

lines or turbines. Protected areas, if any, might typically amount to just a few percent of the total area of a wind power project. We do not plan our projects in regions with large nature conservation areas.

The environmental impact assessment (EIA) is a key part of the permit process for any wind power project. It is designed to ensure that the environmental impact of planned operations are assessed with sufficient level of detail. The Act on Environmental Impact Assessment Procedure steers the multi-year process which is applied to all new construction projects that may impact the environment negatively, including wind turbines and quarries. An EIA is a requirement for any wind power project with ten or more turbines or with a

total capacity of 45 megawatts or more.

The Finnish EIA reports and materials are available for the public at the ymparisto.fi website. For each project, the impact assessment generates a lot of valuable information on the state of nature and the distribution of species of flora and fauna in particular. Without the EIA assessments related to wind power projects, such detailed information would not be available. The information remains available for use after the construction project, throughout the life cycle of the wind turbine.

Biodiversity is often a hot topic among local residents, because wind power construction can have a visual impact on the landscape. We take the potential negative impact of noise and flicker into account in our

projects. We observe Finnish legislation for noise levels and Swedish legislation for flicker caused by light, as there is no flicker level specification in Finnish law. Due to the negative flicker and noise impact, turbines are typically located at a minimum distance of 1.5 kilometres from residential areas.

The EIA results determine whether a wind power project receives building permits or not. Some of our projects have been terminated after EIA assessments due to the nature and surrounding endangered species preventing wind power construction in the area.

Wind turbines can cause changes to the habitat and movement of, for instance, larger wildlife, such as moose. We are involved in the Natural Resources Institute Finland's

(Luke) project launched in early 2023 together with other wind energy companies. The project assesses the distribution of forest wildlife and usage of habitats in the vicinity of wind turbines. The five-year follow-up study assesses the impact of wind power on wolves, forest reindeer, eagles, and reindeer, along with reindeer herding and costs of reindeer herding. The impact of wind power on deer and hunting are also assessed within the scope of the project.

In 2023, we prepared a guide for hunting at wind farms in collaboration with the Finnish Wind Power Association. The guide was published on our website in early 2024.

Biodiversity footprint calculated for solar power

While solar farms with an area less than 200 hectares do not typically require an EIA assessment; the need is determined on a case-by-case basis. Even when an EIA is not required, construction in a sparsely populated area requires a planning requirement decision and related environmental investigations before applying for a building permit. The municipality and the Centre for Economic Development, Transport and

the Environment, determine the assessments required for each project's planning requirement decision process.

In 2023, we commissioned our first environmental footprint calculations for our two Finnish solar power projects. One of them is in an area mostly covered by forest and the other in a field area. We also determined the impact on carbon balance for several of our solar power projects. In Sweden, we also measured the potential climate impact of solar power and the resulting changes in carbon sinks in forested areas and peatlands. Converting field areas to meadows typically improves biodiversity.

We try to keep our solar farms' landscape impact minimal with careful spatial placement of solar farms and landscaping, always in cooperation with local residents.

Solar farms are often located on fields and former peat bogs where construction of a solar power park has no significant impact on local habitats. On the contrary, biodiversity at a solar farm might even improve as the soil is allowed to recover from intensive farming.

Our solar power project, with its impact assessment on moor frogs,

is a concrete example of our work for nature in 2023. Based on the assessment, a plan was drawn to ensure that construction and operation of the solar farm has no adverse impact on the swamp frog's habitat. In practice, this means excluding swamp frog habitats from the solar farm construction area and ensuring connectivity between the habitats. The plans include the improvement of existing habitats with various procedures.

Minimizing negative impact of construction

We strive to minimise construction stage environmental impact in our wind and solar power projects in many different ways. These include the protection of potential sites of high nature value during construction and scheduling noisy or disturbance-causing construction work and felling trees outside the nesting season. When necessary, we establish new habitats, such as meadows, in connection with solar farms. We can plant, for instance, local species on the land covered by solar panels and improve biodiversity by creating new habitats for pollinators. During solar production the use of pesticides also decreases.



We continue to assess the environmental impact of our wind and solar farms during production and operation.

We continue to assess the environmental impact of our wind and solar farms during production and operation. We can conduct birdlife investigations at the site during operation at regular intervals or continue to monitor water quality after construction is completed.

We maintain and foster the environment by reviving the flora, for instance. Our contractors follow legally valid and distinct plans for any risks and disturbances, such as equipment malfunctions and oil spill prevention. We extend our solar farm life cycle with regular maintenance and repair work.

When production at the site eventually ends, we dismantle solar

farm structures and ensure that the farm is efficiently recycled. We also move forward with nature restoration, landscaping and converting the area back to, for instance, its former forestry or agriculture purpose, in accordance with landowner preferences.

Primary goal to avoid environmental impact

We primarily strive to avoid negative environmental impact. Our secondary purpose is to mitigate the impact. As a last resort, we offset the negative impact at the site or elsewhere.

Nature studies help to protect biodiversity

The environmental impact assessments required for the renewable energy projects require a lot of time and resources. They are extensive surveys made by consultants, in which material is collected from the actual site. Below an example of field work, which is typically carried out for an environmental impact assessment, with the field work time being distributed over almost the entire year:

- Migratory birds for 30 days
- Galliformes for 5 days
- Birds of prey for 10 days
- Breeding birds for 10 days
- Vegetation for 5 days
- Bats for 10 days
- Flying squirrels for 5 days
- Moor frogs for 5 days

Data collected about species in the field, which varies by organism group and species:

- Location and delimitation of the deposit; shown on the map
- The unity and internal variation of the occurrence, the importance of the area for the life cycle of the species
- Size and structure of the population (use appropriate units for each species)
- Vitality/reproduction capacity of the specimen
- Area suitable for the species: habitat, extent, quality, and connectivity
- Factors that threaten the species or the preservation and/or status of the occurrence (including competing species)

In one wind power project, nature studies to collect all this information can typically take up to 5–6 months of field work and cost around 150,000 euros.

Our work for nature during various project stages



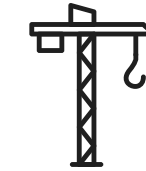
DESIGN



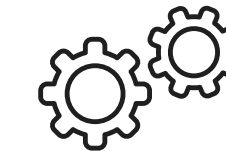
PERMITTING



PROJECT FINANCE & PROCUREMENT



CONSTRUCTION



OPERATION & MAINTENANCE



END-OF-LIFE

PRE-STUDY



ENVIRONMENTAL IMPACT ASSESSMENT



ESG DUE DILIGENCE



MONITORING AND ESTABLISHMENT OF NEW HABITATS



MAINTENANCE AND MANAGEMENT OF HABITATS



ECOLOGICAL RESTORATION

AVOIDANCE

Only areas with low biodiversity, such as old peat bogs, arable and waste lands, or intensively managed commercial forests are selected for renewable energy production.

Among other things, protected areas, areas of old forest, valuable rocky areas and undrained natural marshes are already excluded in the early stages of project development.

AVOIDANCE

Preparation of accurate environmental assessments to delineate valuable sites and take into account possible ecological networks.

MITIGATION

Careful consideration of the nature values and characteristics during the design phase so that any harm can be minimised.

A mitigation plan for project-specific mitigation measures and the possible establishment of new habitats.

COMPENSATION

Suitable protected areas are mapped.

AVOIDANCE

ESG assessment and surveys for the supply chain.

On-site auditing of the suppliers manufacturing facilities.

COMPENSATION

Financing the ecological compensation measures.

MITIGATION

Valuable sites are protected during the construction work, e.g. by fencing.

Tree removals are scheduled outside the birds' nesting season.

Landscaping of the area at the request of nearby residents.

Establishment of new habitats, e.g. diverse meadows, insect hotels, and ponds. Rotting wood is left in the landscape and mor is collected and spreaded again.

MITIGATION

Regular maintenance of new habitats, e.g. mowing or grazing.

Removal of alien species.

Research cooperation with universities.

Bird monitoring required by the Finnish Centre for Economic Development, Transport and Environment.

Revival of the forest ground vegetation.

COMPENSATION

Ecological compensation, e.g. planting of trees.

MITIGATION

Extending the project life cycle, e.g. by maintenance or repowering.

Decommissioning and recycling of components and steel structures.

Landscaping and ecological restoration according to the landowner's wishes.

Recovering the area e.g. for agricultural or forestry use.

Several steps of improvement in 2023

- We had 68 nature studies ongoing, 100% of our permitted projects were covered by mandatory environmental studies, as required by the EIA process, or voluntary nature studies.
- We commissioned the first environmental footprint surveys and carbon balance calculations for our solar power projects.
- We calculated the carbon footprint of our first solar farm. For more information, [see page 33](#).
- In Sweden, we commissioned a climate analysis for solar power.
- We began contemplating the possibility of combining agricultural production with solar power production (agrivoltaics).
- We launched an environmental impact assessment (EIA) on our off-shore wind power project at Vågskär, in the southern region of the Bothnian Sea. The EIA at Vågskär is scheduled to be completed around mid-2025. The EIA procedures at the Stormskär and Väderskär project areas in Åland's waters, launched in the previous year, were continued.
- In our solar power projects, we prepared instructions for area-suitable plant species which the site is sown with after construction. Our goal is to leave the site with better biodiversity than before we took over.
- We continued cooperation with Istutapuita.fi organisation. The collaboration began in 2022. By planting trees, we replaced forest felled for the purpose of constructing renewable energy. Around 2,000 seedlings are typically planted per hectare at a drained swamp and former peat production area in Sonkajärvi, Finland. The trees planted capture approximately 600 kg of carbon per tree over their life span.



