



Lahti Energy's Minimum Sustainability Requirements for Suppliers, Subcontractors and Partners

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Lahti Energy Ltd

Lahti Energia Sähköverkko Oy

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1. 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 sustainability goals. As a company entirely owned by the City of Lahti, we also contribute to the implementation of the city's strategy and ownership policy.

Our operations are always based on legislation, guidelines and other policies set out for the company's operations. We require that our suppliers, subcontractors and partners comply with Lahti Energia's guidelines and commitments, in addition to the laws and regulations governing their own business activities.

Lahti Energy supports the [climate and nature goals](#) of the City of Lahti. As the city's climate partner, we are committed to doing our part to reduce the city's greenhouse gas emissions by 80% from 1990 levels by 2030, and to be a pioneer in the circular economy. For us, this means aiming for carbon-neutral generation of heat and electricity (scope 1) under the GHG Protocol by 2030. To reach our carbon neutrality target, we are shifting to renewable and fossil-free forms of energy. The use of forest-based energy generates biogenic, fossil-free emissions, which is currently our key approach to reducing emissions from fossil fuels. Other forms of renewable heat and electricity generation include the use of waste heat from electric boilers, thermal batteries, wastewater treatment plants and data centres for district heating. Tools to achieve carbon neutrality in heat and electricity production also include circular economy solutions, such as biogas plants, for our business customers. We aim to reduce heat loss in the district heating network by 30% by 2028 compared to 2022. We have published [Lahti Energy's Sustainability Programme 2024–2028](#), along with sustainability targets and metrics, on our website.

We are committed to operating in a sustainable manner that encompasses environmental and social sustainability, corporate governance and financial considerations. We report transparently on our activities and use the ESRS standard of the European Union's Corporate Sustainability Reporting Directive (CSRD) in our sustainability reporting.

We also require that our suppliers, subcontractors and partners commit to sustainability. We expect them to provide us with the information required for our sustainability reporting on their own initiative and on request. We recommend the EU Voluntary Sustainability Reporting Standard (VSME) to small and medium-sized enterprises, and the ESRS standard for larger companies, depending on how suitable it is for the company's size with reasonable scaling.

The Minimum Sustainability Requirements for Suppliers, Subcontractors and Partners do not provide detailed instructions for all situations. More specific requirements that must be followed will be included in contracts.

Based on Lahti Energy's values (customer-oriented, curious, active and responsible) and [the ILO Conventions](#), [the OECD Guidelines for Multinational Enterprises](#), [the UN's Universal Declaration of Human Rights](#) and [the UN's Sustainable Development Goals](#) (Agenda 2030), suppliers, subcontractors and partners must consider good business practices that are appropriate for their operations.

These guidelines apply to suppliers, subcontractors and partners working with the Lahti Energy Group (hereafter referred to as Lahti Energy). The Lahti Energy Group consists of the parent company, Lahti Energy Ltd., and its wholly-owned subsidiary, Lahti Energia Sähköverkko Oy.

2. Human rights and our employees

We respect human rights and the principles of non-discrimination in all our activities with our various stakeholders. We strive to avoid causing or contributing to adverse human rights impacts in our own activities, and we address any such impacts that occur. We look for ways to prevent or mitigate adverse human rights impacts that are directly linked to our business activities, products, services or solutions through a business relationship. One of the tools is training.

Our suppliers, subcontractors and partners must always treat their employees and other stakeholders equally, fairly and without discrimination, and promote diversity in the workplace. The use of any form of child labour or forced labour in any activity of our suppliers (including their subcontractors), subcontractors and partners is strictly prohibited. Among other things, the supplier must provide statutory insurance and occupational health care for its employees, comply with occupational health and safety laws, and pay at least the reasonable wages required by law. The supplier must also ensure the documentation required by the Contractor's Liability Act, the certificates stating the social security of the workers in advance, and registration in the Reliable Partner system.

Within the framework of internationally recognised human rights, the international human rights commitments of the countries where they operate and the applicable national laws and regulations, suppliers and subcontractors should respect human rights and take them into account in their activities. Links to the above commitments can be found in this document in the section Introduction.

2.1 Occupational health and safety

We work to promote a healthier and safer working environment. Everyone has the right to work without endangering their physical and mental health.

Our goal is zero accidents. We expect our suppliers, subcontractors and partners to commit to this goal. This can be demonstrated with, for example, participation in regular safety training, which we require from the people working on our sites.

Suppliers, subcontractors and partners must:

- comply with all statutory health and safety regulations and Lahti Energy's guidelines.
- successfully complete the safety training required by Lahti Energy, such as the Occupational Safety Card training, and comply with the instructions given at Lahti Energy's sites and workplaces.
- report workplace accidents as soon as possible to a contact person from Lahti Energy.

- address workplace accidents and near misses, and report them and any risks detected to a contact person from Lahti Energy.
- address workplace accidents and near misses, identify their root causes, take action on them, and include Lahti Energy in the process by enabling Lahti Energy to at least comment on the report and, where appropriate, to call for further action.

2.2 Cybersecurity

One of our guiding principles is the promotion of data security. Our operations are affected by the EU cybersecurity directive NIS2 and its consequences on Finnish legislation. It also imposes security requirements on our suppliers, subcontractors and partners. Suppliers, subcontractors and partners must comply with the data security requirements and the supplier criticality classification included in their contracts.

