

AS Utilitas Tallinna Soojus and AS Utilitas Eesti Management Principles



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INTRODUCTION

This Management Principles Document introduces the integrated management system of AS Utilitas Tallinna Soojus and AS Utilitas Eesti (hereinafter jointly referred to as Utilitas or the companies), based on the ISO 9001, ISO 14001, ISO 45001, ISO 27001 and PEFC ST 2002:2020 standards. The scope of the system covers the production, distribution and sale of heating and cooling energy, the production of electricity, as well as the management of supporting ICT systems.

Through the implementation of the management policy, we consistently provide our customers with the highest quality environmentally friendly services, responsibly comply with all applicable environmental and occupational safety requirements, and continuously improve both the quality of services and the impact of our operations on the environment and occupational safety.



UTILITAS ENERGY GROUP

Utilitas is a leading producer of renewable heat and electricity, as well as a provider of district heating and cooling throughout Estonia. We offer suitable solutions to our customers, produce and distribute energy as efficiently and environmentally friendly as possible, and use renewable and local energy sources for more than two-thirds of our production. The companies within the Utilitas Group are engaged in the production and distribution of electricity, heat, and cooling, in the development of green hydrogen, as well as in the production and delivery of drinking water to consumers and the collection and treatment of wastewater.

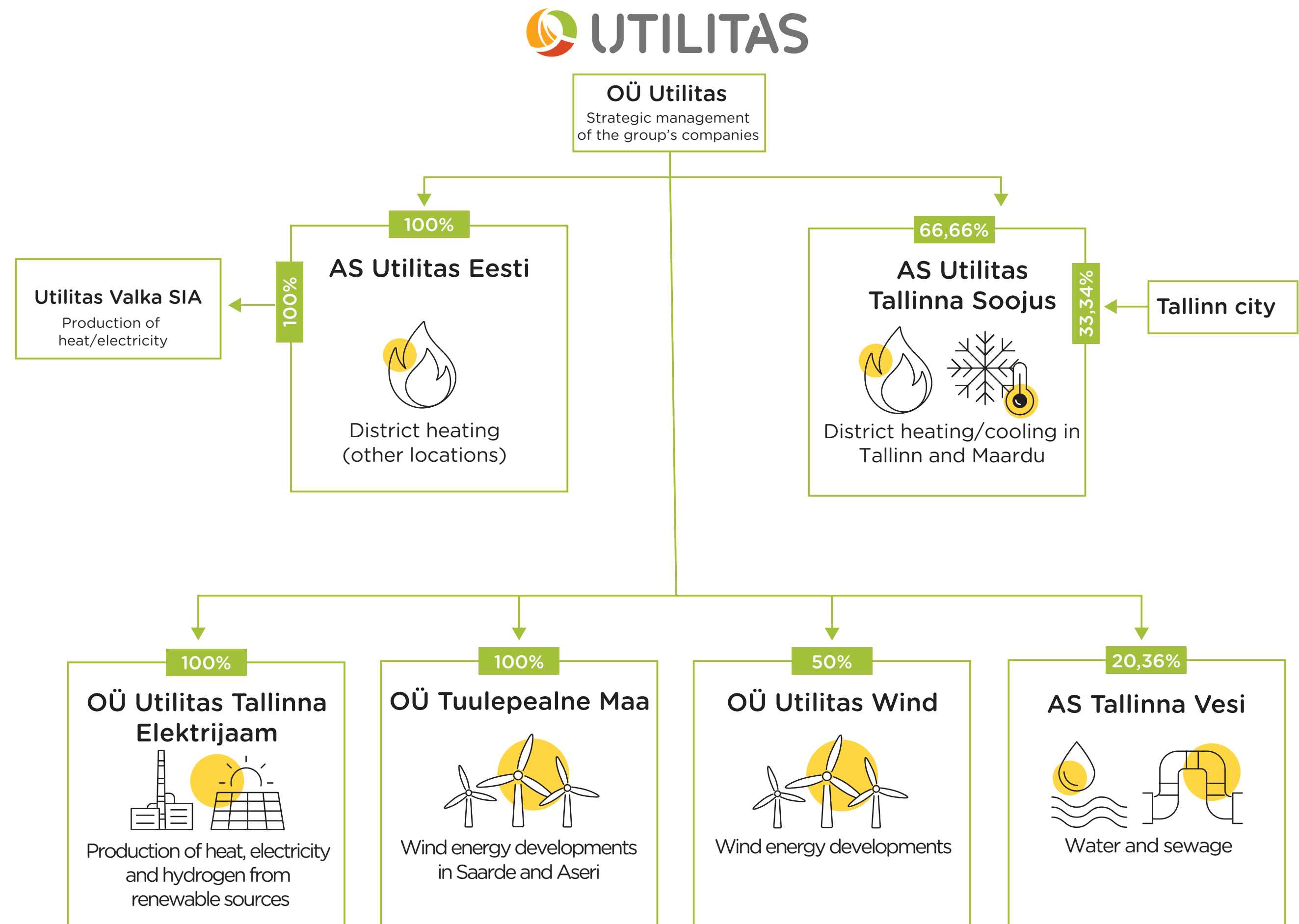
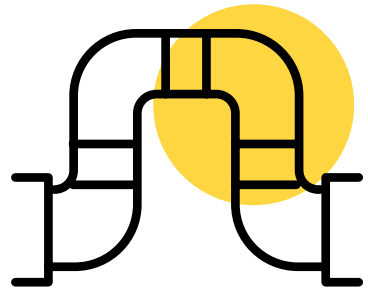
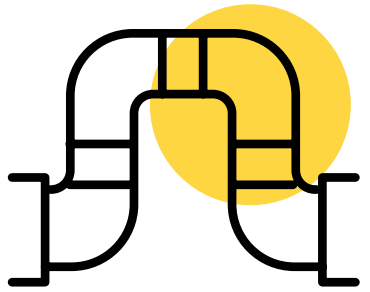


