

AS Utilitas Tallinn and AS Utilitas Eesti Integrated Management System Manual





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INTRODUCTION

This manual introduces the integrated management system of AS Utilitas Tallinn and AS Utilitas Eesti (hereinafter referred to as Utilitas or companies) based on ISO 9001, ISO 14001, ISO 45001 and PEFC ST 2002:2020 standards. It concerns the production, distribution and sale of heating and cooling energy, and the production of electricity.

Thanks to the implementation of the management policy in the companies, we can consistently offer our customers the best quality environmentally friendly services. Our companies comply with all applicable environmental and occupational safety requirements and are constantly engaged in increasing the quality of services and occupational safety and reducing the environmental impact of their operations.



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UTILITAS ENERGY GROUP

Utilitas is a leading producer of renewable heat and electricity and a provider of district heating and cooling throughout Estonia. We offer suitable solutions to customers, produce and distribute energy as environmentally friendly and efficiently as possible, and aim to use renewable and local energy sources. The companies within the Utilitas group are involved in producing and distributing electricity, heat, cooling, the production and distribution of drinking water to consumers, and the disposal and treatment of wastewater.





At the end of 2023 Utilitas provided district heating service in eight cities of Estonia: Tallinn, Valga, Jõgeva, Haapsalu, Kärdla, Keila, Maardu and Rapla; and from 2024 onwards Utilitas operates in Paide and Valka.



Figure 2. Utilitas operations in Estonia and Latvia in 2024

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601 km of operated

networks



27 km

new district heating pipelines built or renovated



69-95%

share of new or reconstructed network depending on the operated area



99,99% district heating

availability



100%

clients have remote meters



100%

used biomass is from certified sources (FSC, PEFC or SBP certified)



AS Utilitas Tallinn, which belongs to the Utilitas group, supplies district heating to the majority of heat consumers in Tallinn and Maardu. The company manages 520-kilometers of district heating networks, of which 69% are completely reconstructed/ pre-insulated or new pipelines. In addition, the company is developing a district cooling service. Utilitas Tallinn operates one cogeneration plant for district heating and cooling, three large boiler houses (Mustamäe, Ülemiste, Kristiine), 40 small boiler houses, three cooling stations, and two solar power plants. As of the end of 2023, the company provided heating service to nearly 4,800 buildings, including nearly 173,000 households, and district cooling service to five buildings.

AS Utilitas Eesti, which belongs to the Utilitas group, provides district heating services in several cities across Estonia -Haapsalu, Jõgeva, Keila, Kärdla, Rapla, Valga, and Paide and produces heat for district heating in the city of Valka in Latvia. In 2023*, Utilitas provided district heating service to approximately 830 buildings, including approx. 14,600 households. The company manages over 80 kilometers of district heating networks, of which 81% are completely reconstructed/pre-insulated or new pipelines. To provide this service, Utilitas Eesti operates 10 boiler houses. In addition, Utilitas Eesti operates six solar parks in the four cities of Jõgeva, Rapla, Keila, and Valga.

Production capacities operated by the group in 2023*



3

cogeneration plants

41 boiler plants



98 MW

installed rated electrical capacity

1300 MW

installed total heat capacity



10 solar parks

122 MW operational wind

portfolio

*2023 data does not include figures for Paide and Valka



Utilitas has been assigned the efficient district heating and efficient district cooling labels. This means that all Utilitas district heating and cooling systems are efficient under the Energy Efficiency Directive (2021/27/EU).

District heating is modern, efficient, environmentally friendly, and the best solution for supplying heat to densely populated areas. A vital component of a sustainable energy solution is also a reasonable price. The district heating service pricing is transparent and the limit price of heat is confirmed by the Estonian Competition Authority according to the District Heating Act. Thanks to the high proportion of domestic renewable energy in the production, a reasonable price for district heating consumers can be secured. Co-developing district heating and district cooling creates an opportunity to establish an efficient and complex district energy service. For this purpose, district cooling pipelines in Tallinn's Central and Ülemiste regions will be developed between 2024 and 2026.



