



Kela's Code of Conduct for Suppliers

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1. Purpose of the Code of Conduct for Suppliers

Kela promotes sustainability by upholding the wellbeing of its customers, personnel and the environment, while ensuring responsible governance. We are committed to ensuring that the products and services we purchase are produced under socially responsible and environmentally sustainable conditions.

This Code of Conduct for Suppliers defines the minimum requirements that each of our suppliers must comply with. These minimum requirements are consistent with the **United Nations Guiding Principles on Business and Human Rights**¹, the **principles of the United Nations Global Compact**², the **OECD Guidelines for Multinational Enterprises on Responsible Business Conduct**³, and the **principles**⁴ of the International Labour Organisation (ILO).

This document also outlines principles that exceed the minimum requirements, which suppliers are encouraged to follow. Non-binding principles are distinguished from mandatory minimum requirements by the verb ‘encourage’ in connection with the non-binding principles.

¹www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

²Global Compact, www.unglobalcompact.org

³<http://urn.fi/URN:ISBN:978-952-327-707-6>

⁴www.ilo.org/global/standards/lang--en/index.htm



2. Scope and application

Our suppliers must commit to this Code of Conduct and ensure that the minimum requirements established in it are met in their own operations as well as throughout their supply chains. Suppliers must ensure and monitor their own suppliers' compliance with applicable legislation and with corporate social responsibility standards.

Operations and cooperation with Kela must be open, transparent and based on dialogue. Kela has the right to monitor compliance with the minimum requirements set out in this document. Upon request, suppliers must provide a written report of how the supplier meets the basic requirements, either within six weeks or within another mutually agreed time frame from the date of request. The report must be prepared using Kela's self-evaluation form or in accordance with Kela's instructions.

Not every principle outlined in this Code of Conduct may be applicable to each product or service. However, if a product or service contains any elements covered by this Code of Conduct or has an impact on any of the elements referred to in it, the requirements of the Code must be adhered to.

The products and services produced for Kela and its customers must be produced under conditions that meet the minimum requirements specified in sections 3–8 below.



3. Compliance with laws and regulations

The supplier and its subcontractors must comply with the existing laws and regulations in the countries they operate in as well as with all international regulations, agreements and commitments related to their operations.

If the obligations set out in this document exceed the legal requirements, the supplier and its subcontractors must comply with the minimum requirements specified in this document.

Term definitions

Supplier: An entity that either directly or indirectly supplies a product, service, material or resource to Kela based on an agreement or order.

Agreement, master agreement: An agreement concluded between the supplier and Kela, of which this Code of Conduct is an essential part.

Employer: The supplier or its subcontractors, when acting in their capacity as an employer.

Subcontractor: An entity that is involved in the execution of the master agreement and is in a contractual relationship with the entity that concluded the main agreement with Kela but has no direct contractual relationship with Kela.

Supply chain: All stages and entities involved in the delivery of a product or service, from the sourcing or production of raw materials to delivery to the end customer in the supply chain, including e.g. procurement, production, storage, transport and distribution.

Value chain: All activities and relationships associated with the life cycle of a product or service, including but not limited to the procurement of raw materials, production, distribution, use, and end-of-life treatment or disposal.

4. Human rights

4.1 Respect for human rights

Suppliers are required to respect and promote internationally recognized human rights in their own operations and throughout their supply chains. Their rights include, at minimum the **UN Universal Declaration of Human Rights**⁵ and the **ILO Declaration on Fundamental Principles and Rights at Work**⁶.

Suppliers must ensure that they do not contribute, directly or indirectly, to human rights violations. Suppliers must also ensure that no company in their supply chain violate or benefit from human rights violations. Suppliers must have procedures in place to identify, prevent, mitigate, and, where necessary, remove adverse social impacts and human rights risks that may arise in their operations and supply chains. In particular, this includes potential adverse impacts on

workers' rights, working conditions, equality and non-discrimination throughout the value chain.