Figure 1 Utilitas Energy Group

At the end of 2024, Utilitas provided district heating services in nine cities in Estonia – Tallinn, Valga, Jõgeva, Haapsalu, Kärđla, Keila, Maardu, Rapla and Paide – as well as in Valka, Latvia.



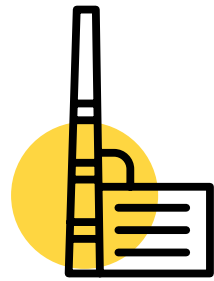
634 km
of operated
networks



24 km
new district
heating pipelines
built or renovated
in 2024



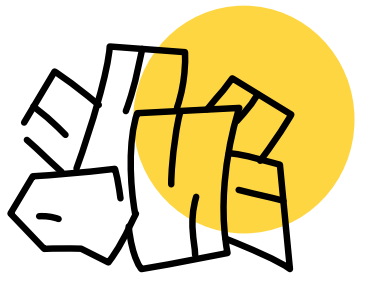
69-95%
share of new or
reconstructed
network depending
on the operated area



99,99%
district heating
availability



100%
clients have
remote meters



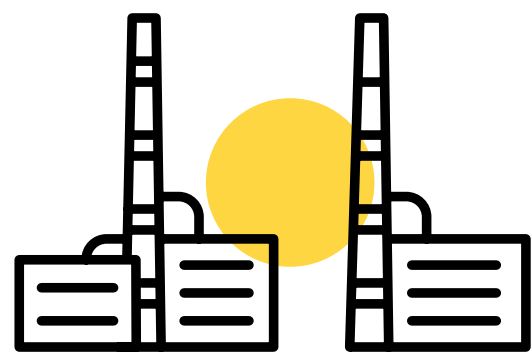
100%
used biomass is
from certified
sources (FSC,PEFC
or SBP certified)

Figure 2. Utilitas operations in Estonia and Latvia in 2024

AS Utilitas Tallinna Soojus, which belongs to the Utilitas Group, supplies district heating to the majority of heat consumers in Tallinn and Maardu. The company manages a 528-kilometer district heating network, 72% of which consists of fully reconstructed/pre-insulated or new pipelines. In addition, the company is developing a district cooling service. For the production of district heating and cooling, Utilitas Tallinna Soojus operates a combined heat and power plant, boiler houses, district cooling stations, and solar power plants. As of the end of 2024, the company provided heating services to more than 4,900 buildings, including nearly 174,000 households, and district cooling services to 15 buildings.

