

Lahti Energy's sustainability requirement for suppliers and subcontractors

Introduction

Lahti Energy is a city-owned energy company operating in Lahti and its surrounding areas. Our operations are guided by our strategy, values and sustainable development. As a company wholly owned by the City of Lahti, our mission is to promote the implementation of the City of Lahti's strategy and ownership policy. The city has set Lahti Energy a goal of being carbon neutral in terms of production by 2025.

We are committed to environmental, social and administrative responsibility in our operations and reflect on our financial impacts accordingly. We require commitment to responsibility also from our suppliers and subcontractors. Our operations are always based on legislation, regulations and other guidelines issued on the company's operations. In addition to the laws and provisions concerning their own business, we require our suppliers to comply with Lahti Energy's instructions.

The minimum sustainability requirements for suppliers do not cover detailed operating instructions in all situations. Suppliers shall consider the limits of good business practice applicable to the supplier's business based on Lahti Energy's values (customer orientation, curiosity, responsibility and being active) as well as the International Labour Organization's ILO Conventions, the OECD Guidelines for Multinational Enterprises, the UN Declaration of Human Rights and the UN Sustainable Development Goals (2030 Agenda).

Human rights and personnel

Lahti Energy respects human rights and the principles of non-discrimination in all its operations. Suppliers shall always treat their employees and other stakeholders equally and fairly. Any form of child labour or forced labour in any of the supplier's activities (including subcontractors) is strictly prohibited. Suppliers shall arrange at least the statutory insurance policies for its employees and comply at least with labour and occupational safety legislation.

Occupational health and safety

We are constantly working to promote even healthier and safer working environment. Everyone has the right to work without endangering their physical and

mental health. Lahti Energy's target is zero accidents. We require our suppliers and subcontractors to commit to this target.

Suppliers/subcontractors shall:

- comply with all statutory occupational health and safety regulations;
- successfully complete the safety training required by Lahti Energy and follow the given instructions at Lahti Energy's locations and sites;
- address any workplace accidents and near-miss situations that have occurred as well as report them and any identified high-risk areas to Lahti Energy; and
- comply with the supplier's safety and environmental obligations as set out in the appendix to the contract.

Environment

We follow the principles of sustainable development, and our goal is to minimise the negative environmental and climate impacts of our operations. We also require this from our suppliers and subcontractors. Our partners understand the impact of their activities on the climate and biodiversity and work to protect the climate and biodiversity.

We are committed to reducing greenhouse gas emissions both in our own operations and throughout our value chain. Suppliers shall cooperate with Lahti Energy to achieve the emission reduction targets and promote energy efficiency in their operations. Upon request, partners shall provide information on the environmental impact of their operations. Partners shall comply with chemical and climate agreements in their operations when the operations are subject to international conventions.

Suppliers shall act in accordance with environmental permits and legislation as well as instructions given by Lahti Energy when producing and delivering services to Lahti Energy. Suppliers shall address any environmental damage and complaints that have occurred as well as report them and any identified high-risk areas to Lahti Energy.

Suppliers shall ensure that their employees and subcontractors have sufficient competence and experience to attend to the environmental and climate impacts of their operations. These include, for example, emissions from operations, energy and material efficiency, storage and handling of chemicals and waste management.

Good business practice and responsible procurement

At Lahti Energy, compliance with the Act on Public Contracts and Concessions of Entities Operating in the Water, Energy, Transport and Postal Services Sectors ensures equal opportunities for service providers to participate in competitive tendering. In addition to environmental values, we apply both social and ethical criteria in our procurements as needed.

We require that our partners undertake to comply with the prevailing legislation in all of their business. Lahti Energy does not accept corruption of any kind. Suppliers shall not give or receive any direct or indirect benefits or bribes that may be considered corruption. Suppliers shall supervise and train their personnel to recognise corruption. Our partners are committed to combating the shadow economy and do not cooperate with companies or individuals subject to international sanctions. Confidential information shall be handled appropriately and only for the relevant purposes. We require from our suppliers that the raw materials and materials they use come from ethically accepted and environmentally sustainable sources. As an operator critical to security of supply, we conduct a safety clearance on all persons working in our facilities, if necessary.

Monitoring and reporting of suspected misconduct

We require our suppliers and subcontractors to allow Lahti Energy or a third party assigned by it to monitor compliance with this Code of Conduct, for example, by conducting audits at the supplier's premises. If any problems are detected in the operations, we aim to resolve them in cooperation with the supplier. However, Lahti Energy may, at its discretion, terminate the contract if it discovers unresolved issues with regard to the current legislation or these guidelines.

Suppliers shall notify Lahti Energy if they are under investigation for or have been convicted of crimes against occupational safety and health or environmental crimes (regardless of the connection of the matter to Lahti Energy). In addition, upon request, they must provide Lahti Energy with a report on compliance with international sanctions or other instructions and requirements presented in this material, so that Lahti Energy can review responsible operations throughout its value chain.

Reporting

Suppliers shall immediately report any activity that violates this Code of Conduct to Lahti Energy. The report can be made by contacting the contract contact person or through the reporting channel. The reporting channel allows anonymous reporting as well. The reporting channel is available at <https://lahtienergia.ilmoituskanava.fi/#/>.

Reporting of safety and environmental deviations is primarily done using the electronic form at www.lahtienergia.fi/ilmoita or directly to Lahti Energy's contact person.

Signature

With my signature, I hereby confirm the commitment of the company I represent to Lahti Energy's minimum sustainability requirements for suppliers and subcontractors.

Name, Title, Company