In addition, suppliers are expected to be aware of and respect the rights of vulnerable groups, such as migrant workers, women, children and persons with disabilities and local communities, as they relate to the product or service provided to Kela. Suppliers must also respect the rights of indigenous peoples and ensure that neither their own operations nor those of their supply chains harm indigenous livelihoods, culture or land use.

4.2 Grievance mechanisms

Suppliers must ensure that their employees and other relevant parties, such as their own suppliers and local communities, have access to appropriate grievance mechanisms. Suppliers must also have a process in place to handle complaints and observations, to initiate corrective actions and to monitor their effects.

⁵www.un.org/en/about-us/universal-declaration-of-human-rights

⁶www.ilo.org/declaration/thedeclaration/textdeclaration/lang--en/index.htm

5. Labour rights and working conditions

The human rights and labour rights requirements outlined in this Code of Conduct apply to all employees of the supplier and its subcontractors, regardless of employment status. This includes temporary workers, seasonal workers, migrant workers, and any other individuals working under the supplier's authority.

5.1 Child labour and young workers

Child labour is strictly prohibited. For the purposes of this Code, a child is defined as a person who is

- under the age of 15 or below the minimum age required by national legislation if it is higher than 15; and
- under the age at which compulsory basic education ends under national law.

Children aged 15 to 17 may only perform tasks that, by their nature or conditions, do not harm their health, security, education or moral development. Minors under 18 must not be

required to work at night or to work overtime.

If child labour is discovered, the supplier must intervene and, together with the child's employer, the child and their family, and any other appropriate parties, take steps to ensure that the child's interests are protected.

5.2 Forced labour

Forced labour is strictly prohibited. Forced labour refers to any work or service that is exacted from a person under the threat of penalty and for which that person has not offered themselves voluntarily. In order to identify forced labour, the **ILO Indicators of Forced Labour**⁷ or criteria that are in line with them are applied.

In addition to forced labour, slavery, debt bondage or involuntary prison labour are strictly prohibited. All employment relationships must be voluntary, and employees must always have the right to terminate their employment contract with reasonable notice.

Employers, employment agencies and other employment service providers may not hold onto or otherwise hide, confiscate or destroy documents that prove an employee's identity or right of residence, such as an identity card, passport or working permit, or to prevent employees from having access to such documents, unless such action is required under national law. The documents must be returned to the employees without delay.



Employees must not be required to pay any fees, such as recruitment fees, to employers, employment agencies or other parties in return for their employment contract or job assignment. If such fees are found to have been paid, they must be returned to the employees. Employers are responsible for ensuring that workers have not paid recruitment-related fees to any third parties, including labour brokers or recruitment agencies.

5.3 Non-discrimination and fair treatment

Employers must treat all employees equally and with respect for human dignity. It is prohibited to discriminate against anyone due to their age, origin, nationality, language, religion, convictions, opinions, political activity, trade union activity, family relations, health, disability, sexual orientation or any other reason related to the employee's person. Discrimination refers to any unequal treatment of individuals, such as exclusion, rejection or favouritism, that is not based on the requirements or nature of the job, but rather stems from biased attitudes resulting in unequal treatment.

The harassment and abuse of employees is strictly prohibited. Harassment and abuse refers to inhumane treatment of employees,

including sexual harassment and exploitation, physical punishment, mental or physical coercion and intimidation, verbal harassment, as well as the threat of any of the above. Employers must have clear anti-harassment policies in place, immediately intervene in any incidents of harassment and ensure adequate support for victims.

Employers must promote the acceptance of diversity and ensure equal opportunities for all employees. All employees must have equal opportunities to participate, develop, and be treated with respect and fairness. Where necessary, disadvantaged or marginalized groups must also be supported through positive measures.

5.4 Freedom of Association

Employers must respect their employees' freedom of association and their right to join or not join organisations of their own choosing, as well as their right to collective bargaining. Employers must respect, within the framework of local legislation, the right and freedom of employees to unionise and to engage in professional organization and collective negotiation. This means various formal and informal forms of cooperation aimed at collectively supporting and protecting employees' interests at the workplace and in the workplace community. The employer must inform their employees of this right.