AS Utilitas Eesti, which belongs to the the Utilitas Group, provides district heating services in seven cities across Estonia – Haapsalu, Jõgeva, Keila, Kärđla, Rapla, Valga and Paide – and produces district heating in the city of Valka, Latvia. In 2024, Utilitas Eesti provided district heating service to more than 1,180 buildings, including approximately 20,000 households. The company manages 106 kilometers of district heating networks, 77% of which consist of fully reconstructed/pre-insulated or new pipelines. To provide this service, Utilitas Eesti operates a combined heat and power plant, boiler houses and solar power plants in Estonia, as well as one combined heat and power plant and a boiler house in Valka, Latvia.

■ Production capacities operated by the group in 2024



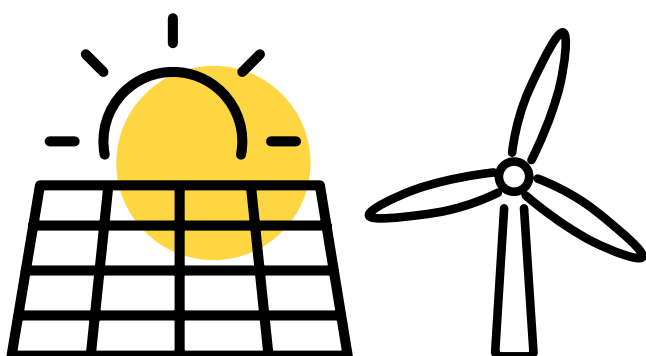
5

cogeneration
plants



144 MW

installed rated
electrical capacity



12

solar parks

42

boiler plants

1400 MW

installed total heat
capacity

2

operational wind
farms

Utilitas has been awarded the efficient district heating and efficient district cooling labels. This means that Utilitas' district heating and cooling systems are resource- and energy-efficient solutions with lower environmental impact under the Energy Efficiency Directive (2021/27/EU). District heating is modern, efficient, and environmentally friendly, and it is the best solution for supplying heat to densely populated areas. Modern district heating is the safest and most environmentally friendly method of heating in cities. Thanks to the high share of domestic renewable energy in production, it is possible to ensure a reasonable price for district heating consumers. The pricing of district heating services is transparent, and the limit price of heat is approved by the Estonian Competition Authority in accordance with the District Heating Act. The co-development of district heating and district cooling creates multiple advantages and enables the provision of an efficient district energy service. An important activity to facilitate this complex district energy service for customers is the continued development of district cooling, with the objective of constructing a district cooling pipeline in the Central and Ülemiste areas during the period 2024-2026.



Utilitas' district heating customers are residential buildings, state and municipal agencies, and corporate clients.