We support circular economy

When developing our wind and solar farms, we make sure that their materials and components can be reused and recycled even better in the future. The actual recycling process is not yet topical, because the manufacturer promises a service life of up to 40 years for the power plants. The recycling potential of wind turbines is over 90%.

A wind turbine's life cycle consists of manufacture, transport, installation, usage and maintenance, and end-of-life procedures, i.e. turbine dismantling, recycling and final deposition. Because we have yet to dismantle a single solar or wind farm, we are yet to generate any dismantling waste.

However, most of a wind turbine and the materials of its components are recyclable. Wind turbine metal components (steel, copper, alumin-

ium) already have a very high recycling rate, often nearly 100%. Valuable construction materials, such as iron and copper, are resold.

Wind turbine blades are manufactured from fibreglass components, and their current average recycle rate is 70–90%, depending on the manufacturer. Once the fibreglass and other composite materials in the blades are recycled, the recycle rate of the entire wind turbine surpasses 90%.

We want to reach 100% recyclability for solar panels and wind turbine blades

We have an agreement with Stena Recycling Oy for recycling wind turbine blades at the wind farm dismantling stage. We have pledged to recycle the blades from all our wind turbines with Stena Recycling's recycling solution as the first energy company in Finland.

Currently, Stena Recycling recycles the fibreglass from wind turbines to

cement production in Europe. Using composite materials as raw material in cement production helps to reduce cement's carbon dioxide emissions. Stena Recycling is actively looking for Finnish and Nordic partners that could use fibreglass in their processes. The processing and recycling of materials takes place at a Stena Recycling facility or in cooperation with select certified partners.

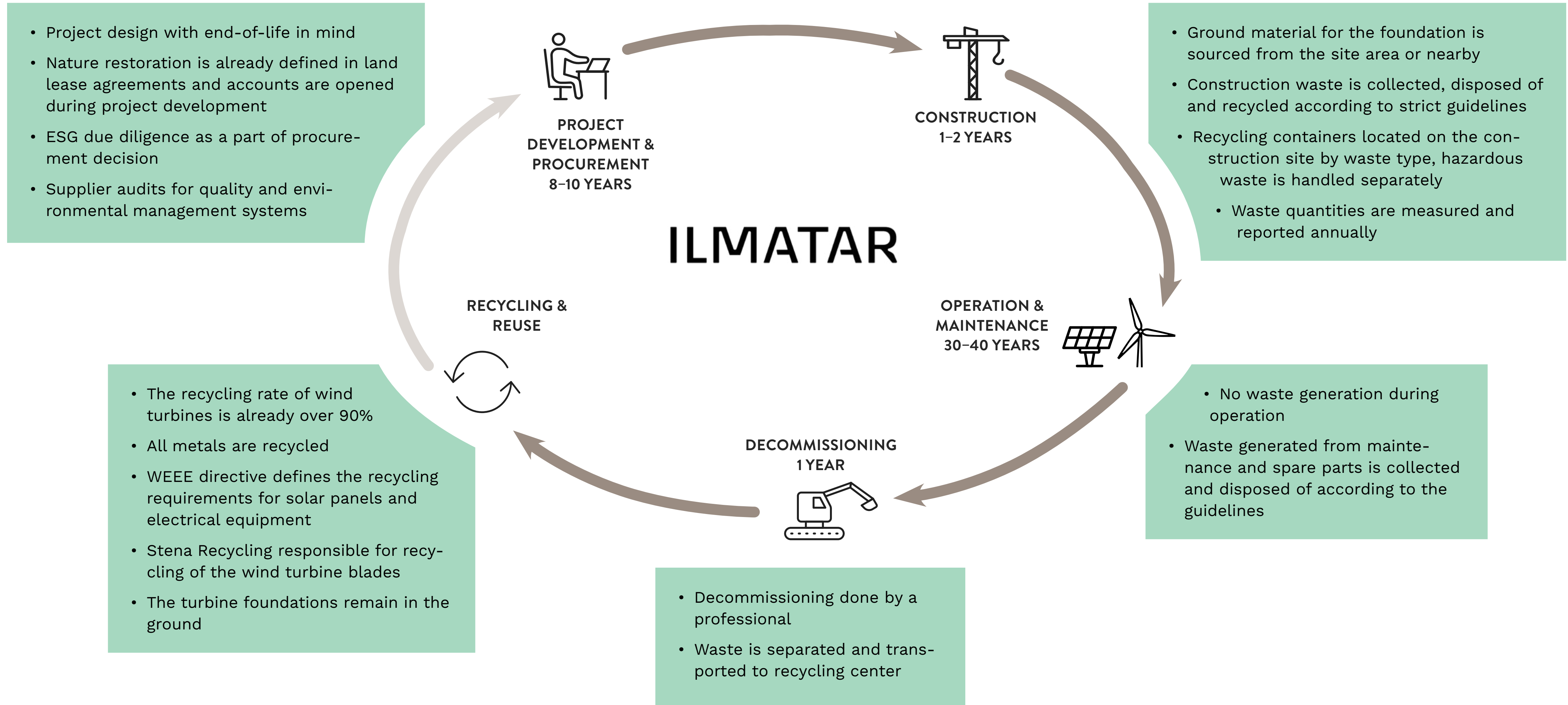
For solar farms, our goal is to recycle 100% of installed solar panels in

the future. In 2023, all of the solar panels we install will be recycled at the end of their life cycle in accordance with the Waste from Electrical and Electronic Equipment (WEEE) directive. Solar farms do not generate concrete waste, and the steel stands and panels are recyclable.



Enabling circularity throughout the project life cycle

ILMATAR



Circular economy considered already at the planning stage

Promoting circular economy begins much earlier than the actual dismantling and recycling of turbines. In our circular economy efforts, the measures taken are related to the tendering of contractors, including turbine providers. This is a way for us to have an impact on component recyclability at the eventual dismantling stage of a wind turbine.

During the procurement process, we audit the potential providers and their environmental management systems. We require product life cycle emission calculations from our providers – Environmental Product Declaration (EPD) or Life Cycle Assessment (LCA) – along with information on the life cycle environmental impact of their products, services and systems. We engage in dialogue on circular economy challenges with our providers and contractors to find the best options for reducing emissions.

During construction, we strive to acquire the ground construction materials from the project area or its nearby regions to minimise logistics needs, reduce emissions and support local businesses. All waste generated during construction and

maintenance is collected, disposed of and recycled in accordance with contractor instructions. Recycling is managed by our subcontractors.

Once a power plant has been dismantled, we can leave the roads in place on the area or, alternatively, have the rubble removed and replaced with landfill transported to the site. The same procedure applies to concrete foundations. Turbine foundations are made of steel-reinforced concrete – the same material used in drinking water wells, for example. Current research suggests that leaving the underground components in place is the least harmful option. With this approach, there is no need to haul the concrete away.

From an environmental perspective, it is important that we can guarantee a long service life for our power plants. Currently, our turbines typically have an expected service life of 35 to 40 and our offshore wind turbines 25 to 35 years. Solar panels have a service life of approximately 40 years. Equipment suppliers are in charge of equipment maintenance. Our careful selection of suppliers also has an impact on service life and maintenance. We audit our suppliers to ensure quality control, testing and compliance with our strict quality requirements.



Open discussion on construction of solar power

DURING THE PAST YEAR, we made solar energy project plans covering hundreds of megawatts in Finland and Sweden to advance the Nordic green transition. Increased solar power construction fuels public debate on energy, and we want to contribute to it with a fact-based approach.

- Our solar power plants are always planned with consideration to environmental values. The intention is to place the farms in locations where only minimal soil modifica-

tions are required. Transformers are covered and isolated to minimize groundwater or soil contamination risks.

- We mitigate any negative effects on the landscapes in nearby areas by carefully considering the design of the solar farms and by making landscaping decisions that take local environmental values into account.
- Panel reflections are minimal; the panels are equipped with anti-reflective coating which reduces the amount of reflection.

- A solar power plant does not emit noise. When activated in sunny conditions, inverters and transformers may cause a noise level comparable to a normal discussion. The effects of noise may be prevented with smart placement of inverters and transformers.
- Power plants generate revenue for the municipality/city and landowners.
- A solar power plant is designed to operate for 40 years at minimum. The life cycle of a power plant can be extended e.g. by installing new panels.
- At the end of life stage, foundations are dismantled, and the area is restored. Solar panels are recycled using latest technology in accordance with EU regulations. They are not disposed in landfills.

[Read more on our website.](#)

Workplace for a growing number of motivated energy experts and forerunners

Our competent team consists of the brightest developers and doers in the energy sector. Due to the company's rapid growth in 2023, the number of Ilmatarians also grew substantially. We made efforts to ensure that regardless of the growth and the changes, our company culture remained warm and welcoming.

Our values are the foundation for our work, guiding us in pioneering renewable energy initiatives. Our values are set by our own employees. One project at a time, we charge the Nordics with renewable energy and make the green transition possible. Expertise, accountability, forerunner and sustainability are present in our everyday work.

Our employees genuinely relate with our core values. This was evident in the Siqni employee survey conducted in early summer 2023. 96% (2022: 91%) of our employ-

ees responded to the survey, which reflects our personnel's strong commitment to giving feedback and developing our culture. According to Ilmatarians, the most motivating factors included the opportunity to use their own expertise on a daily basis, inspiring company goal and purpose, and a strong sense of community at the workplace. The results were very positive, and we were awarded the Future Workplace certificate for the second year in a row. At the end of 2023, we conducted a follow-up survey, Siqni Trend, to

monitor our progress in the most meaningful factors. It indicated that there was progress, but also room for improvement. This work will continue based on the feedback we received.