AS Utilitas Tallinn and AS Utilitas Eesti Integrated Management System Manual Utilitas' district heating customers are residential buildings, state and municipal agencies, and corporate clients.



Figure 3. Shares of Utilitas' district heating customer groups (based on the area of heated buildings)

Majority of heat produced by Utilitas comes from biomass-powered boiler houses and combined heat and power (CHP) plants, which simultaneously generate renewable All biomass used for production complies with the biofuel sustainability criteria set by the European Union's Renewable Energy Directive (REDII). The intake and management of biomass meet the PEFC supply chain certificate requirements.



CORPORATE SOCIAL RESPONSIBILITY

More than a third of Estonian district heating customers are connected to Utilitas networks. As a provider of vital services, Utilitas plays an important role in society. Utilitas' goal is to contribute to a more sustainable economy by creating value that does not involve significant costs for others but instead considers all stakeholders when making decisions. Therefore, Utilitas follows the principles of sustainability, which include consideration for the environment, efficiently using resources, following the principles of corporate social responsibility, respecting human rights, and facilitating a diverse and inclusive work culture. Utilitas makes a positive contribution to achieving the UN Sustainable Development Goals.



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Mission

Cleaner future

We reduce the environmental impact of energy consumption, by enabling convenient and affordable use of sustainably produced energy.



Vision

Create the best practices and search for new solutions to achieve environmentally sustainable and climate neutral society.

Since 2022, the Corporate Social Responsibility Forum has recognized Utilitas OÜ with the gold label, which acknowledges companies operating in Estonia that contribute to society through their activities and serve as role models for others.

The fulfillment of the company's sustainable development goals is reported annually in Utilitas' annual reports.

To be the leader in the field of energy



Values

- Sustainable;
- innovative;
- convenient;
- competitive.



9

100%

UTILITAS GROUP'S CARBON NEUTRALITY PLAN

In 2021, the energy group Utilitas developed a carbon neutrality plan and investment strategy titled "From Low to Zero Carbon" According to the plan, the company intends to gradually develop new renewable energy capacities to produce only renewable energy, reduce greenhouse gas emissions to zero through investments, and achieve carbon neutrality of district heating in Tallinn and other cities by 2030 at the latest. For example, it is planned to reduce the consumption of fossil fuels in Tallinn by 500 GWh and thereby reduce the share of natural gas in the Tallinn district heating network to less than 10% by 2027.

Key activities of the Carbon Neutrality Plan:

- New production units producing renewable energy will be built, and the heat sources of all Utilitas district heating networks will be transferred to renewable fuels;
- The district heating network will be reconstructed and refurbished by 2035





Figure 4. Utilitas Carbon Neutrality Plan targets

MANAGEMENT POLICY

Utilitas has aligned its management system with the requirements of the ISO 9001, ISO 14001, ISO 45001 standards, and the supply chain standard PEFC ST 2002:2020 while adhering to the principles of sustainable development.

Utilitas has long-term experience supplying customers' buildings with uninterrupted, environmentally friendly, and affordable heat. Companies base their operations on the principles of sustainable development, environmental sustainability, a customer-oriented approach and ensuring a safe working environment. Work processes are continuously improved to increase service quality, environmental performance, and employee and customer satisfaction.

The main goals of Utilitas:

- to offer its customers an environmentally sustainable, efficiently produced and distributed high-quality district heating service throughout the year;
- to fulfill environmental and occupational safety requirements arising from the law and set quality requirements;
- to reduce the environmental impact of energy production, including greenhouse gas emissions;
- to help to preserve natural resources, to use all resources economically, including water, electricity and fuels;
- to consume energy produced from renewable sources;
- to use primarily renewable fuels for energy production and reduce the use of fossil fuels:
- to ensure that the biomass used complies with the requirements of the PEFC supply chain standard and the sustainability criteria stipulated in the Energy Sector Organization Act and the legislation referred to therein;
- to promote the efficient consumption of energy;
- to apply the Green Office principles;
- to put more emphasis on preventive maintenance of equipment and systems;
- to ensure a work environment free of occupational accidents and involve all employees in occupational health and safety activities, considering their needs and expectations.