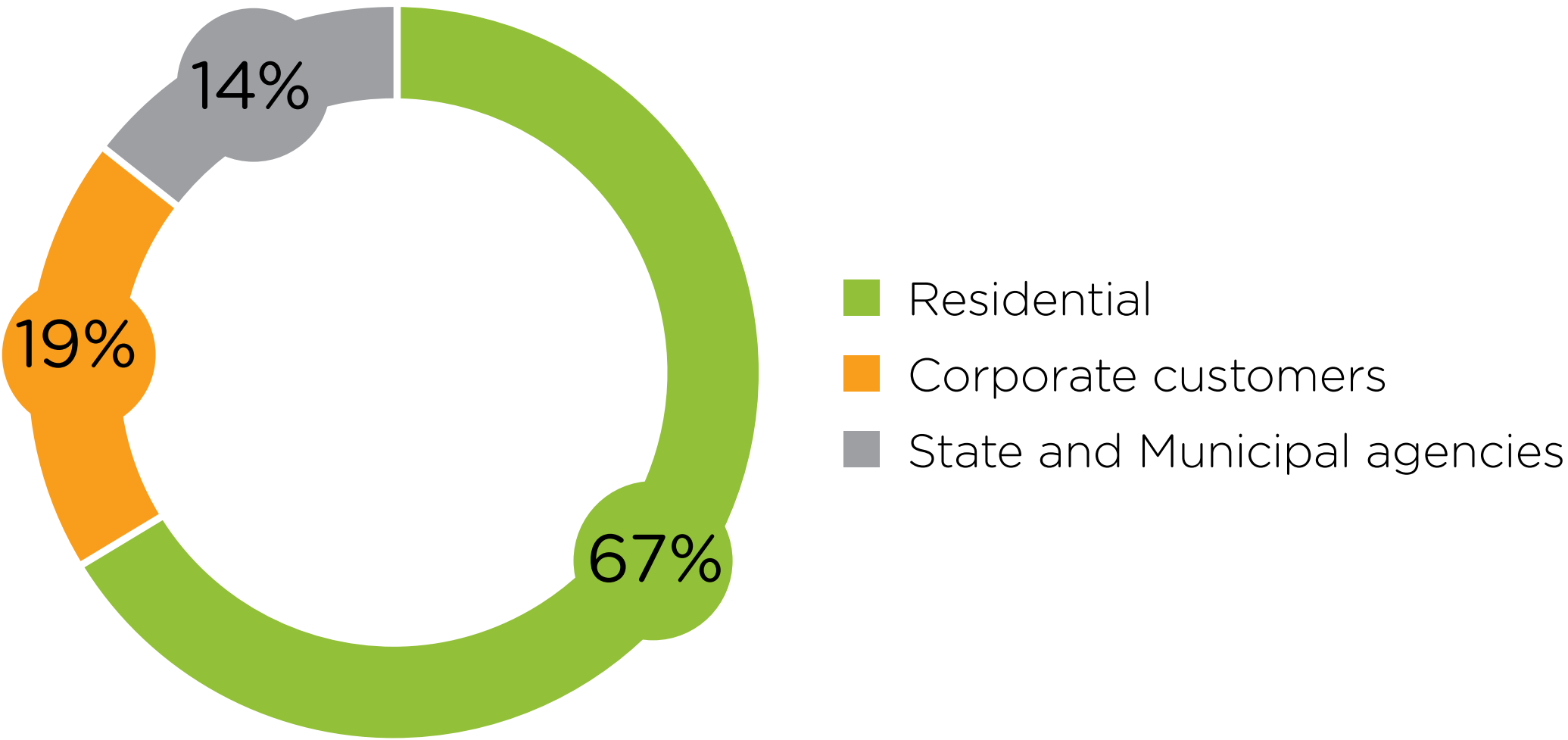


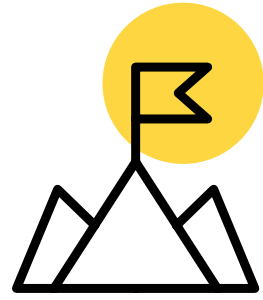
Figure 3. Shares of Utilitas' district heating customer groups

The majority of heat produced by Utilitas comes from biomass-fueled combined heat and power (CHP) plants and boiler houses, which simultaneously generate renewable electricity. 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 requirements of the PEFC (19-31-91) supply chain certificate.

CORPORATE SOCIAL RESPONSIBILITY

The production of heat and its distribution to consumers through the district heating network is a vital service, and therefore Utilitas plays an important role in society. More than a third of Estonian district heating customers are connected to Utilitas' networks. Utilitas' goal is to contribute to a more sustainable economy by creating value that does not entail significant costs for others but instead takes into account all stakeholders when making decisions. Utilitas operates on the principle that both the impacts it creates and the climate impacts that affect the company must be considered. We follow the principles of sustainability, which include consideration for the environment, efficient use of resources, the principles of corporate social responsibility, respect for human rights, and fostering a diverse and inclusive work culture. Utilitas contributes through its activities to the achievement of the UN Sustainable Development Goals.

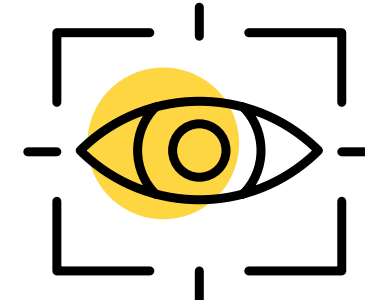




Mission

Cleaner future

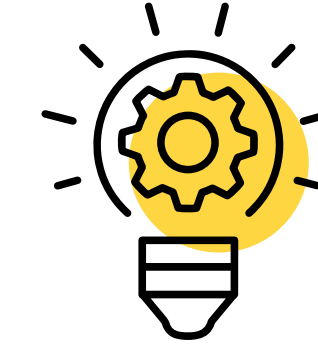
We reduce the environmental impact of energy consumption, by enabling convenient and affordable use of sustainably produced energy



Vision

To be the leader in the field of energy

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



Values

Sustainable
Innovative
Convenient
Competitive

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.