The Employee Net Promoter Score (eNPS) is one of the metrics in our employee survey and also one of the targets measured in our ESG strategy. It indicates the willingness of our employees to recommend the company as a workplace to their friends or colleagues. In the Siqni survey, we received an eNPS score of 44 which was very high and exceeded our ESG strategy target of 40 or above. The follow up Siqni Trend survey at the end year



resulted in an eNPS score of 19. The score of 19 is satisfactory, as a good eNPS result averages around 20 in Western countries. We have now analysed the results and will work actively to achieve our target eNPS set in our ESG strategy.

In 2023, the number of Ilmatarians grew substantially, and at the end of the year, we had 115 (2022: 72) permanent employees in mainland Finland, Åland and Sweden. During the year, we recruited 56 (36) new employees and turnover remained at a healthy 10% (4%).

❖

Each year, we assess the risks and challenges of our work environment and operating conditions.

Warm and inclusive atmosphere

Despite our quick growth from a start-up to a Nordic energy company and an Independent Power Producer with over 100 employees in different locations and countries, we have maintained our warm and inclusive company culture. We want to encourage open discussion on different topics, and we want all employees to feel welcome and appreciated when they come to work. Any kind of discrimination or harassment is unacceptable.

In a thriving company, there is diversity, equity, and inclusion (DEI). The topic is not new at Ilmatar. In 2022, we launched our first equality and non-discrimination plan based on the Finnish Act on Equality between Women and Men and the Non-discrimination Act. In 2023, we asked our employees to share their thoughts and ideas about diversity and inclusion at Ilmatar. 41% of our employees responded, and they were happy that the subject of DEI was discussed. We recognized that while many things are well, there is a need for more open discussion on the topic and more training is wished for. Based on the results, we prepared an action plan for 2024.

As part of the warm and inclusive atmosphere, we invest in employee well-being and shared activities. Ilmatar Klubi organizes events all year round, and all employees are welcome to participate. In 2023, Ilmatar Klubi events included tennis and golf tournaments, co-carting, yoga, sailing, and a Christmas concert, to name a few.

We want to enhance the well-being and health of our employees in many ways. In addition to Ilmatar Klubi events, physical exercise is encouraged in the form of a discounted gym membership, and we offer a broader selection of occupational healthcare services than required by law. We want to ensure the ergonomics of our employees, and in spring 2023, a physiotherapist educated our employees on workday ergonomics.

Prioritizing health and safety

Our safety and health committee meets at least once a year and when necessary. The committee consists of the health and safety representative, both deputies, and a representative of the employer. Our occupational safety and health action program aims to enhance workplace safety and our employees' ability to

work. Each year, we assess the risks and challenges of our working conditions and operating conditions. Based on the assessment, we make an occupational health and safety plan, complete with a schedule and the people responsible, for the upcoming year.

We want to be a safe workplace. One of the ways we measure this is the lost time injury frequency (LTIF) rate. It refers to the number of lost time injuries occurring in a workplace per 1 million hours worked. In 2023, we had an LTIF of 8.25 which included contractors and subcontractors and, for the first time, our office and operations employees. LTIF is one of our ESG strategy goals, and our goal is an LTIF below 4, including contractors.

Continuous learning as part of each working day

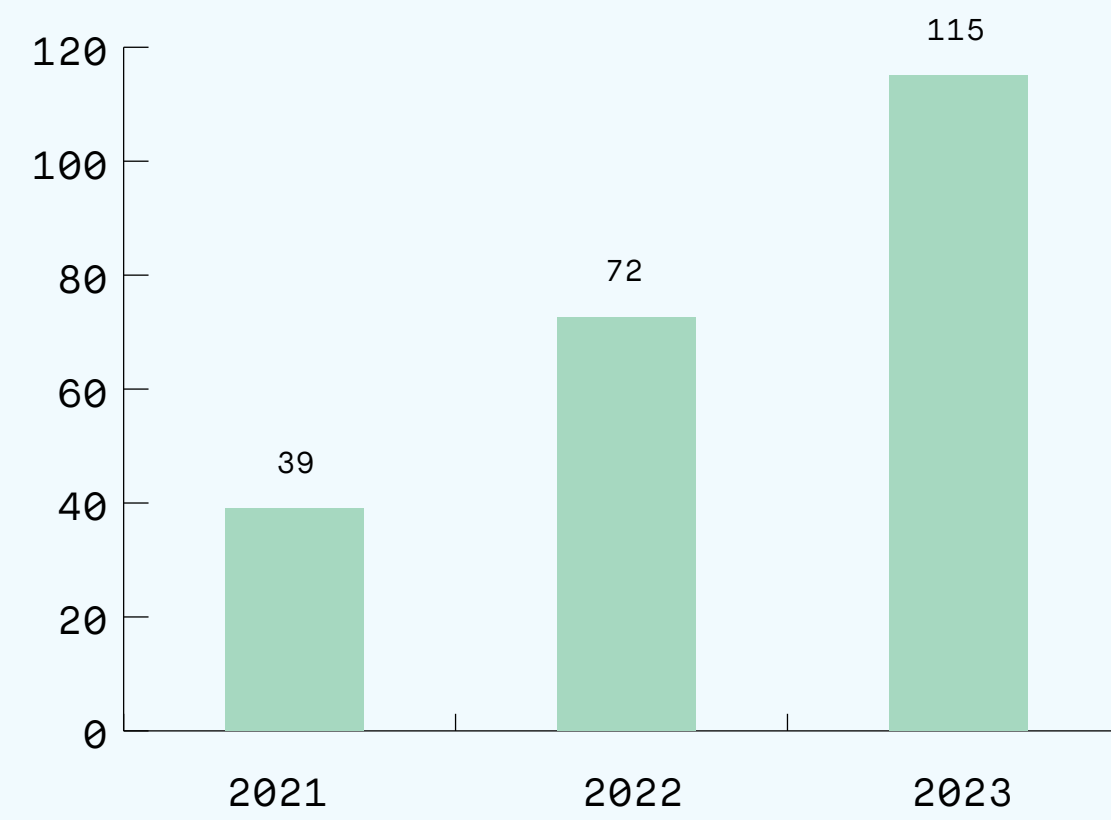
Ilmatarians are top experts in their field, but it is important that continuous learning is part of our working days. In 2023, we initiated efforts to develop and improve our internal information sharing by defining common ways of working. We made significant improvements to our intranet to advance internal communication. After the improvements,

user statistics have been at a very high level and internal information sharing has taken huge leaps forward. This work continues in 2024. We continued our popular Lunch & Learn internal training sessions where our experts educate other Ilmatarians about their expertise area. In 2023, we covered, for example, introduction to land management, solar energy basics, project development and introduction to Chat GPT.

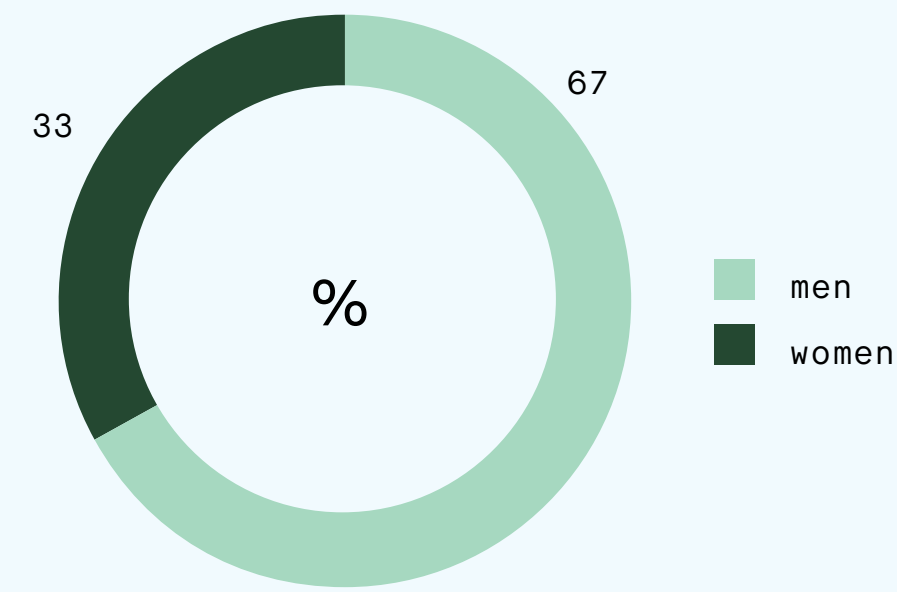
Twice a year, all our employees have development discussion with their superior. In the discussion, the personal goals for the year and development are discussed. With the development discussions, we ensure that all employees understand their role in executing the strategy and find their work meaningful.