In countries where freedom of association is not fully recognised, employers must lend support to practices aimed at enabling employees or their elected representatives to meet with workplace management to discuss questions relating to pay and working conditions without fear of adverse consequences resulting from such engagement.

5.5 Wages and salaries, working hours and conditions

Wages and salaries must be paid directly to employees in full at the agreed time, and at least monthly. Under no circumstances may the wage or salary paid to an employee be less than the minimum wage or salary applicable in the particular industry and country of employment or the minimum wage or salary specified in the applicable collective agreement – whichever is higher.

Employees must be paid a living wage or salary that covers the basic needs of the employees and their families. **Living wage⁸** refers to a compensation that is paid to an employee for a normal work week (without overtime) and which is sufficient to ensure a reasonable standard of living for the employee and their family in the city, town or region the employee works in. A decent standard of living includes but is not limited to food, water, housing, education, healthcare, costs of public

transport, clothing and other essential needs. Furthermore, enough must be left over of the employee's wage after the aforementioned are paid for to cover unexpected expenses. The employer must adhere to the principle of equal pay and strive to prevent pay discrimination in all its forms.

Employees must be paid compensation for overtime in accordance with applicable legislation, industry practices or the applicable collective agreement – whichever is highest. Employees must receive a written payslip or equivalent breakdown with each payment, allowing them to verify the accuracy of their wages or salaries. Overtime compensations must be indicated clearly in the payslip. No punitive deductions may be made from the employee's wage, salary or other benefits.

Employers must comply with all local laws and regulations and/or collective agreements concerning working hours, days off and overtime work. An employee's working time may not exceed 60 hours or six days per week, or

the maximum specified by the laws applicable in the region of employment, with overtime included. This maximum may be exceeded only in cases of actual or imminent accidents, force majeure, or urgent repair or maintenance work. However, this provision may only be taken into account to the extent necessary to ensure that regular work for the employer is not significantly disrupted. Overtime work must be voluntary.

Suppliers must ensure that their employees can take regular and appropriate breaks during working hours. Employees must have at least one day off in each seven-day period of work. Absences such as vacations, illnesses and parental leaves must be compensated in accordance with national legislation. Records of absences and leave must be maintained.

Employers must enter into a written employment contract with each employee in a language the employee understands. The employment contract must include the employee's rights and the terms of their employment.

⁷ILO, Indicators of Forced Labour, http://www.ilo.org/global/topics/forced-labour/publications/WCMS_203832/lang--en/index.htm

⁸A 'living wage or salary' is to be understood according to the definition of a 'living wage' by the Global Living Wage Coalition (www.globallivingwage.org): "Wages for a regular work week which employees residing in a specific location require to maintain a reasonable standard of living for themselves and their families. Components in a reasonable standard of living include food, water, housing, education, healthcare, transport, clothing and other basic needs, including preparations for unexpected events."

6. Health and safety

6.1 Occupational health and safety

Suppliers and their subcontractors must always prioritise the health and safety of their employees. The working environment must be healthy and safe for the employees. This means that employees are not exposed to conditions which could jeopardise their physical or mental health, or that the employer ensures that the employees are appropriately protected against such exposure.

Employees must be provided with appropriate protective equipment whenever necessary. Employees must have access to adequate first-aid equipment. The employer must provide the employees access to drinking water, adequate ventilation and lighting and a humane temperature at the workplace, and

ensure safe levels of noise, particles and radiation.

The employer is also responsible for protecting employees from psychological occupational health risks. This includes risks related to burn-out or work-related stress.

The employer must provide employees with training and information on work-related procedures, risks and risk prevention, including fire safety, dangerous tasks and first aid. Safety instructions must be clearly displayed at the suppliers' premises. All training and safety instructions must be available in a language the employee understands. Records must be kept of all training sessions and accident statistics.