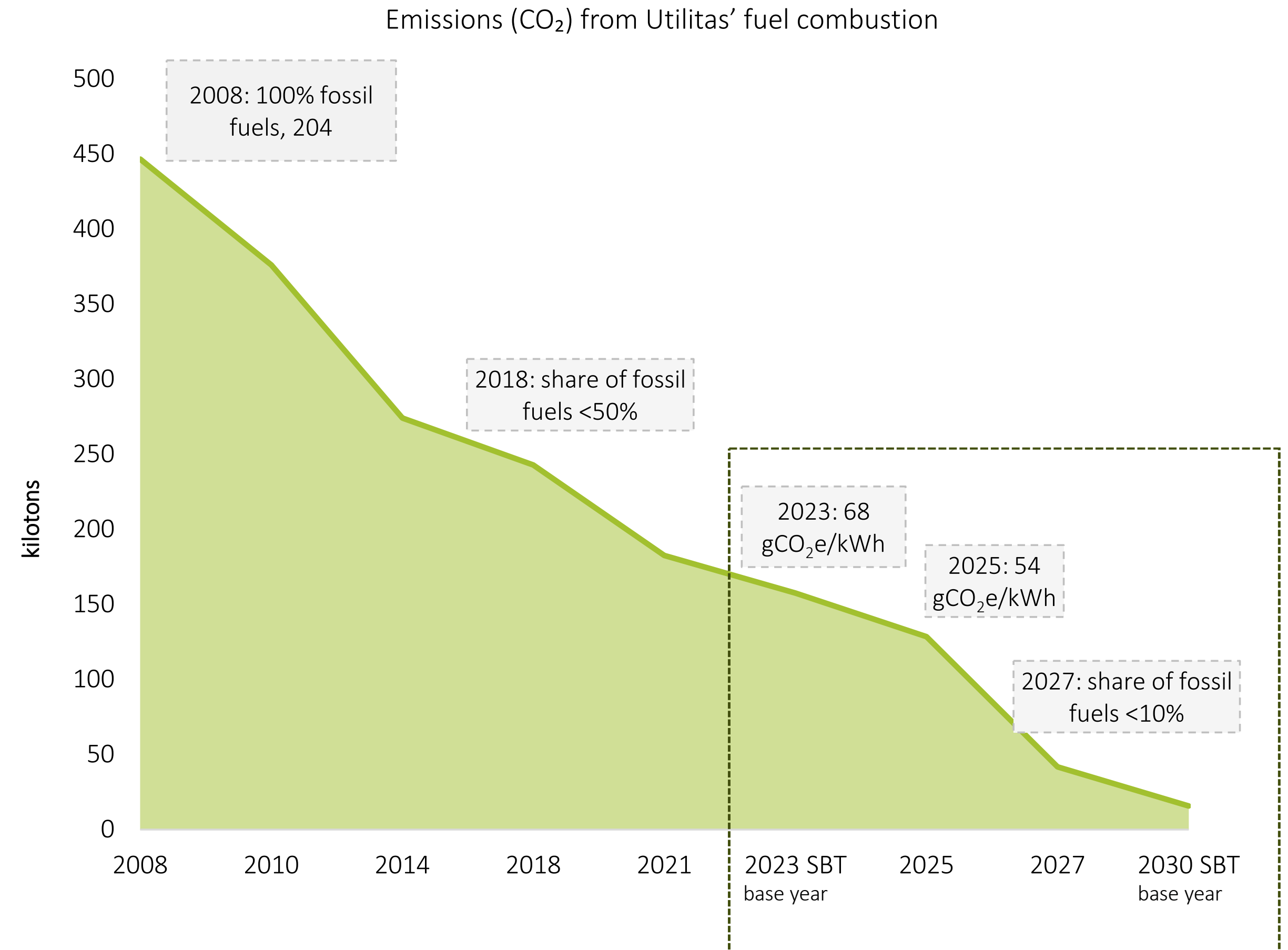
**RESPONSIBLE
BUSINESS INDEX**
GOLD LEVEL 2024

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”
- In 2023, the Science Based Targets initiative (SBTi) validated the Utilitas Group’s targets to reduce Scope 1 and Scope 2 emissions by 90% by 2030 compared to 2023