Our personnel figures

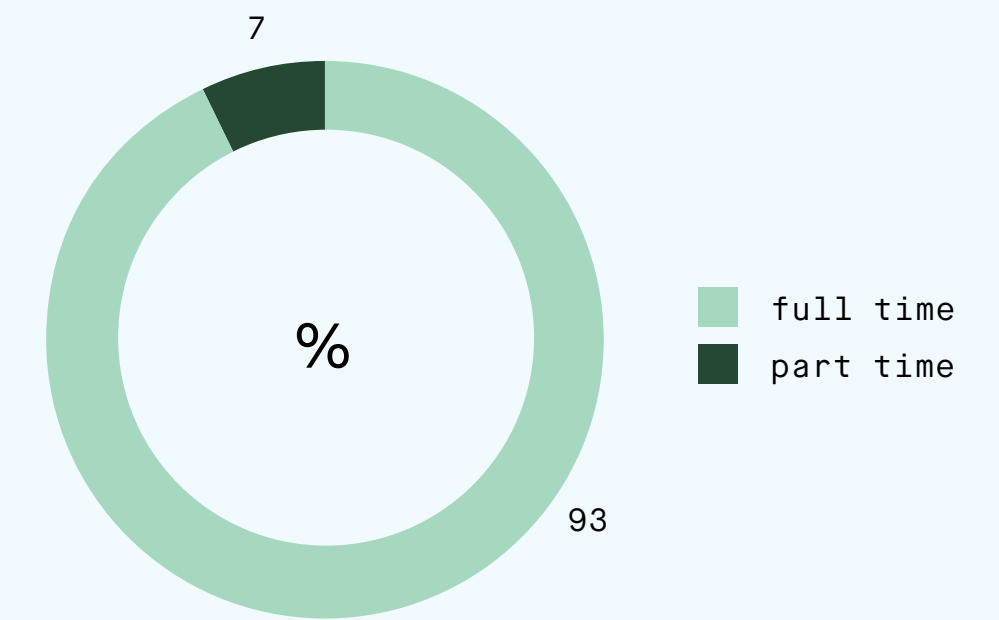
NUMBER OF PERMANENT EMPLOYEES, 31 DECEMBER 2023



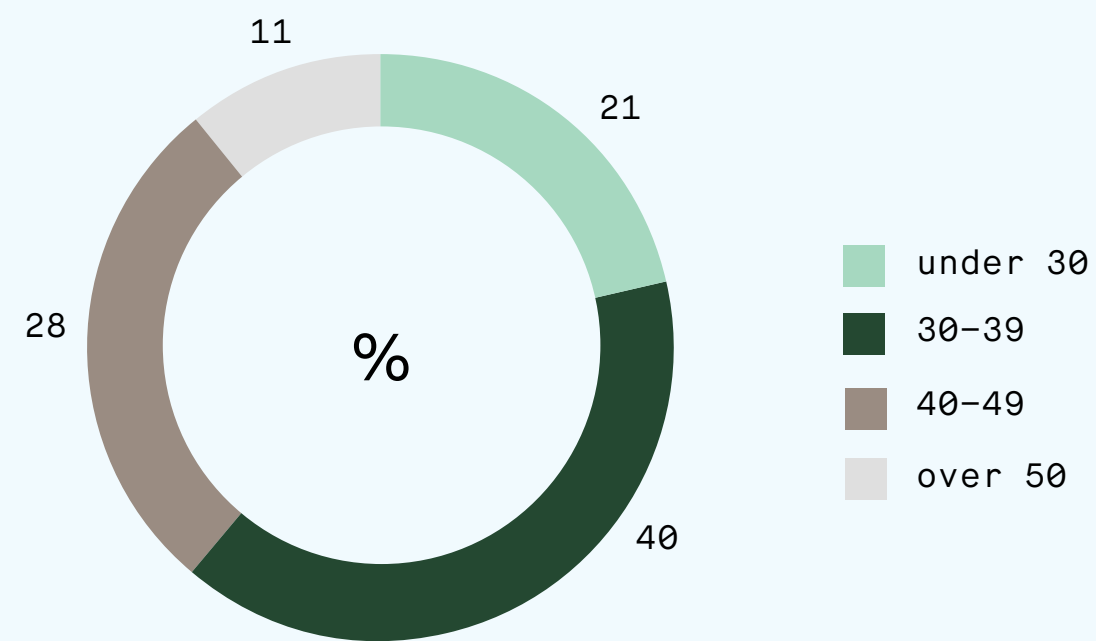
GENDER DISTRIBUTION, %



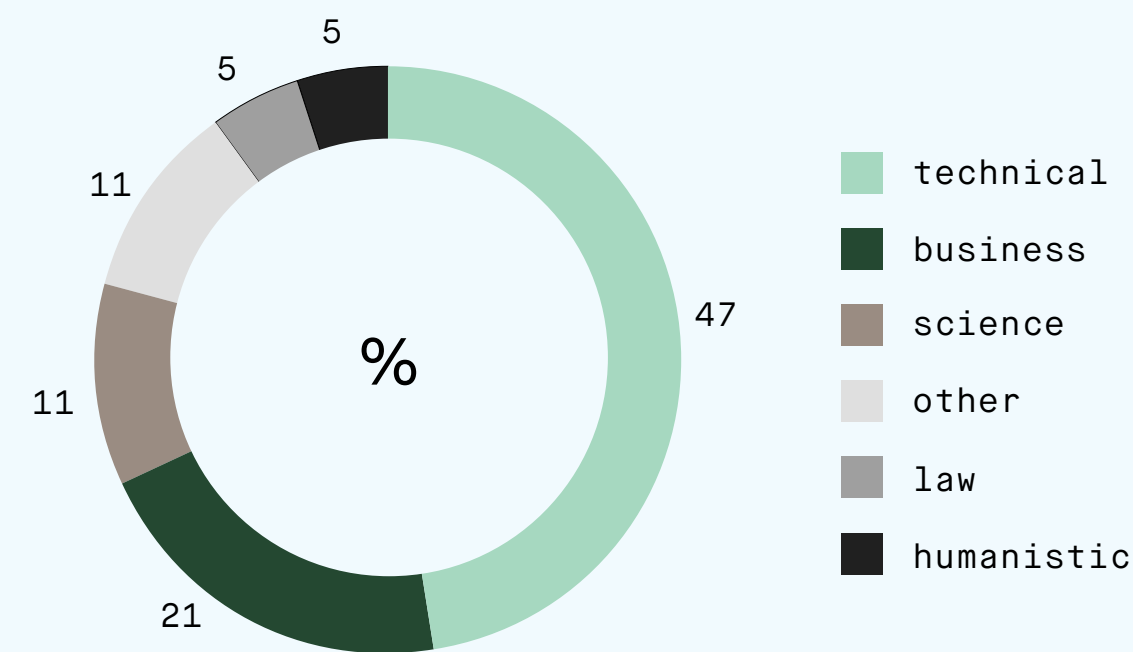
EMPLOYEES BY CONTRACT TYPE, %



EMPLOYEES BY AGE GROUP, %



EMPLOYEES BY EDUCATIONAL BACKGROUND, %



LTIF (including contractors and sub-contractors)

8.25 (4.1)

EMPLOYEE TURNOVER, %

10 (4)

YEARS OF FULL-TIME EQUIVALENT CREATED IN CONSTRUCTION

160 (140)



WE CONTINUED OUR LONG-STANDING PARTNERSHIP with the Scouts of Finland. During the past year, we sponsored their sustainable scouting fund which has financed 34 sustainability initiatives in various scout groups across Finland. Some of the sustainability initiatives organized by the scouts included voluntary tent fixing, solar panel installation, repainting sailing boats with an environmentally-friendly biocide-free paint, building composting toilets, organizing vegetarian food courses, and improving the exterior wall insulation of a camping and educational center in an effort to increase its energy efficiency.

In the summer, we were also the main partner for the Campfire Summit. Taking place in August at the Evo nature reservoir, the event hit the record with 3,300 participants. The themes for the event were creativity, renewal and safe future.

Campfire Summit has had its carbon footprint calculated since



Partnership to boost Scouts' sustainability

2019. The year 2023 was the first time the Scouts set a reduction goal of 15% for the event's total carbon emissions. The heating of water was identified early as a potential action for emission reduction. Together, we found a solution and decided to swap oil heating to emission-free electric heating. At the Campfire Sum-

mit, we invested in a container designed to provide electric heating. The technology allows heating water for both dishes and showers at future events, too. This reduced the events' emissions significantly, allowing us to reach our goal and take a huge step towards carbon-neutral Scouting.

Active community member

We are an active member in the communities where we operate. Local acceptance is important for the successful implementation of our projects. As we start to develop a new wind or solar farm, the first step is to contact local landowners and decision-makers and make their acquaintance. The cooperation with local communities remains active throughout project life cycle which spans several decades.

It is of utmost importance to us that we have good relations with the locals and that we are familiar with all organizations affected by our projects, such as hunting and sports clubs, local service providers as well as nearby residents. Every renewable energy project has an appointed Project Development Manager who manages the project and acts as the primary contact person. Contact information for Project Development Managers is available on our website. The managers can be contacted by phone or e-mail. We engage in active dialogue with local people to understand their pri-

orities and alleviate any concerns they might have.

We look to connect with local residents during the preliminary investigation phase by organizing various info events. In addition to statutory public events, we make an effort to organize townhall meetings open to nearby residents, along with briefings for local landowners. The events are intended for providing information on how the projects and related investigations are moving forward and how the project affects the environment and the landscape. In 2023, we organized a total of 56 public hearing events in continental

Finland, Åland, and Sweden. We provide economic support to local non-profit organizations and recreational and leisure associations in our project localities. In 2023, our support was targeted specifically towards local sports clubs.

When required permits have been issued for a project, construction begins. On average, the construction phase lasts for two years. During the construction, we and our contractors are physically present, spending a lot of time at the site. Vitality in the region improves as most of our projects are located in scarcely populated communities. While we look to employ local operators when selecting subcontractors, our projects also cause an inflow of workforce which benefits local accommodation and restaurant services, for instance.

