



Global Procedure
Biodiversity and Ecosystem Services

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1 Purpose and scope

The purpose of this Global Procedure is to ensure that Hydro operates with a fully integrated approach towards the management of biodiversity and ecosystem services, in its existing operations and future projects. The requirements contained within this document are designed to support Hydro's Position Statement on Biodiversity and Ecosystem Services (GS-09-07-01).

This Global Procedure applies to all Hydro wholly owned or operated companies and employees worldwide. For legal entities where Hydro holds directly or indirectly less than 100 percent of the voting rights, Hydro representatives in the boards of directors shall act in compliance with, and promote the principles of, this Global Procedure. This procedure covers all activities that have the potential to impact negatively upon biodiversity and ecosystem services that support our operations and local communities.

In addition to implementing the minimum requirements set by this Global Procedure, line management should also refer to the minimum requirements stated in GP-03-05-01 "Environment Management".

2 Roles and responsibilities

It is a line management responsibility to implement this Global Procedure into regular business processes and to ensure that the required information, training, instruction, supervision and auditing systems are in place to maintain compliance with this Global Procedure.

3 Definitions

3.1 Biodiversity (or biological diversity) is defined as:

The variability among living organisms from all sources including, among other things, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems

3.2 Ecosystem is defined as:

a dynamic complex of plant, animal and micro-organism communities and their non-living environment interacting as a functional unit

3.3 Ecosystem Services are defined as:

The benefits that people, including businesses, derive from ecosystems. Ecosystem services are organized into four types: (i) provisioning services, which are the products people obtain from ecosystems; (ii) regulating services, which are the benefits people obtain from the regulation of ecosystem processes; (iii) cultural services, which are the nonmaterial benefits people obtain from ecosystems; and (iv) supporting services, which are the natural processes that maintain the other services

These definitions are aligned with the Convention on Biological Diversity (CBD) and the UN's Millennium Ecosystem Assessment (MEA). Additional definitions of technical terms used in this document can be found in the Glossary (GS-09-07-02).

4 Description

4.1 Risk Management

All Hydro wholly owned or operated companies, and other applicable legal entities, shall:

- 4.1.1 Conduct an assessment to identify potential risks related to biodiversity and ecosystem services, within the operation's area of influence, and assess the materiality of these risks to the operation, environment and affected communities. This assessment shall also identify and describe any *priority* biodiversity features or ecosystem services that occur within the operation's area of influence and consider the full life-cycle of the operation, including closure.
- 4.1.2 Adhere to the requirements stated in *GP-09-05 Hydro's Social Responsibility*, when assessing operational impacts to *priority* ecosystem services relevant to local communities.
- 4.1.3 Implement a process to identify, evaluate and respond to new and/or emerging risks related to *priority* biodiversity features and ecosystem services, based on current and future operational needs. Pre-existing routines or processes, such as the Enterprise Risk Management (ERM) process, can be used for this purpose.
- 4.1.4 When developing new operations or performing major changes to existing operations, evaluate and document all potential risks related to biodiversity and ecosystem services and develop appropriate mitigating actions and management plans as part of the project design and development aligning with the requirements of 4.2.1 and 4.2.2. These risks and actions shall be documented in the Project's risk registry, as per requirements stated in *GP-09-06 Sustainability in new projects and major changes to existing operations*.
- 4.1.5 When performing due diligence within Mergers and Acquisitions (M&A) processes, follow the requirements of 4.1.1 and 4.1.2.
- 4.1.6 Not explore or develop new projects in Legally Protected Areas, if the project can cause irreversible impacts to the biodiversity values for which the legal protection has been assigned.
- 4.1.7 Not explore or develop new projects in World Heritage sites and IUCN Protected Area Management Cat. I – IV.
- 4.1.8 Inform Group Sustainability if current operations, new projects or considered acquisitions negatively impact *priority* biodiversity features and ecosystem services.

