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SIA "RĪGAS ŪDENS" MEDIUM-TERM OPERATIONAL STRATEGY

2022-2024

SUMMARY

Riga, 2022

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1. INTRODUCTION

The Medium-term Operational Strategy 2022 - 2024 of SIA "Rīgas Ūdens" (hereinafter - the *Company* or *Rīgas Ūdens*) (hereinafter - the Strategy) is a planning document that sets out the medium-term operational priorities of *Rīgas Ūdens* and a set of measures to achieve the strategic objectives set for the *Company*.

The Strategy is based on the Law on Management of Public Entity Capital Shares and Capital Companies, 07.07.2021. Riga City Council Decision No.720 "Evaluation of Riga City Municipality's Participation in SIA "Rīgas Ūdens"" and Riga City Council Decision No.938 "On Determination of Specific Non-Financial Objectives of SIA "Rīgas Ūdens"" dated 06.10.2021, as well as taking into account the financial objectives set by the representative of the shareholder of *Rīgas Ūdens*.

The development of the Strategy has taken into account the regulatory enactments regulating the sector, planning documents of the Republic of Latvia and the City of Riga, the requirements set out in the contract with the Riga Municipality for the provision of public water management services of 24.07.2019, as well as the strategic directions of the *Company's* activities implemented in the previous planning period, thus ensuring a functional and structured continuity of the development of *Rīgas Ūdens*.

Implementation of the action lines and tasks included in the Strategy will ensure provision of strategic services in the public interest and environmental safety, as well as management of *Rīgas Ūdens* infrastructure facilities of national and municipal importance for safety and development.

Given that the Strategy identifies the renovation of outdated water management infrastructure as a key priority, which requires substantial investment, the objectives of public water supply and environmental protection can be more effectively achieved by balancing the expansion of access to centralised water supply and sewerage services with a significant promotion of connections by increasing the number of connections to centralised water supply and sewerage networks in those areas where access to water services is already provided but connections have not been constructed. These are the areas of the city where water supply and sewerage network extension projects co-financed by the European Union Cohesion Fund have been completed since 2004, as well as the areas of Riga where ongoing projects will be completed during the implementation period of the Strategy.

The need to ensure higher standards of drinking water quality and environmental compatibility of treated wastewater discharges will be balanced against the cost of water services through socially responsible policies. It is planned to attract European Union funding for some of the infrastructure renovation projects planned for *Rīgas Ūdens* after 2024, but the preparation of these projects will already take place during the implementation phase of the Strategy. The implementation of the tasks set out in the Strategy will ensure the efficient management of the *Company* by making technologically and economically sound tariff changes over the next few years, which are necessary for the efficient provision of water management services.

In the area of water supply, Riga residents will be provided with high quality drinking water as a priority, measures will be taken to improve the quality of drinking water by intensifying the rehabilitation of water supply networks and flushing water supply networks, and a sustainable model for the future development of Riga's water supply system will be developed and work will start on its implementation.

To improve the sustainability of wastewater management, work is planned to increase wastewater treatment capacity and the climate resilience of the centralised sewerage system by intensifying the rehabilitation of sewerage networks, as well as the reconstructing of the main sewage pumping station and other smaller stations on the left bank of the Daugava and other measures to improve energy efficiency. *Rīgas Ūdens* plans to upgrade its sewage sludge treatment system.

Research and development, information technology development and digitisation improvement are identified as an important direction of activity during the Strategy planning period, seeking opportunities to implement modernisation solutions in the *Company's* technological and customer service processes. Digital services for telemetry of commercial metering of drinking water will be developed for customer convenience and the range of customer self-service portal services will be extended. *Rīgas Ūdens* customers and the public will be educated about water management, informing and promoting "green thinking" and the benefits of tap water use, in order to raise public awareness about *Rīgas Ūdens* and about everyone's contribution to protecting water resources and preserving the environment.

2. GENERAL INFORMATION ABOUT THE COMPANY

Rīgas Ūdens is a capital company owned by the Riga State Municipality, which operates in a strategically important sector, performing a municipal function in the field of water supply and sewerage services, providing public water management services in the administrative territory of Riga and in some municipalities of the Baltic Sea Region. On 24 July 2019, the Riga City Municipality and the *Company* concluded an agreement for the provision of the following public water management services in the administrative territory of Riga City for a period of 10 years (until 23 July 2029):

- production, storage and preparation of water for supply to the centralised water supply network;
- water supply from the supply place in the centralized water-pipe network to the property boundary;
- collection of wastewater in centralised sewerage systems (except storm sewerage in rain water systems) from the property boundary and discharge to a wastewater treatment plant;
- wastewater treatment and discharge into the environment, including surface water bodies.