Employees have the right to refuse dangerous work tasks without facing penalties or threats. The employer must provide

employees with appropriate occupational health care services.

6.2 Emergency preparedness and accident prevention

The employer must prevent, monitor and report any work-related accidents, near misses, negative health impacts and illnesses. Employees must be encouraged to report such accidents, illnesses, near misses and negative health impacts as well as any risk factors they may identify. All exposures and risk factors must be identified, monitored and mitigated.

The employer must identify potential emergencies and prepare plans and guidelines to minimize harmful impacts on employees, the environment and the employer's business operations. The employer must also have a plan and a pre-defined set of measures in

place that will be executed in the event of natural disasters.

The employer must take immediate corrective action upon becoming aware of potential exposures or hazards. Work machinery and tools must be equipped with appropriate safety and protective features.

Facilities must be equipped with fire alarms or equivalent fire detection systems. The fire detection systems must be tested regularly. Emergency exits must be marked clearly, and they may not be blocked or locked. Evacuation drills must be organised regularly and records of these drills must be maintained.

6.3 Break areas and accommodation

The employer must provide the employees with a break room separate from the working areas and ensure that the employees have access to appropriate sanitary facilities and meal rooms.

If the employer offers accommodation

for employees, such as a dormitory, it must be built and maintained in accordance with applicable laws and regulations. It must also be clearly separated from production areas. The accommodation must be safe and provide reasonable privacy and personal space. The employer must provide the employees with a clean toilet, shower and bathroom in addition to drinking water, adequate heating and ventilation and a space to prepare, store and eat meals.



7. Environment

Suppliers must ensure that the products and services they provide are produced in an environmentally sustainable manner. Suppliers and their subcontractors must comply with the environmental laws and regulations of the country in which they operate, as well as all applicable international environmental regulations and agreements relevant to their operations. Suppliers and their subcontractors must ensure that all environmental licences, permits and registrations are up to date and in use. These documents must be maintained and adhered to at all times.

Kela requires that its suppliers are committed to combating climate change and biodiversity loss, and to the sustainable use of natural resources. Suppliers must set targets to reduce their most significant environmental impacts. Harmful environmental effects

caused by the supplier's operations and value chain must be proactively and systematically prevented and reduced, and discontinued if necessary. Suppliers must also train their employees on environmental impact management and its importance. In the event of environmental violations, suppliers must address them systematically and communicate openly about them to their employees and external stakeholders.

Suppliers are required to monitor and document key data relevant to their operations and environmental impacts. This data includes, but is not limited to, data concerning energy transition, greenhouse gas emissions (scope 1, 2 and 3, if available), water consumption, use of chemicals, recycling and reuse of materials, waste generation and management, and impacts on biodiversity. Upon request,



suppliers must provide relevant data and documentation to support Kela's reporting on organisational responsibility.

Suppliers must also require compliance with the minimum environmental requirements outlined in section 7 and its subsections throughout their supply chains.

7.1 Climate and emissions

Suppliers must identify, monitor, manage and mitigate their airborne emissions from sources that are central to their **operations**⁹. Emissions resulting from a supplier's operations, such as noise, odours, particles and radiation, must remain within the specified parameters. Suppliers must take active measures to prevent the generation of harmful emissions and light pollution.

Kela encourages its suppliers to develop and implement low-emission technologies and solutions whenever possible and to adopt science-based goals for reducing emissions. Suppliers are also encouraged to evaluate and monitor their emissions in accordance with recognised methods (e.g. GHG Protocol, ISO 14064).

⁹In addition to carbon dioxide, aerial emissions include VOC emissions, corrosive substances, particulate matter, other ozone-depleting emissions, and combustion by-products.

7.2 Water stewardship and soil protection

Suppliers must use water in an environmentally sustainable way. Suppliers must minimise water consumption and prevent the depletion of water resources and the pollution of water bodies. Water usage must be efficient and based on the best available practices. Waste water must be treated appropriately in accordance with the applicable laws and regulations.