In total, our construction projects contributed with employment of 160 full-time equivalents in 2023. During our wind power projects, new roads are built. They allow better connections to the region and support hunting conditions, among others. We continue to take care of road maintenance beyond the construction phase, during the power plant's operation. Our goal is to ensure

the safety of the environment for all regional users. We also organize exhibits to groups of visitors. The wind power production areas are open to everyone. After construction and upon commencement of operation, we remain physically present in the communities mainly through our maintenance work. Production facilities continue to operate with remote monitoring and control.

With persistent planning, construction and promotion of renewable energy sources, we have successfully brought foreign investments to Finland. This is one of the cornerstones of our financial responsibility. Also, the availability

of renewable energy may increase opportunities to develop the regional economy. In addition, landowners receive rental income that boosts regional vitality. Upon completion, the farms provide tax income to local municipalities in property and corporate taxes. In 2023, we contributed almost with 87 million euros in taxes in Finland.

Renewable energy projects and the resulting clean energy also have significant multiplier effects in regional and national taxation and employment. As one of the major investors in renewable energy, we have an important role in Finland as the enabler of an entire value chain.





Accountable and fair actor

We operate transparently, ethically and fairly and adheres to good governance practices. We require the same from our clients and business partners. We do our part to reduce the shadow economy and reject any form of bribery, corruption or restriction of competition in our own operations as well as in our supply chain. We choose our partners carefully and continue to assess potential risks, their business ethics, and statutory compliance during our cooperation. We also employ various sustainability criteria in our supplier selection process.

We are present in all phases throughout the project life cycle. We map out suitable locations, design the sites, apply for permits, prepare the project financing, build the production infrastructure and administer the assets from beginning to end. With comprehensive involvement, we have the best opportunity to become aware of and extensively reduce any negative impact from our projects. We

consult local communities in different operational phases and aim to respond to all their concerns.

Our partners and contractors have an important role in securing the quality of our work and successfully bringing our projects to operation. Their work also makes a major difference to our carbon footprint and the social impact of our business. We treat our suppliers and partners fairly and professionally. Our goal is to create long-term partnerships which bring value to both parties.

In monetary terms, our biggest suppliers include turbine component providers, transport agencies and wind farm constructors. Typically, wind farm groundworks, foundations and internal grid construction are acquired from different suppliers. Some of our most important business partners include project financiers and landowners. We make land lease contracts with the owners for areas suitable for the production of renewable energy.

For optimizing our latest wind power project, we use a TCI (Transport, Crane, and Installation) contracting model, commonly used particularly in the U.S. In the TCI model, the traditional full scope OEM (Orig-

Our partners and contractors have an important role in securing the quality of our work and successfully bringing our projects to operation.

inal Equipment Manufacturer) delivery and installation is split between the wind turbine manufacturer and the TCI contractor. Pakkakoski wind-farm in Ii will be one of the first large-scale sites in Europe to be built with the TCI operating model. The implementation planning progressed well in 2023, and we are excited to use the operating model. The TCI operating model increases the domesticity rate of a project and provides more work for local contractors in Finland. We are proud forerunners of the TCI concept.

Sustainability criteria as a part of our supplier selection process

The general principles and goals of procurement are specified in our internal policy for the supplier selection process. We ask all our potential suppliers to respond to a comprehensive sustainability survey, the results of which we assess as part of our supplier selection process, in addition to standard business-related matters. Among others, the survey provides information on whether the company has the required sustainability policies in place and how it advances social and environmental responsibility. Our contractor agreements include requirements on monthly follow-up on occupational safety, reporting on construction materials, measuring fuel and electricity consumption, and waste disposal.

We ensure that our contractors fulfil their legal obligations. In monitoring contractor liability, we rely on the services of Vastuu Group. They retrieve and archive liability information of reliable partners and provide an automatic notification if a company's information has changed. Also, with a tool called Doks, we

check whether any sanctions have been imposed on our partners.

Our partners commit to responsible business operations

We require our partners to commit to our Code of Conduct and, where necessary, to our Environmental Policy and our information security and safety guidelines in conjunction with making an agreement. The Code of Conduct applies to all businesses that supply products or services to our group companies. The supplier must verify that its sub-suppliers and subcontractors adhere to our Code of Conduct.

Our Code of Conduct requires our suppliers to, among others, comply with legislation, legal obligations and economic sanctions, respect human rights and principles of non-discrimination, minimise their environmental impact and ensure the occupational safety and health of their employees. In addition, we expect our business partners to minimise their waste and emissions and promote the recycling and reuse of materials. Our Code of Conduct and Environmental Policy are public documents that are available on our website.

Our suppliers also commit to conducting ethical business, reducing the shadow economy and corruption, complying with the Competition Act and preventing the financing of terrorism.

We have a policy of zero tolerance against corruption, and we do not pay out any bribes, nor do we advise anyone to offer or accept them on our behalf. We treat our business partners professionally, fairly and equally, based on corporate values.

Safe working conditions in our supply chain

We are committed to ensuring fair working conditions for all our employees and expect the same from our supply chains. We treat our employees and business partners equally. We do not tolerate any form of discrimination or harassment. We do not tolerate forced labour or child labour and we respect the freedom of association.

We expect all our business partners to take full responsibility for their employees' health and safety and to guarantee safe working conditions in accordance with legal obligations and international standards. All our contractors meet or

We require our partners to commit to our Code of Conduct.



exceed the safety requirements we have in place for our own employees. Everyone working at our sites is provided safety onboarding and encouraged to make safety observations.

We perform audits and encourage reporting abuse

We help our suppliers improve their operation and sustainability with regular audits and by engaging in active dialogue with our subcontractors, for instance. Our audits focus on e.g. quality, management of environmental matters and occupational well-being and safety. We can support our suppliers in their development process and provide suggestions for improvement as well as track the progress annually. Our goal is to find solutions to any deficiencies by discussing the matter with our suppliers and by looking for targets for future improvement. During 2023, we performed audits for transformer suppliers. The audits did not uncover any significant deficiencies.

In 2022, we opened a whistleblowing channel intended for reporting abuse. Via the channel, our employees, partners and other

stakeholders can anonymously bring forward any concerns or suspicions they have of activities that violate the law or our Code of Conduct. In 2023, we received three reports via the channel. One was irrelevant, one was internally forwarded to another process, and to one, related to our supply chain, we reacted accordingly. The technical implementation of the whistleblowing channel is produced by an independent service provider.

We expect our partners to comply with our privacy and information security requirements. We respect the privacy of our clients and partners and comply with current data privacy legislation. We updated our privacy statement in July 2023 due to the fact that our business operations no longer include sales of electricity to consumers. After exiting consumer markets, we process very little personal data. Our complete privacy policy is available on our website.

We treat our employees and business partners equally and do not tolerate any form of discrimination or harassment.



We consider the human rights impact of our supply chain

As part of the UN’s Global Compact Business and Human Rights Accelerator programme, we have assessed the potential human rights impact of our global supply chains. We identified the following topics being our company’s most salient human rights issues:

- Employee health and safety in manufacturing, construction, and maintenance work
- Labor rights in manufacturing countries
- Child labour and forced labour in the supply chains of solar panels and batteries

- Land use rights on indigenous people’s land

In assessing the salient human rights issues, we paid specific attention on people in vulnerable positions, such as children, women, minorities, immigrant workers, and indigenous people.

Since any potential human rights and occupational health and safety risks mostly occur in the supply chains, we aim to avoid them by selecting partners and contractors carefully as well as by monitoring their activities and by setting improvement targets.

To integrate our human rights commitment and to operate accordingly, we have implemented an

approved supplier selection process and apply strict criteria for our procurement. To mitigate any risks, the requirements are included in all our supplier, partner and sales agreements. Some concrete examples of these efforts include our ESG Due Diligence process and on-site audits. We also authorise third parties to perform certain ESG audits in high-risk countries.