MANAGEMENT STRUCTURE

Utilitas' environmental and sustainability department, in collaboration with other departments, is responsible for the development, management and improvement of the integrated management system, as well as addressing issues related to sustainability, occupational safety abd environmental protection. The development and daily application of the management system is the responsibility of all units and departments. The management system's performance is ensured through established procedures, instructions, forms, goals, metrics and the internal control system.

Utilitas Tallinn and Utilitas Eesti management is integrated, and the departments and units of different fields perform their tasks for both AS Utilitas Tallinn and AS Utilitas Eesti. All units and departments are responsible for achieving set goals and for the ongoing monitoring of the management system's performance indicators.





FUNCTIONAL MANAGEMENT OF UTILITAS GROUP



UTILITAS TALLINN AND UTILITAS EESTI MANAGEMENT STRUCTURE



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UTILITAS VALKA



UNITS AND DEPARTMENTS INVOLVED IN THE MANAGEMENT SYSTEM

The functional management of the field from the group level is carried out in the following departments:

- Finance
- Human Resources
- Business Analytics
- Legal
- IT and Automation
- Environment and Sustainability
- Marketing and Communications





THE KEY UNITS AND DEPARTMENTS MANAGING THE OPERATIONS OF UTILITAS TALLINN AND UTILITAS EESTI, WITH THE AREAS OF RESPONSIBILITY, ARE THE FOLLOWING:

- CUSTOMER RELATIONS involves several important departments. The customer service department serves and manages customer relations and billing. The sales department focuses on increasing the customer portfolio. The technical service department is responsible for the measurement, technical supervision and development of the heat sold. The finance department organizes the financial planning, financial and management reporting, heat price proceedings, and business software development. The HR department is responsible for managing and developing personnel and implementing the salary policy. The business analytics department oversees technical, economic and financial analysis of products and services. The marketing and communications department organizes internal and external communications and marketing activities.
- RISK MANAGEMENT AND ADMINISTRATION involves several critical departments. The administrative department ensures the management and maintenance of buildings, facilities, physical security, archiving, and the car fleet. The procurement department is responsible for the planning and management of procurement procedures, and evaluation of suppliers. The development department prepares development projects, researches, and creates development plans. The legal department provides legal support and advice, and represents the company in court. The IT and automation

department is responsible for the support necessary for managing business processes, the company's IT development and security. The environment and sustainability department deals with integrated management systems, risk- and crisis management, environmental permits and reporting, European Union Emissions Trading System reporting, occupational safety, compliance with sustainability and biofuels certification requirements.

TECHNICAL MANAGEMENT combines various strategic departments. The production unit departments are responsible for energy production in Tallinn's large boiler houses and cogeneration plant, maintenance and repair, and the implementation of development plans. The network unit departments are responsible for energy transmission, distribution and development of long-distance energy networks. The operational unit departments organize the work of local boiler houses and the handling and inspection of the company's and customer's heating systems. The operational unit also includes the departments of Utilitas Estonia, whose main activity is the efficient production of heat and its distribution to the customers. The district cooling department
 focuses on technical solutions and provides district cooling services. The technical support department performs various technical tasks and manages the activities of the chemical laboratory.



ENVIRONMENTAL MANAGEMENT OBJECTIVES

The environmental management of companies is integrated in the management system. Environmental impacts are systematicall managed through the ISO 14001:2015 environmental managemen system standard requirements. Companies operate in accordance with all Estonian environmental standards. Environmental complex permits and and environmental permits have been issued to com panies. Every year, the environmental aspects of companies are reviewed, and a list of significant environmental aspects is approved which is Integrated to the objectives of the management system.

The companies follow the principles of environmental protection i their activities and use efficient technical solutions in producing and distributing energy.

Utilitas's environmental management system helps identify and moni tor environmental aspects, fulfill environmental objectives and plan or adjust activities as necessary.