Suppliers must prevent soil contamination and degradation. This requires effective management of hazardous substances, prevention of leaks, spills and emissions, implementation of methods that maintain or improve soil condition and responsible land use practices.

7.3 Circular economy and energy efficiency

The supplier must use natural resources sparingly and promote the implementation of the principles of circular economy and energy efficiency. This entails a life-cycle based approach to designing and manufacturing products and services, and determined efforts to reduce energy and material waste.

Suppliers must prioritize low-emission and renewable energy sources in order to reduce the use of fossil fuels. Suppliers must also prioritize sustainable logistics solutions, such as low-emission modes of transport and efficient route planning.

Suppliers must promote practices that are in line with the waste hierarchy: preventing waste generation, reusing materials, and efficient recycling, as well as ensuring proper disposal. Waste must be sorted into appropriate streams and handled in accordance with local legislation, and in a way that minimizes environmental harm from final disposal.

7.4 Management of chemicals and hazardous substances

Suppliers must prioritize processes and products that minimize chemical load. Suppliers must strive to reduce the use of chemicals that are hazardous to the environment or health and to replace them with less hazardous alternatives and methods whenever possible.

Suppliers must process, store and dispose of chemicals and hazardous substances and materials appropriately and in compliance with the local laws and regulations. Suppliers must ensure that the use and disposal of

these substances does not cause harm to the employees, the environment or nearby communities.

Suppliers must have an up-to-date emergency response plan and appropriate equipment in place for chemical-related incidents. Suppliers must also ensure that employees are trained in the proper handling, storage and disposal of chemicals, in a language they understand.

7.5 Protecting biodiversity

Suppliers must take the protection of biodiversity into account when planning their business operations. Suppliers must identify and monitor the direct and indirect impacts of their operations on biodiversity and strive to systematically reduce these negative impacts.

Suppliers must promote practices that support the vitality of ecosystems, both in their own operations and in those of their entire value chain. Particular attention must be paid,

in the supplier's value chain, to the prevention of deforestation, the prevention of habitat destruction and avoiding engaging in activities that threaten endangered ecosystems or species.

Suppliers must avoid the use of materials and activities originating from areas that are sensitive or high-risk in terms of biodiversity. Additionally, suppliers are encouraged to develop practices that support the sustainable use of natural resources and the long-term preservation of ecosystems.

7.6 Sustainable sourcing of raw materials and animal welfare

Suppliers must ensure that the origin of materials used in the production and delivery of products and services provided to Kela is sustainable and traceable.

Suppliers must adhere to the OECD guidelines on the responsible sourcing of minerals from conflict-affected areas and guarantee that

no minerals used in the products are sourced from regions or entities that finance armed groups or facilitate human rights abuses.

Suppliers must respect animal welfare and comply with applicable animal protection legislation in all of their operations. The procurement of products and services must prioritize production and operational methods that do not make use of animals or animal-derived products, or that promote the health and welfare of animals. Animal testing must be avoided unless required by legislation or justified by scientific necessity. Suppliers are encouraged to use certified and ethically produced alternatives whenever possible.

Suppliers must collect and maintain reliable records on the geographical origin and supply chain of all materials and products and to provide this verified information upon request. If necessary, suppliers must cooperate with other suppliers and stakeholders in the development and monitoring of responsible procurement practices.



8. Ethical practices

Suppliers must operate honestly, transparently and fairly. Suppliers are required to comply with the following corporate ethics practices and to ensure their implementation throughout their supply chains.

8.1 Corruption, bribery and hospitality

Suppliers are required to prohibit and prevent all forms of corruption, bribery, and extortion. Suppliers must not, directly or indirectly, offer any payment or other benefit to any party in order to obtain or retain business or gain undue advantage in their operations. Suppliers must not, directly or indirectly, request or accept payment or other benefit from a third party in a way that could compromise the objectivity of their business decisions. Suppliers must have written policies in place aimed at preventing bribery and corruption.