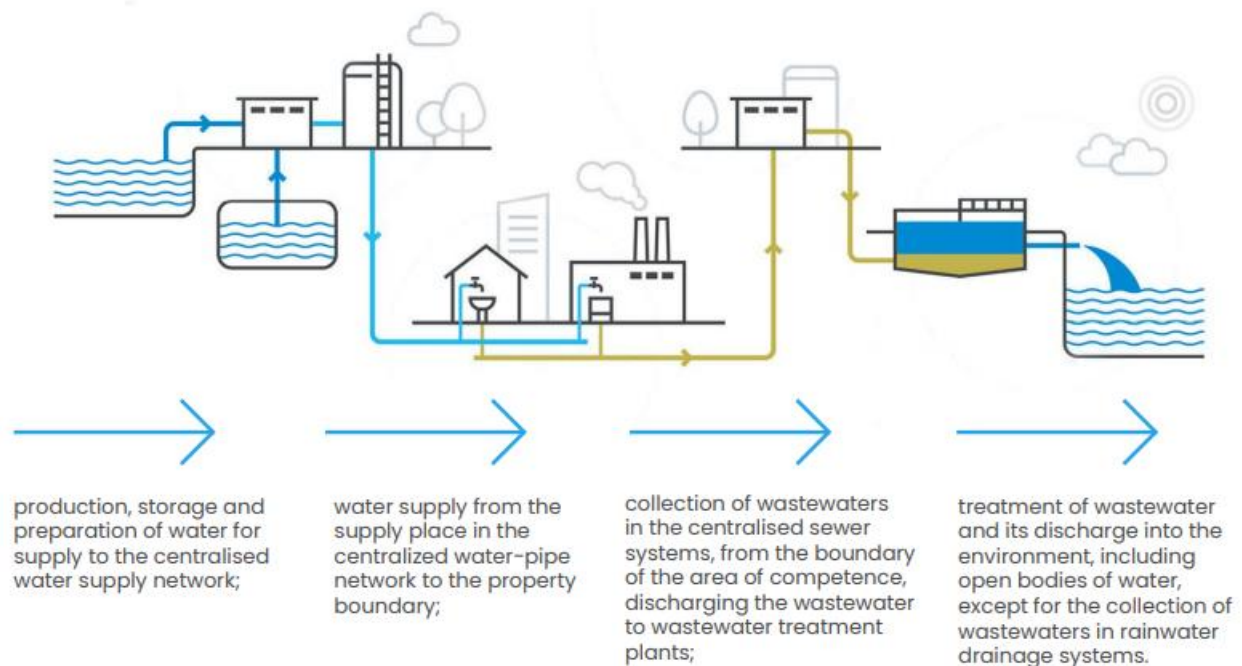


Figure 1 Main activities of *Rīgas Ūdens*.

Additional services provided by *Rīgas Ūdens* :

- interruption and restoration of water service functions;
- sewer supply line closure and sewerage service resumption;
- replacement of a commercial metering device;
- connection to a hydrant for water supply;
- testing of water and wastewater samples;
- design and construction of water supply communication branches

are provided as part of the public service and are closely linked to the provision of water supply and sewerage services. Therefore, commercial activities in these directions also comply with the requirements of the law - commercial activities of *Rīgas Ūdens* are carried out in the cases stipulated in Articles 1 and 2 of Paragraph 1 of Section 88 of the State Administration Structure Law - a market failure is eliminated and the activities of a public capital company result in the creation of services that are strategically important for the development of the administrative territory of the municipality, ensuring uninterrupted provision of utility services, accounting and cost efficiency of services to end consumers.

The *Company* provides water management services also outside the administrative territory of Riga city providing supply of drinking water and wastewater treatment to individual municipal territories located near Riga city.

The *Company* is registered in the Register of Public Water Service Providers of the Public Utilities Regulatory Commission.