4.2 Operational Requirements

All Hydro wholly owned or operated companies, and other applicable legal entities, shall:

- 4.2.1 Manage emissions, water resources, waste and land-use to mitigate negative impacts to biodiversity and ecosystem services that support operations and local communities, within the operation's area of influence. Mitigating actions shall adhere to the biodiversity mitigation hierarchy principles to avoid, minimize and restore/rehabilitate identified impacts. This includes implementation of the minimum requirements stated in *GP-03-05-01 Environment Management*.
- 4.2.2 Where significant residual impacts to *priority* biodiversity features persist, after applying 4.2.1, implement additional actions to offset the residual impact, with the ambition of achieving No Net Loss (NNL) of those impacted features. This requirement is applicable to all new projects and major changes to existing operations. In all other cases, this requirement should be considered best-practice to manage significant residual impacts within existing operations.
- 4.2.3 Avoid the introduction of invasive species and, if the operation is responsible for an introduction, implement an effective management plan to remove invasive species.
- 4.2.4 Comply with any regulations, covenants and requirements attributed to Legally Protected Areas located within the operation's area of influence.

4.3 Stakeholder Engagement

All Hydro wholly owned or operated companies, and other applicable legal entities, shall:

- 4.3.1 Identify and engage, proactively and inclusively, with stakeholders that may affect or be affected by changes to *priority* ecosystem services within the operation's area of influence.
- 4.3.2 Provide opportunity for stakeholders, affected by impacts to *priority* ecosystem services, to give constructive feedback and voice concerns related to the impacts and, where necessary, incorporate this feedback into the mitigating actions.
- 4.3.3 Adhere to the requirements stated in *GP-09-05 Hydro's Social Responsibility*, when performing stakeholder engagement.

4.4 Monitoring and reporting

All Hydro wholly owned or operated companies, and other applicable legal entities, shall:

- 4.4.1 Where risks to *priority* biodiversity features and ecosystem services have been identified, implement a Biodiversity Action Plan (BAP). If no material risks have been identified, a risk assessment that documents this shall be prepared (see 4.1.1).
- 4.4.2 To the extent possible, establish a baseline status for *priority* biodiversity features and ecosystem services at risk. For existing operations, it is not always possible to establish a true baseline. In these cases, it may be possible to reconstruct habitat maps from historic aerial and satellite images, use surrogate baseline conditions from nearby areas unaffected by the operation, or adopt the current conditions as the baseline.
- 4.4.3 Implement a monitoring program, using metrics that adequately track any changes to *priority* biodiversity features and ecosystem services at risk.
- 4.4.4 Set context-relevant targets and objectives that address identified risks to *priority* biodiversity features and ecosystem services and document actions undertaken to support these targets and include these in the BAP.
- 4.4.5 Update the BAP whenever new and/or emerging risks to *priority* biodiversity features and ecosystem services are identified.
- 4.4.6 Make the BAP available to stakeholders and public, upon request.
- 4.4.7 Inform affected communities of impacts to *priority* ecosystem services and the actions taken to mitigate these impacts, according to the requirements stated in *GP-09-05 Hydro's Social responsibility*.
- 4.4.8 Annually report required data, related to biodiversity and ecosystem services, into Hydro's Environmental Reporting system (HERE), in a timely manner.

5 Deviations

Deviations from this Global Procedure are not permitted without permission from the EVP of Corporate Development. Certain deviations may require approval from Hydro's Board of Directors. Under these circumstances, a multidisciplinary team, formed by Group Sustainability and Executives from the Business Area, will provide a clear recommendation to Hydro BOD on a go/no-go decision and, if the recommendation is "Go", detail actions that mitigate the risks and impacts to biodiversity to the fullest extent possible, including and but not limited to offsets and other compensatory measures.

6 References

- GS-09-07-01 Hydro Position Statement on Biodiversity and Ecosystem Services
- GS-09-07-02 Glossary of Terms for Biodiversity and Ecosystem Services
- Gs-09-07-03 Guidance on Biodiversity and Ecosystem Services Risk Screening
- [International Finance Corporation \(IFC\) Performance Standard 6 on Biodiversity](#)
- [Cross Sector Biodiversity Initiative \(CSBI\) 2015: A cross-sector guide for implementing the mitigation hierarchy](#)
- [Business and Biodiversity Offset Programme \(BBOP\) website and resources](#)

- [World Bank Group 2016. Biodiversity Offsets: A User Guide](#)
- [IUCN 2021. Mitigating biodiversity impacts associated with solar and wind energy development](#)

7 Change log

Rev. nr.	Date	Description of change	Approver/Verifier
0		New Document	Helena Nonka