Key activities of the carbon neutrality plan:

- Gradually develop new renewable energy capacities in order to reduce greenhouse gas emissions to zero and achieve carbon neutrality of district heating in Tallinn and other cities by 2030 at the latest. For example, in Tallinn, it is planned to reduce the consumption of fossil fuels by 500 GWh and thereby reduce the share of natural gas to less than 10% already by 2027
- Reconstruct and modernize the district heating network with the aim of achieving a fully renewed network by 2035



In the years 2008–2021, the emissions include those from purchased heat (natural gas), which are accounted for under Scope 3.

Figure 4. Utilitas Carbon Neutrality Plan

MANAGEMENT POLICY

Utilitas has aligned its management system with the requirements of the ISO 9001, ISO 14001, ISO 27001 and ISO 45001 standards, as well as the PEFC supply chain standard PEFC ST 2002:2020, while adhering to the principles of sustainable development.

Utilitas has long-term experience in supplying customers' buildings with secure, environmentally friendly, and affordable heat. The companies base their operations on the principles of sustainable development, environmental sustainability, a customer-oriented approach, ensuring a safe working environment, and information security. Work processes are continuously improved to enhance the continuity, availability, reliability, and environmental friendliness of services, as well as employee and customer satisfaction. Special attention is also paid to the secure handling of data.

The main goals of Utilitas:

- to offer its customers an environmentally friendly, 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 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 consume energy produced from renewable sources
- 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
- to ensure a functioning information security management system.

MANAGEMENT STRUCTURE

The development, management, and improvement of the integrated management system, as well as topics related to sustainability, occupational safety, and environmental protection, are handled by Utilitas' Environment and Sustainability Department in cooperation with other units and departments. The development and daily implementation of the management systems is the responsibility of all units and departments. The performance of the management system is ensured through established procedures, instructions, forms, objectives, metrics, and the internal control system.

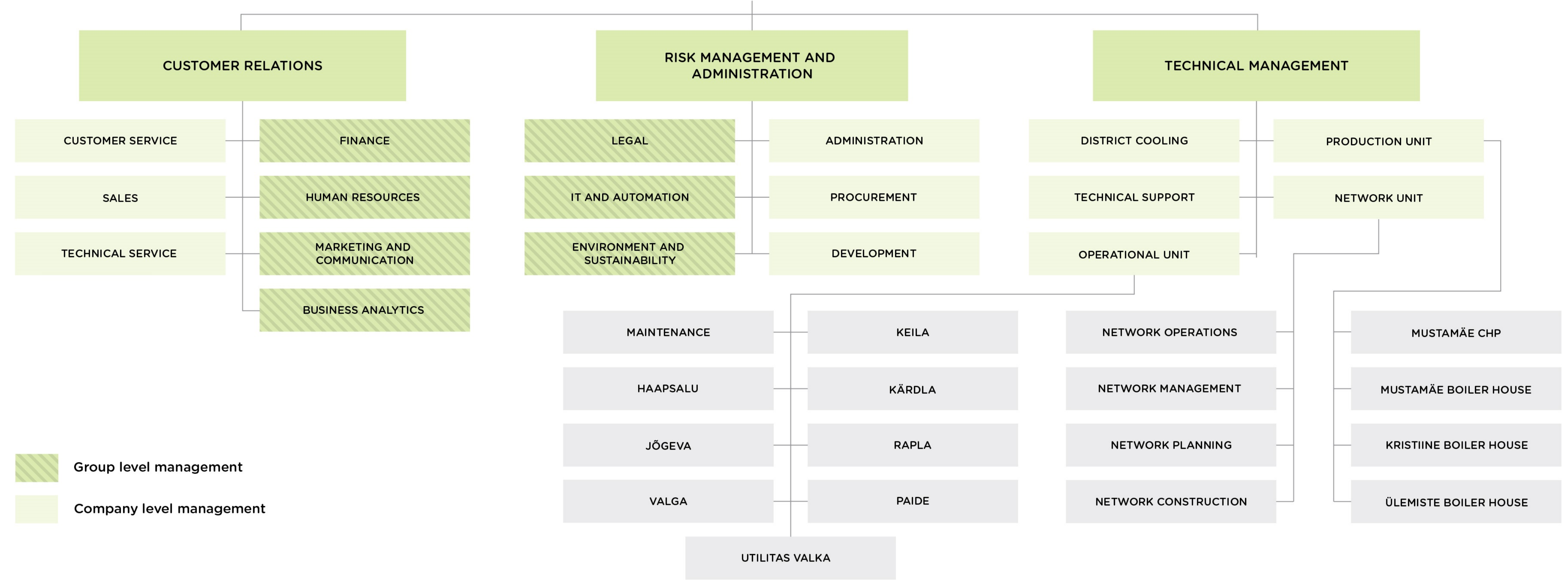
The management of Utilitas Tallinna Soojus and Utilitas Eesti is integrated, and the departments and units carry out their tasks for both AS Utilitas Tallinna Soojus and AS Utilitas Eesti. All units and departments are responsible for achieving the objectives set for the companies and for the ongoing monitoring of the management system's performance indicators.