When providing public water management services, *Rīgas Ūdens* shall ensure:

- ◆ compliance of services with certain quality and environmental requirements, technical regulations, standards and the terms of contracts with service users;
- ◆ the quality of drinking water and wastewater treatment in accordance with the laws and regulations of the Republic of Latvia and EU legislation;
- ◆ maintaining water quality and quantity at water points within their competence;
- ◆ addressing environmental protection and water efficiency within its competence;
- ◆ water monitoring in the cases and in the procedures provided for in permits and regulatory enactments;
- ◆ designing and implementing water management development projects within its competence, implementing relevant EU directives.

3. BUSINESS MODEL OF THE COMPANY

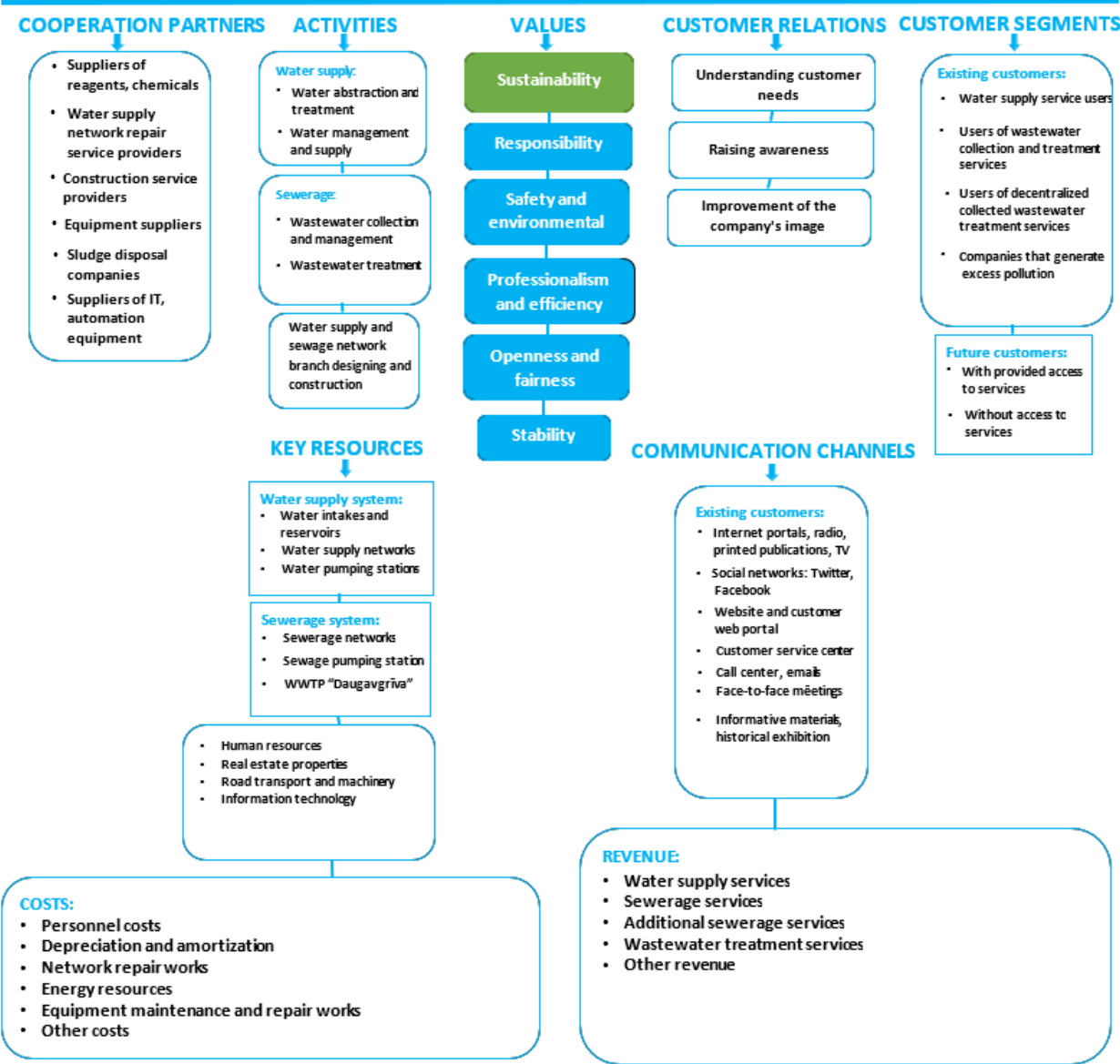


Figure 2 Overview of Rīgas Ūdens business model

The business model of *Rīgas Ūdens* is designed to ensure the performance of water management services and to meet the objectives set for the *Company*. All four main production processes (water production, water supply, wastewater transfer and wastewater treatment) and the provision of customer service and support processes combine to deliver a high quality, safe, sustainable service.