Suppliers must not offer gifts or hospitality to Kela's employees or representatives in situations where it could influence or appear to influence decision-making.

8.2 Conflicts of interest and fair competition

Suppliers must avoid conflicts of interest and inform Kela of any relationships which involve or can be understood to involve a conflict of interest.

Suppliers must compete fairly and comply with all local laws and regulations on competition. Suppliers must not participate in cartels, price-fixing, or any other practices that restrict fair competition.

8.3 Financial crimes

Suppliers must not, directly or indirectly, be party to fraud, money laundering, illegal tax evasion, undeclared economic activity, or any other financial crime.

Suppliers must comply with all applicable laws and regulations on export and import controls, trade restrictions and sanctions that are enacted by competent bodies such as the European Union or the United Nations. Suppliers must ensure that they do not directly or indirectly engage in business transactions that involve any entities, goods or services subject to these restrictions.

8.4 Data security and digital responsibility

Suppliers must ensure that their operations do not compromise or endanger the data security of Kela or other stakeholders. Suppliers must process personal data in compliance with applicable legislation and ensure the protection of privacy in accordance with EU data protection legislation. Suppliers must comply with applicable laws on data security and data protection as well as with any specific security requirements imposed by Kela. Any potential data security breaches must be reported without delay.

Suppliers must ensure that the digital solutions they employ, such as artificial intelligence, automation and algorithms, function in a transparent, fair and non-discriminatory manner. Suppliers must be able to prove that the use of the technology does not endanger privacy or safety, cause excessive environmental impact or result in discriminatory or

unethical outcomes. Suppliers must comply with applicable laws and regulations, including but not limited to the EU Artificial Intelligence Act, as well as any specific requirements set by Kela regarding the use of technology.

Suppliers must actively monitor developments in the regulation of data protection and other data-related matters and update their practices to ensure continuous compliance.

8.5 Transparent and honest communication

Suppliers must ensure that all communications and information disclosed are accurate, comprehensible, timely and not misleading.

Suppliers must report, without delay, any significant changes, errors or irregularities that may affect their cooperation with Kela or the terms of the contract.

Suppliers must report in a transparent manner on all processes, risks and measures that relate to their reporting and due diligence

obligations under EU law, if said regulations apply to them.



9. Compliance

Suppliers commit to complying with this Code of Conduct and ensuring that their subcontractors and other parties in their supply chains also operate in accordance with their requirements and principles. Suppliers must, through contractual arrangements and practical measures, ensure that the requirements outlined in this Code of Conduct are fulfilled both in their own operations and throughout their supply chains.

At the start of the contractual relationship, suppliers must have established practices to regularly monitor and evaluate the implementation of the minimum requirements outlined in this Code of Conduct, as well as the related risks, both in the supplier's own operations and those of their subcontractors. If the supplier identifies significant deviations or violations in the implementation of the Code's

minimum requirements, it must notify Kela without delay and take corrective action.

Kela will monitor compliance with this Code of Conduct during the contract period. For this purpose, Kela may:

- request explanations, documents, and audit results from the supplier
- require the correction of any identified shortcomings as well as reporting on corrective actions
- organize regular follow-up meetings, which suppliers must attend and provide necessary information within a reasonable timeframe
- audit the operations of suppliers and/or their subcontractors in accordance with the main contract.

If any violations are identified, suppliers must present a time-bound corrective action plan and implement the necessary measures without delay. Kela has the right to terminate the contract with immediate effect if a supplier does not take corrective action within the designated timeframe, fails to resolve the shortcomings within the specified timeline and in accordance with the action plan, or demonstrates substantial non-compliance with the minimum requirements.

Additionally, suppliers are encouraged to develop their internal monitoring practices and reporting mechanisms in support of continuous improvement and the transparency of their responsibility measures.

10. Reporting of concerns and violations

Any concerns about non-compliance with or potential violations of this Code of Conduct may be reported confidentially to Kela.

Email: compliance@kela.fi