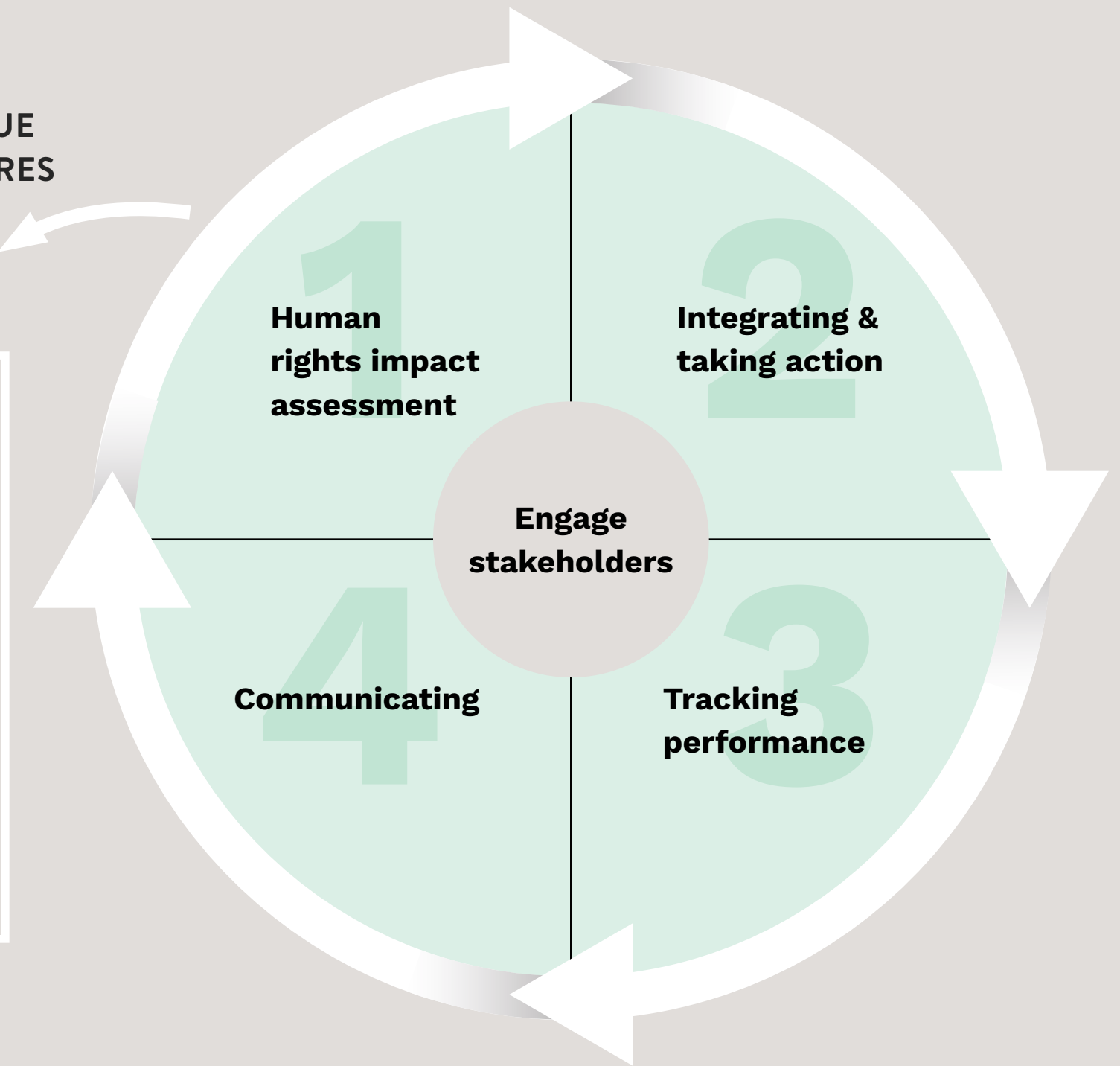
Human rights and safety in supply chain were identified as important in our double materiality assessment. These social responsibility themes are also at the core of our sustainability strategy and targets. The targets are monitored, reported and published annually in our sustainability review.

OUR ESG TARGETS RELATED TO HUMAN AND LABOR RIGHTS:

- Human rights commitment fully integrated in all supply agreements
- LTIF below 4, including contractors
- Share of women in senior management positions more than 40%
- Zero tolerance for harassment
- Zero tolerance for bribery and corruption

HUMAN RIGHTS DUE DILIGENCE REQUIRES CONTINUOUS IMPROVEMENT

- Own employees
- Employees in the supply chain
- Customers/end-users
- Affected communities



- All employees have received training in corporate governance (incl. Code of Conduct, anti-corruption, human rights, and Environmental Policy)

We continue the work in our supply chain by following our suppliers’ performance and by openly communicating risks. We have also taken digital tools in use to follow sanction listings.

We support human rights in the entire supply chain and communicate transparently on actions and results to improve sustainability in the value chain. We report on our progress regularly in our annual sustainability report and in our digital channels.



Governance

Governance

Corporate Governance and General Meeting of Shareholders

Since December 1, 2023, Ilmatar Energy HoldCo Oy has operated as the parent company for the Ilmatar Group, under which the Group's current operative parent company Ilmatar Energy Oy (hereafter "Ilmatar" or "company") functions. The new holding company structure, implemented through internal business restructuring on 1 December 2023, is designed to support the Group's growth strategy. Converted into a holding company in the restructuring, Ilmatar Energy HoldCo Oy had its assets, liabilities and employees moved over to Ilmatar Energy Oy. Before this corporate transaction, current Ilmatar Energy HoldCo Oy functioned as the company's operative parent company.

The company is governed by the Annual General Meeting of Shareholders, the Board of Directors and its Remuneration Committee and the Chief Executive Officer, supported by the Management Team. The Annual General Meeting of Shareholders is

the highest decision-making body. According to the articles of association, the Annual General Meeting of Shareholders shall be held annually within six months of the end of the financial year. The time and location of the Annual General Meeting of Shareholders as well as of any Extraordinary General Meetings is determined by the Board of Directors. The Annual General Meeting of Shareholders shall decide on the adoption of the financial statements, on the use of the profit shown on the balance sheet, and on the discharge from liability for the members of the Board of Directors and the Chief Executive Officer. If required, the Annual General Meeting of Shareholders shall elect the members of the Board of Directors and the auditor.

In addition to the Annual General Meeting of Shareholders held on 10 May 2023, there were nine shareholder decisions at Ilmatar Energy HoldCo Oy during the financial year that ended on 31 December 2023. At Ilmatar Energy Oy, four such decisions took place¹.

Board of Directors

The Board of Directors shall see to the administration of the company and the appropriate organisation of its operations in accordance with the Limited Liability Companies Act and the articles of association, and it shall also comply with the shareholders' agreement by which the company is bound. According to Ilmatar's Articles of Association, the Board of Directors shall consist of one to five full members and a minimum of one substitute if less than three full members are elected to the Board. The Board of Directors has prepared Rules of Procedure that specify its requisite duties and policies. The Board represents the company's shareholders, and its decision-making power is largely based on the shareholders' agreement. Therefore, the board's operations have not been evaluated separately each year.

The Boards of the operative companies saw two notable changes during the financial year that ended on 31 December 2023. The then-operative company had a change of



Chairman of the Board of Directors in September, with Kalle Pykälä moving on and Michael Pollan from Omnes Capital nominated as the new Chairman on 10 September 2023. Reassigned elsewhere, Member of the Board Laurent Perrent was replaced by Benjamin Strems-

doerfer from Omnes Capital. Serge Savasta from Omnes Capital continued as the third Member of the Board, and Pollan, Stremsdoerfer and Savasta continued on the Board of the new company starting on 1 December 2023. The Members of the Board serve a non-fixed term. Dur-

1) One of the meetings was the inaugural meeting.

ing the financial year that ended 31 December 2023, the Board had no members that were independent from shareholders.

Except for Kalle Pykälä when he acted as the Chairman of the Board of Directors and received a monthly monetary compensation for his contribution, the members of the Board did not receive any compensation for their work in the Board nor did they benefit from any financial incentives or bonuses thereof. Secretary duties for the Board of the operative company were assigned to the General Counsel and HR Director of the company.

In 2023, Ilmatar Energy HoldCo Oy's Board of Directors convened 33 times and Ilmatar Energy Oy's Board of Directors 12 times. Decision-making in the companies was focused on significant investments, such as the Pahkakoski and Korpilevonmäki wind power projects and related Power Purchase Agreements (PPAs), along with securing the company's financial standing. Additionally, the group's electricity retail business was sold to Väre Oy on 1 April 2023, transferring approximately 30,000 consumer and business customers over from Ilmatar to Väre. Based on the strong growth strategy, the

decision shifted increasing business focus on the development, construction and ownership of wind and solar power farms and energy storage facilities in the Nordic countries.

Chief Executive Officer and Management Team

The Board of Directors appoints a Chief Executive Officer whose employment conditions are laid out in writing in a CEO agreement. Juha-Pekka Weckström has served as the CEO of Ilmatar since 1 January 2023¹.

At the end of 2023, the Management Team supporting the company's CEO comprised of Antti Sallila (Finances, Business Development, Project Business, Åland's offshore wind power and Sweden's solar power companies), Anna-Maria Palmroos (General Counsel and HR Director), Vilma Wiitakorpi-Björkman (Vice President, Communications, Marketing & ESG) and Juha Juntunen (Operations and TCM Business). The Management Team members have a management contract. The salary of each member and the CEO is set on a market-based salary level according to the contract, in addition to which they are entitled to annual

bonuses separately confirmed by the Board of Directors. They also participate in the company's share incentive plan intended for all employees.

The Management Team typically convened twice a month. In addition, a separate Operative Management Team chaired by Juha Juntunen (and before his appointment by Juha-Pekka Weckström) made decisions on operative matters, consisting of members Petri Ainonen, Rami Rajala, Antti Keskinen, Anna-Maria Palmroos, and Vilma Wiitakorpi-Björkman. Additionally, CFO Antti Sallila led a separate Management Team focused on investments, with Antti-Jussi Lehtinen, Erkka Saario, Mikko Toivanen, Jenny Söderman, Sari Ståhlberg, and Pyry Kinos as members.

Key financing projects

In 2023, Ilmatar secured a significant group-level debt financing package of 500 million euros. The financiers include Copenhagen Infrastructure Partners (CIP) through their Green Credit Fund 1 with participation from Kommunal Landspensjonskasse (KLP), P Capital Partners (PCP), and accounts managed by CIP. The package comprises a day one committed tranche of 325 million euros and an

uncommitted increase option of 175 million euros.

In November 2023, Ilmatar announced an investment decision on construction of the Korpilevonmäki wind farm in Säkylä, Southwest Finland. Korpilevonmäki wind farm consists of six modern wind turbines with a total rated capacity of 38.4 megawatts, and it is expected to be operational by 2025. Financed by the Dutch Rabobank, the wind farm

has a Power Purchase Agreement in place for electricity procurement.