е У	The main environmental objectives of Utilitas, which are integrated into the environmental management system, are the following:
nt e x	 compliance with all legal environmental requirements reducing the environmental impact of energy production, including greenhouse gas emissions;
4 .6 J-	 conservation of natural resources, including efficient use of resources such as water, electricity and fuels;
؍ ,	 increasing the use of renewable fuels and reducing the use of fossil fuels for energy production;
n d	 using environmentally friendly and energy-saving solutions in all activities;
i-	 promoting an environmentally conscious mindset among employees and customers;
n	 informing external stakeholders about the company's activities.







IMPORTANT ENVIRONMENTAL ASPECTS

The companies have identified environmental aspects related to their activities, services and products used, assessed their impact on the surrounding environment and established objectives to reduce the impact:

- reduction of electricity consumption in heat production and transmission;
- reducing emissions released into the atmosphere
- reduction of water consumption in boiler houses;
- improving chemical parameters of supplementary and network water;
- reduction of leaks in the heat network (number of network water) replacements);
- continuous reduction of heat losses arising during the transmission of heat;
- monitoring the share of wood chips and natural gas in heat production (wood chips are preferred);
- improving the efficiency of boiler equipment;
- increasing the share of energy from renewable sources and cogenerated energy;
- ensuring the use of sustainable biofuels.





OCCUPATIONAL HEALTH AND SAFETY OBJECTIVES

The occupational health and safety management system enables continuous improvement of the working environment, reducing the risks to employees' lives and health.

The company's main goals and principles in planning and organizing occupational health and safety activities include the following:

- ensuring a work environment free of occupational accidents;
- the inclusion of employees and their representatives, training employees, instructing and consulting on safe work practices, the correct use of tools, and avoiding risks to their own or others' lives and health:
- cooperation with the relevant authorities and organizations to reduce potential health risks to employees
- preventing hazards;
- imminent danger assessment;
- replacing a dangerous process or part of it with safe or less hazardous alternatives
- carrying out analyses on technology, work organization, working conditions, social relations and the influence of work environment factors.





MANAGEMENT EFFICIENCY **INDICATORS AND OBJECTIVES**

Each year, companies and units set management efficiency objectives based on the company's management policy and indicators for monitoring their fulfillment.

All necessary documented information related to the management system is stored in the company's document management system (DHS). In addition to the DHS, evidence documentation can also be found in various IT applications used by the company, as referenced in the management system's procedures and guidelines.

(BC, Salesforce, SCADA, MINIMO, etc.) mentioned in the procedures and manuals of the management system, in addition to DHS.

Main indicators and objectives in the heating network:

- reconstruction of the district heating network and reducing the average age of the network;
- prevention of accidents in heating networks;
- reducing the number of planned heating interruptions and shortening the duration of interruptions;
- reduction of leaks in the heating network;
- reduction of heat losses;
- preventing damages to the heating network;
- reduction of electricity consumption during heat transmission.

- ensuring the high efficiency of boiler houses;
- reduction of the specific cost of electricity in heat production;
- reduction of water consumption in boiler houses;
- reduction of air emissions.

Main indicators and objectives in production:

Main indicators and objectives in the use of fuel:

- transparent and responsible fuel procurement;
- biomass used in production meets sustainability criteria.

Main indicators and objectives in sales:

- annual changes in the district heating customer portfolio (number of buildings and MW);
- district cooling connections (buildings) and MW);
- customer feedback and communication;
- customer complaints.

IT services are provided according to defined service levels:

- e-mail service;
- internet connection;
- external web;
- BC application;
- SalesForce application;
- SCADA.







PERFORMANCE **MONITORING AND DATA HANDLING**

During management review meetings, the fulfillment of the objectives set by the company and its departments is assessed, as well as the suitability, adequacy, and effectiveness of the integrated management system. Additionally, the handling of non-conformities, adequacy of resources, potential risks, improvement opportunities etc are reviewed

The results of the fulfillment of the objectives are presented in the form of control sheets. Operations compliance is regularly evaluated at management meetings, internal and external audits, occupational health and safety days, and visits by management members to departments and subdivisions. Compliance is also assessed by external control bodies. Assessment outputs are documented in relevant protocols and reports.