FUNCTIONAL MANAGEMENT OF UTILITAS GROUP



UTILITAS TALLINN AND UTILITAS EESTI MANAGEMENT STRUCTURE



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 systematically managed through the ISO 14001:2015 environmental management system standard requirements. Companies operate in accordance with all Estonian environmental standards. Environmental complex permits and and environmental permits have been issued to companies..

The companies have identified environmental aspects related to their activities, services, and products, assessed their impact on the surrounding environment, and confirmed objectives to reduce those impacts. Significant environmental aspects and the related management system objectives are reviewed annually.

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

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

The main environmental objectives of Utilitas, which are integrated into the environmental management system, are the following:

- compliance with all legal environmental requirements
- reducing the environmental impact of energy production, including greenhouse gas emissions
- conservation of natural resources, including the efficient use of resources such as water, electricity, and fuels
- using primarily renewable fuels for energy production and reducing the use of fossil fuels
- applying environmentally friendly and energy-saving solutions in all activities
- promoting an energy-saving and environmentally conscious mindset among employees and customers
- informing external stakeholders about the company's activities

OCCUPATIONAL HEALTH AND SAFETY OBJECTIVES

The occupational health and safety management system enables the continuous improvement of employees' working environment and thereby reduces risks to their life and health. The company's main goals and principles in planning and organizing occupational health and safety activities are the following:

- ensuring a work environment free of occupational accidents
- involving employees and their representatives, providing training, instructions, and consultation on safe work practices, the correct use of tools, and protecting their own and others' life and health
- cooperating with relevant authorities and organizations to reduce potential health risks to employees
- preventing hazards
- assessing imminent danger
- replacing a hazardous process or part of it with safe or less hazardous alternatives
- carrying out analyses covering technology, work organization, working conditions, social relations, and the influence of work environment factors.



INFORMATION SECURITY MANAGEMENT SYSTEM OBJECTIVES

The Utilitas Group has developed an Information Security Management System (ISMS) that complies with applicable legislation as well as the requirements of ISO/IEC 27001:2022. The ISMS focuses on meeting the information security expectations of our stakeholders, and in our work we are guided by the following principles:

- complying with applicable information security requirements, including those arising from legislation, regulations, and contracts, as well as internal requirements and control measures
- continuously improving our information security management system
- acting towards the achievement of established information security objectives
- implementing adequate information security measures
- ensuring the operation, monitoring, and security of the services we provide, including data confidentiality, integrity, and availability, in accordance with agreed levels



MANAGEMENT SYSTEM OBJECTIVES AND INDICATORS

Each year, the companies and units set management objectives and performance indicators based on the company's management policy to monitor their fulfillment.

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.

Main indicators and objectives in production:

- 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 the use of fuel:

- use of certified wood
- 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 service objectives:

- Availability – reliability of Utilitas' information systems, business-critical production systems, IT infrastructure, and management services
- Confidentiality and Integrity – protection, reliability, and accessibility of data.

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. In addition, the handling of non-conformities, adequacy of resources, potential risks, improvement opportunities, and other relevant issues are reviewed. The results of the fulfillment of the objectives are presented in PowerBI reports.

Compliance of activities is regularly evaluated at management meetings, during internal and external audits, on occupational health and safety days, and during visits by management members to departments and sub-units. The outputs are documented in relevant protocols and reports.