In December 2023, Ilmatar made a second significant investment decision, this one regarding the construction of the Pahkakoski wind farm. Pahkakoski in Ii, Finland, will see construction of 30 wind turbines, generating renewable energy with a total rated capacity of 200 megawatts once completed. Scheduled to be completed in 2026, the

OWNERSHIP STRUCTURE AS OF 31 DECEMBER 2023²

| | Number of shares | Share of ownership |
|--------------------------------|------------------|--------------------|
| Omnes Co-Invest Ilmatar SLP | 110,243 | 37.39% |
| FPCI Capenergie 3 | 79,410 | 26.93% |
| SLP Capenergie 4 | 64,448 | 21.86% |
| IWP Partners Oyj | 30,000 | 10.17% |
| FPCI Capenergie 4 | 8,290 | 2.81% |
| Group management and employees | 2,487 | 0.84% |
| Total | 294,878 | 100% |

1) Like the employees, the CEO transferred over to the new company on 1 December 2023.

2) This concerns Ilmatar Energy HoldCo Oy's owners.

We developed new processes as the company and personnel grew significantly in 2023.

project is financed by KfW IPEX-Bank, Nordic Investment Bank (NIB), BNP Paribas and Siemens Financial Services through Siemens Bank.

Ownership and stocks

Ilmatar is owned by IWP Partners Oyj (previously Ilmatar Windpower Oyj) and by Omnes Capital-governed funds. Based in Paris, France, Omnes Capital is a leading European private equity investor focusing on renewable energy and innovations, with approximately 6 billion euros of assets under management.

IWP Partners Oyj represents Ilmatar's founders and other private investors. Cooperation between Omnes Capital and the Finnish

founders and investors began in 2018 when Ilmatar Energy Oy was established as a joint venture.

At the end of the year, we issued shares to our employees. Anyone with permanent employment was offered the opportunity to buy company shares. Thanks to the share issue, our company is now reinforced by 66 new shareholders. A separate option plan for employees was combined with the share issue. The maximum number of shares to be issued with option rights was set to 14,224 class B shares of Ilmatar Energy HoldCo Oy.

On 31 December 2023, the company had 68 direct and indirect subsidiaries in Finland and 13 indirect subsidiaries in Sweden. Ilmatar Service Oy is in charge of technical and commercial administration, Ilmatar Offshore Ab with its subsidiaries develops offshore wind power in Åland, and Ilmatar Solar Ab operates as a parent company for solar power projects in Sweden. As stated above, Ilmatar Energy HoldCo Oy functions as the parent company for the entire Ilmatar Group, consisting of 83 companies in total.

As a principle, Ilmatar Group establishes a separate project company for each project. Due to the

funding structure of the projects, the subsidiaries also include a few holding companies that own Ilmatar companies that are in the same industry or at the same development stage.

Risk management

In 2023, Ilmatar continued with the documented risk management process it first applied in 2021. It involves updating and mapping out the company's risk framework twice a year, integral to which are reporting by the Board of Directors and mitigating risks with designated people in charge. Ilmatar received help in the reporting and risk management workshops from Howden, Ilmatar's insurance broker. Ilmatar also conducted a separate risk management process related to its production protection level and other protective measures.

Ilmatar's risk management process lists the most notable risks to the company as follows: potential negative implications of technological development to Ilmatar's production and projects, such as balancing production capacity in the markets, cannibalisation and market saturation, as well as fluctuation of electricity prices, successful protec-

tion of production and the dependency risk related to the small number of procurement channels.

Audit

For the financial year that ended on 31 December 2023, PricewaterhouseCoopers Oy Auditing Entity was the auditor for the company, with Authorised Public Accountant Markku Launis as its appointed lead auditor. The auditor's term ends at the conclusion of the next Annual General Meeting of Shareholders. Ilmatar Energy Oy's audits have been performed by PricewaterhouseCoopers Oy since the company was founded (2018).

Personnel, goals and benefits

For salaried employees and senior salaried employees, the company adhered to the universal collective agreements for salaried employees and senior salaried employees in the energy industries. Lauri Parpala (senior salaried employees) and Inka Hirvonen (salaried employees) were the employee representatives for 2023, as voted by personnel. Corporate representatives and the employee representatives conducted cooperation negotiations regularly. In 2023, we specifically

focused on maintaining dialogue and transferring Ilmatar Service Oy's employees over to Ilmatar Energy Oy.

In 2023, Ilmatar Energy Oy utilised an employee bonus programme approved by the Board of Directors with respective goals for specific units. In addition to specific numeric goals for development projects and production, the goals took into account various ESG indicators, including occupational safety on construction sites, personnel's measured job satisfaction, ESG reporting and carbon footprint calculation as well as creation of various processes. We met these goals commendably in 2023.

Processes

With the company and personnel growing significantly in 2023, we developed new processes. The most important reforms concerned the company's signatory power and travel policies. We also updated our environmental policy and Code of Conduct. Furthermore, we continued to measure employee satisfaction with the Signi tool, and we were awarded the Future Workplaces certificate for the second year running based on the survey.



Reporting

| | |
|---------------------------|----|
| Reporting principles..... | 56 |
| GRI index..... | 57 |



Sustainability reporting brought to the next level

Our annual sustainability review is created with consideration to environmental, social and corporate responsibility themes relevant to our business. The report is based on established international guidelines and standards regarding corporate sustainability reporting. This report is written in reference to Global Reporting Initiative's (GRI) sustainability reporting standards. Reporting content is available in the GRI content index. Our sustainability review covers all parent company and subsidiary operations in mainland Finland, Sweden, and Åland unless otherwise specified in context. The sustainability review covers the same period as our financial year (1 January–31 December). Our annual review is merged into the sustainability review. The sustainability review for 2023 was published on 4 April 2024. The sustainability review is prepared under the leadership of Ilmatar's ESG Manager and Vice President of Communications, Marketing & ESG. The sustainability review has not been assured by a third party but in the future, we plan to do so in accordance with the upcoming EU directive on corporate responsibility (CSRD). Selected members of the Management Team assisted with monitoring the reporting process. All information in the report is submitted to the Management Team for commenting. Finally, the Board of Directors validates the sustainability review before publication.

For sustainability reporting, we actively monitor developments in related EU regulations. We have begun to prepare our reporting in accordance with the EU's directive for corporate sustainability reporting. Ilmatar will be obligated to follow the directive starting from 2025. In 2023, we defined our

material sustainability themes in accordance with the double materiality assessment required by the European Sustainability Reporting Standards (ESRS). We have set targets and indicators for our most material themes and begun to collect information systematically based on our ESG strategy and targets.

The performance indicators for environmental responsibility cover operations with the most significant environmental impact in all countries of operation for the group. In the calculation of greenhouse gas emissions, we comply with the Greenhouse Gas (GHG) Protocol standards and guidelines developed by the World Resources Institute (WRI). The sustainability review refers to GRI's Universal standards updated in 2021. Performance indicators for social responsibility are provided by the responsible directors of relevant functions. Data and performance indicators for financial responsibility are drawn from the group's financial statement. The financial figures are unaudited.

Contact information

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ESG Manager

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GRI index

| | |
|-------------------------|--|
| Statement of use | Ilmatar Energy Oy has reported the information cited in this GRI content index for the period 1.1.2023–31.12.2023 with reference to the GRI Standards. |
| GRI 1 used | GRI 1: Foundation 2021 |

| GRI-standard | Disclosure | Location | Additional information |
|--|--|-------------------|---|
| GRI 2: General Disclosures 2021 | 2-1 Organizational details | 3, 53, back cover | |
| | 2-2 Entities included in the organization's sustainability reporting | 56 | |
| | 2-3 Reporting period, frequency and contact point | 56 | |
| | 2-4 Restatements of information | | No restatements |
| | 2-5 External assurance | 56 | |
| | 2-6 Activities, value chain and other business relationships | 18, 47, 48 | |
| | 2-7 Employees | 42–44, 61, 64 | |
| | 2-8 Workers who are not employees | 44, 46, 48 | In construction and maintenance operations, we use external labor hired by our suppliers or construction contractors. |
| | 2-9 Governance structure and composition | 52 | |
| | 2-10 Nomination and selection of the highest governance body | 52 | |
| | 2-11 Chair of the highest governance body | 52 | |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | 52–53 | |
| | 2-13 Delegation of responsibility for managing impacts | 52–54 | |
| | 2-14 Role of the highest governance body in sustainability reporting | 56 | The management team approved the ESG strategy and informed the Board of Directors. |
| | 2-15 Conflicts of interest | 22–23, 52 | The Board members are representatives of the owner. |



| GRI-standard | Disclosure | Location | Additional information |
|---|--|--------------|--|
| | 2-16 Communication of critical concerns | 23, 49 | |
| | 2-17 Collective knowledge of the highest governance body | 52 | www.omnescapital.com/team |
| | 2-18 Evaluation of the performance of the highest governance body | 52 | |
| | 2-19 Remuneration policies | 52–53 | |
| | 2-20 Process to determine remuneration | 52–53 | |
| | 2-21 Annual total compensation ratio | | Data not available. Comprehensive reporting when CSRD enters into force. |
| | 2-22 Statement on sustainable development strategy | 5–6 | |
| | 2-23 Policy commitments | 21–23, 47–50 | |
| | 2-24 Embedding policy commitments | 21–23, 47–50 | |
| | 2-25 Processes to remediate negative impacts | 21–22, 50 | |
| | 2-26 Mechanisms for seeking advice and raising concerns | 23, 49 | |
| | 2-27 Compliance with laws and regulations | | No reported incidents |
| | 2-28 Membership associations | 23 | |
| | 2-29 Approach to stakeholder engagement | 24–26, 46–47 | |
| | 2-30 Collective bargaining agreements | 61 | |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | 27 | |
| | 3-2 List of material topics | 27–29 | |
| | 3-3 Management of material topics | 30–50 | |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | 9, 18 | |
| | 201-2 Financial implications and other risks and opportunities due to climate change | 16–17 | |