3. Environment

We follow the law and the principles of sustainable development in our operations. Our goal is to reduce and minimise the negative impact of our operations on nature and the climate. We also expect this from our suppliers, subcontractors and partners. We want our suppliers, subcontractors and partners to understand the impact of their operations on the climate and biodiversity, and to work to foster the climate and biodiversity and to reduce and prevent negative effects.

We are committed to reducing fossil greenhouse gas emissions, both in our own operations and throughout our value chain. Suppliers, subcontractors and partners must cooperate with Lahti Energy to achieve the environmental targets, such as emissions reduction targets, and to promote energy efficiency in their operations. On request, suppliers, subcontractors and partners must provide information on the environmental impact of their activities, such as the impact on climate (e.g. CO₂ data about their product, service or solution) and biodiversity (e.g. environmental impact assessments and biodiversity footprint assessments). Our targets and metrics are explained in the [Sustainability Programme 2024–2028](#) published on our website.

Suppliers, subcontractors and partners must comply with chemical and climate conventions when an international convention applies to their operations. These conventions include:

- [The Vienna Convention for the Protection of the Ozone Layer](#) and the related [Montreal Protocol on Substances that Deplete the Ozone Layer](#)
- [The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal](#)
- [The Stockholm Convention on Persistent Organic Pollutants](#)
- The environmental protection legislation in force in the country where the goods and services are produced

Suppliers, subcontractors and partners must act in accordance with environmental permits and legislation and the guidelines issued by Lahti Energy when providing and delivering services to Lahti Energy and cooperating with Lahti Energy. Suppliers, subcontractors and partners must address any environmental damage and complaints and report them and any risks detected to Lahti Energy. Reporting guidelines are included in the safety and environment annex of the contract.

Suppliers, subcontractors and partners must ensure that their employees and subcontractors have sufficient knowledge and experience to handle the impact of their work on the environment (climate and nature) and humans. This includes air, soil and water pollution and emissions and their impact on humans and living organisms; energy and material efficiency; the storage, handling and disposal of chemicals; waste management (incl. waste reduction); and the identification and promotion of circular economy opportunities in the operating model.

4. Good business practice and responsible procurement

We strive to ensure equal opportunities for service providers to participate in tenders by complying with the law on procurement in specific sectors. In our procurement, we emphasise environmental criteria (climate and nature), human rights criteria and anti-corruption criteria, depending on the purpose of procurement. [For more information on responsible procurement, visit our website.](#)

We require our suppliers, subcontractors and partners to comply with the applicable legislation and internationally recognised guidelines mentioned in this document in section 1 Introduction.

We do not condone corruption in any form. Suppliers must not give or receive any direct or indirect benefits that could be considered corruption. Bribery, favouritism and reciprocal arrangements are examples of forms of corruption. Suppliers, subcontractors and partners will monitor and train their personnel to identify and address detected corruption cases and to work to prevent corruption. Suppliers, subcontractors and partners undertake to arrange for their personnel to participate in online training organised by Lahti Energy. General occupational safety training is a statutory obligation.

Our suppliers, subcontractors and partners are committed to fighting the black economy and will not cooperate with companies or individuals under international sanctions.

Personal data and other confidential information must be processed appropriately and only for relevant purposes.

We require that our suppliers, subcontractors and partners use materials and raw materials from ethically approved and environmentally sustainable sources. See also section 3 Environment.

As an organisation that is critical for the security of supply, we have the right to conduct security clearances for the people working on our premises, if needed. A security clearance is required for work on our sites.

5. Monitoring and reporting violations

We require our suppliers, subcontractors and partners to allow Lahti Energy or a third party appointed by Lahti Energy to monitor compliance with these guidelines by, for example, conducting audits on their premises. If any issues are identified, we will work with the supplier, subcontractor or partner to resolve them. However, Lahti Energy may, at its discretion, terminate the agreement if it identifies any unresolved issues with compliance with the applicable legislation or these guidelines.

The supplier, subcontractor or partner must immediately notify its contract contact person at Lahti Energy or Lahti Energy's sustainability personnel (vastuullisuus@lahtienergia.fi) if it has been convicted of or is being investigated on suspicion of any environmental or occupational safety crimes, regardless of whether the case is connected to Lahti Energy or not. In addition, it must provide Lahti Energy with a report on compliance with international sanctions or other guidelines and requirements set out in this document upon request, to allow Lahti Energy to monitor sustainability throughout its value chain.

During the contract period, Lahti Energy monitors the ESG data of its key fuel, goods and service suppliers, subcontractors and partners by obtaining annual reports from a third party.

5.1 Reporting

Suppliers, subcontractors and partners must immediately notify Lahti Energy of any activity that violates these guidelines. Notify us by contacting the contract contact person or use the whistleblowing channel on our website. The whistleblowing channel also allows anonymous reporting. The whistleblowing channel can be found at: <https://lahtienergia.ilmoituskanava.fi/#/>

Safety and environmental issues can be reported using an online form (www.lahtienergia.fi/ilmoita) or to the contact person at Lahti Energy.

6. Signature

By signing this document, I confirm that the company/organisation I represent is committed to Lahti Energy's Minimum Sustainability Requirements for Suppliers, Subcontractors and Partners.

Name
Title
Company/Organisation