| GRI-standard | Disclosure | Location | Additional information |
|--|---|---------------|---|
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported | 13–14, 18, 46 | |
| | 203-2 Significant indirect economic impacts | 9, 18, 46 | |
| GRI 205: Anti-corruption 2016 | 205-2 Communication and training about anti-corruption policies and procedures | 18, 21–23 | |
| | 205-3 Confirmed incidents of corruption and actions taken | | No reported incidents |
| GRI 206: Anti-competitive Behavior 2016 | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | | No reported incidents |
| GRI 207: Tax 2019 | 207-1 Approach to tax | 9, 18, 46 | |
| | 207-4 Taxes paid | 9, 18 | |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | 62 | |
| | 302-3 Energy intensity | 63 | |
| GRI 304: Biodiversity 2016 | 304-2 Significant impacts of activities, products and services on biodiversity | 34–38 | |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | 31–33, 63 | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 31–33, 63 | |
| | 305-3 Other indirect (Scope 3) GHG emissions | 31–33, 63 | |
| | 305-4 GHG emissions intensity | 63 | |
| | 305-5 Reduction of GHG emissions | 28, 32 | |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | 39–41 | |
| | 306-2 Management of significant waste-related impacts | 39–41 | |
| | 306-3 Waste generated | 18 | |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 New suppliers that were screened using environmental criteria | 41, 48–49 | 100% of new suppliers completed the ESG self-assessment, in total 23 suppliers. |



| GRI-standard | Disclosure | Location | Additional information |
|--|--|-------------------|--|
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | 44, 64 | Temporary and part-time employees are not covered by the company's annual bonus program, nor are they covered by the stock and option program. |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | | |
| | 401-3 Parental leave | 64 | |
| GRI 402: Labor/Management Relations 2016 | 402-1 Minimum notice periods regarding operational changes | | According to the local legislation. |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | 21, 43, 46 | The absence rate has not been reported. |
| | 403-2 Hazard identification, risk assessment, and incident investigation | 28, 49–50 | |
| | 403-3 Occupational health services | 43 | |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | 43, 50 | |
| | 403-5 Worker training on occupational health and safety | 43 | |
| | 403-6 Promotion of worker health | 21–22, 50 | |
| | 403-9 Work-related injuries | 18, 28, 43–44, 65 | |
| GRI 404: Training and Education 2016 | 404-3 Percentage of employees receiving regular performance and career development reviews | | 100% of our permanent employees have received regular performance reviews twice a year. |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | 29, 44, 52, 65 | |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | | No reported incidents |
| GRI 411: Rights of Indigenous Peoples 2016 | 411-1 Incidents of violations involving rights of indigenous peoples | | No reported incidents |
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programs | 18, 47–48, 50 | |
| GRI 414: Supplier Social Assessment 2016 | 414-1 New suppliers that were screened using social criteria | 48–50 | 100% of new suppliers completed the ESG self-assessment, in total 23 suppliers. |



Additional information

| | | Female | Male | Total |
|---|--|--------|------|-------|
| GRI 2-7 Employees Reporting period 1.1.2023–31.12.2023 | Number of employees | 40 | 81 | 121 |
| | Number of permanent employees | 36 | 79 | 115 |
| | Number of temporary employees | 4 | 2 | 6 |
| | Number of non-guaranteed hours employees | 0 | 0 | 0 |
| | Number of full-time employees | 34 | 78 | 112 |
| | Number of part-time employees | 6 | 3 | 9 |

| | | Finland, including Åland | Sweden | Total |
|---|---|-----------------------------|--------|-------|
| GRI 2-7 Employees Reporting period 1.1.2023–31.12.2023 | Number of employees (head count/FTE) | 105 | 16 | 121 |
| | Number of permanent employees (head count/FTE) | 99 | 16 | 115 |
| | Number of temporary employees (head count/FTE) | 6 | 0 | 6 |
| | Number of non-guaranteed hours employees (head count/FTE) | 0 | 0 | 0 |
| | Number of full-time employees | 98 | 14 | 112 |
| | Number of part-time employees | 7 | 2 | 9 |

| | | Finland | Åland | Sweden |
|--|---------------------------------------|---------|-------|--------|
| GRI 2-30 Collective bargaining agreements | Percentage of total employees covered | 91% | 100% | 0% |



| | | 2023 | Comment |
|---|--|-------|----------------------------------|
| GRI 302-1 / ESRS E1-5 Energy consumption and mix | Fuel consumption from coal and coal products (MWh) | 0 | Scope 1: No emissions sources |
| | Fuel consumption from crude oil and petroleum products (MWh) | 162 | |
| | Fuel consumption from natural gas (MWh) | 0 | Scope 1: No emissions sources |
| | Fuel consumption from other fossil sources (MWh) | 0 | Scope 1: No emissions sources |
| | Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources | 31 | Calculated from residual mix |
| | Total fossil energy consumption (MWh) | 193 | |
| | Share of fossil sources in total energy consumption (%) | 9% | |
| | Consumption from nuclear sources (MWh) | 13 | |
| | Share of consumption from nuclear sources in total energy consumption (%) | 1% | |
| | Fuel consumption of renewable sources, including biomass (MWh) | 0 | |
| | Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh) | 7 | |
| | The consumption of self-generated non-fuel renewable energy (MWh) | 1,609 | |
| | Total renewable energy consumption (MWh) | 1,616 | |
| | Share of renewable sources in total energy consumption (%) | 89 | Calculated from residual mix |
| Total energy consumption (MWh) | 1,822 | | |



| | | 2023 |
|---|---|-------------|
| GRI 302-3 Energy intensity (MWh) | Energy consumption in proportion to the energy produced | 0.5 |

| | | Organisational emissions | Organisational and construction related emissions |
|--|--|-------------------------------------|--|
| GRI 305-1, 305-2, 305-3 Direct GHG emissions, indirect GHG emissions and other indi- rect GHG emissions, tCo₂e | Scope 1: Direct emissions | 43 | 43 |
| | Scope 2: Indirect emissions market-based | 21 | 21 |
| | Scope 2: Indirect emissions location-based | 150 | 150 |
| | Scope 3: Other indirect emissions | 356 | 84,259 |
| | Total GHG emissions (market-based) | 420 | 84,323 |
| | Total GHG emissions (location-based) | 549 | 84,425 |

Scope 1 emissions originate mostly from fuel used in own vehicles.

Scope 2 emissions originate mostly from electricity consumption in vehicles.

Scope 3 emissions are caused by purchased goods.

Construction related emissions are calculated separately for each asset and they cover 99,6 % of the total emissions.

| | | 2023 |
|--|---|-------------|
| GRI 305-4 GHG emissions intensity | Emissions intensity for produced energy, gCo ₂ e/kWh* | 1.21 |
| | Average asset lifecycle emissions intensity, gCo ₂ e/kWh | 8.37 |

*Calculated based on organisational emissions (Scope 1,2,3), excluding construction



| | | Finland, including Åland | | | Sweden | | |
|--|---------------------------------|--------------------------|-----|-------|--------|-----|-------|
| | | Women | Men | Total | Women | Men | Total |
| GRI 401-1 Employment New employee hires and employee turnover by gender | Number of new employees | 13 | 30 | 43 | 3 | 7 | 10 |
| | Number of employees who left | 0 | 9 | 9 | 0 | 0 | 0 |
| | Employee turnover* | 0% | 16% | 11% | 0% | 0% | 0% |

*permanent employees as by 31.12.2023

| | | Finland, including Åland | | | Sweden | | |
|---|---------------------------------|--------------------------|-------|------|--------|-------|------|
| | | < 30 | 30-50 | > 50 | < 30 | 30-50 | > 50 |
| GRI 401-1 Employment New employee hires and employee turnover by age | Number of new employees | 12 | 28 | 3 | 0 | 8 | 2 |
| | Number of employees who left | 0 | 7 | 2 | 0 | 0 | 0 |
| | Employee turnover* | 0% | 12% | 29% | 0% | 0% | 0% |

*permanent employees as by 31.12.2023

| | | Amount of employees | Percentage taking parental leave | Return to work rate | Retention rate |
|---|--------|------------------------|--|------------------------|----------------|
| GRI 401-3 Employment Parental leave | Female | 0 | 0% | n.a | n.a |
| | Male | 4 | 3% | 100% | 100% |



| | | Employees | Contractors | Total |
|--|---|-----------|-------------|---------|
| GRI 403-9 Work-related injuries | Number of work-related fatalities or serious injuries | 0 | 0 | 0 |
| | Number of work-related injuries resulting in more than one day of absence | 0 | 4 | 4 |
| | Lost-time Injury Frequency per 1 000 000 working hours* | 6 | 12.46 | 8.25 |
| | Number of safety walks and workplace surveys | 4 | 10 | 14 |
| | Total number of hours worked | 164,159 | 320,923 | 485,082 |

*Including employees in our offices and contractors on our construction sites

| | | Number | Percentage |
|---|---------------------------|--------|------------|
| GRI 405-1 Diversity of governance bodies and employees | Female Board members | 0 | 0% |
| | Male Board members | 3 | 100% |
| | Female Senior Management* | 5 | 33% |
| | Male Senior Management* | 10 | 67% |

*including Management Team members, Directors, Vice Presidents and Country Managers

| | | <30 | 30-50 | >50 |
|---|--------------------|-----|-------|-----|
| GRI 405-1 Diversity of governance bodies and management by age | Board of Directors | 0% | 100% | 0% |
| | Senior Management* | 0% | 87% | 13% |

*including Management Team members, Directors, Vice Presidents and Country Managers



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