Rīgas Ūdens has defined values that are followed in all the *Company's* processes and interactions with customers and stakeholders and suppliers:

💧 **Sustainability:**

Achieving *Rīgas Ūdens* strategic objectives and managing resources efficiently for long-term growth, delivering high quality and reliable public water services to residents and promoting financial sustainability. A constant drive to improve our performance, introduce new ideas and technologies, and strive for excellence.

💧 **Responsibility:**

Rīgas Ūdens responsibly fulfils its obligations under the agreement with the Riga City Municipality for the provision of public water management services in the administrative territory of Riga City. Responsible use of Riga's important water resources and management of strategic infrastructure is ensured.

💧 **Safety and environmental impact:**

Rīgas Ūdens identifies, assesses and monitors the risks associated with its operations, thereby ensuring safe public water services. *Rīgas Ūdens* complies with the requirements of the regulatory enactments on environmental protection in order to minimise the impact of its activities on the environment and to provide safe water management services to the population and the environment.

💧 **Professionalism and efficiency:**

Rīgas Ūdens provides public water management services professionally and efficiently, and strives for a LEAN-based organisation of work.

💧 **Openness and fairness:**

Rīgas Ūdens ensures disclosure of key financial, non-financial and other information in accordance with the requirements of regulatory enactments, as well as accessibility and transparency of information, building relationships with stakeholders as a whole. The information provided is truthful, verified and the *Company* is honest in its dealings with employees, customers, business partners and other stakeholders.

💧 **Stability:**

Rīgas Ūdens operates in a strategically important and stable sector, with a long-term development orientation, providing employees with a sense of stability and social security.

4. STRATEGIC GOAL

The highest decision-making body of a public body determines the goals that the public body wishes to achieve through its participation in the Company, which are derived from legislation and policy planning documents.

On 7 July 2021, the Riga City Council adopted Decision No 720 "Evaluation of the Participation of the Riga City Municipality in SIA "Rīgas Ūdens"", which set the main objective of *Rīgas Ūdens* - "To provide high quality and reliable water management services, ensure sustainable and safe use of water resources and management of strategically important infrastructure in Riga, as well as to promote residents' participation in water pollution prevention".



Riga City Council Decision No 938 of 06.10.2021 "On Determination of Specific Non-Financial Objectives of SIA "Rīgas Ūdens"" has determined specific Company's non-financial objectives of the Riga City Municipality for the implementation of the water management policy in the field of centralised water supply and sewerage.

The non-financial objectives have been selected to ensure the overall achievement of the overall strategic objective of the *Company* - to provide quality and reliable water services, to ensure sustainable and safe use of Riga's important water resources and management of strategic infrastructure, and to promote residents' involvement in water pollution prevention.

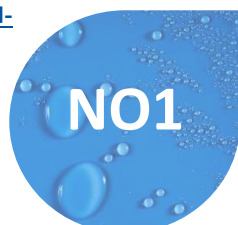
In its Medium-Term Operational Strategy 2022-2024, the *Company* plans objectives and priorities to achieve its goals, defining the planned performance indicators and the value to be achieved by the activities to be carried out within them.

5. NON-FINANCIAL OBJECTIVES AND PERFORMANCE INDICATORS

In order to achieve the specific non-financial objectives set for *Rīgas Ūdens*, *Rīgas Ūdens* has developed an Action Plan, including the main priorities of each action line, planned activities, indicating the planned investment and action programmes, as well as performance indicators to characterise the achievement of the target.

5.1. Developing the use of public water services

NON-



FINANCIAL OBJECTIVE 1: Developing the use of public water services, improving their accessibility and increasing the connection rate, thus ensuring a quality living environment, reducing environmental pollution and contributing to meeting the requirements of European Union directives in the field of water management.

ACTION LINES:

- ◆ **AL1.1.** To develop an economically viable centralised water supply and sewerage system in accordance with the municipality's development planning documents and to increase the number of inhabitants with access to public water supply and sewerage services
- ◆ **AL1.2.** To promote connections to centralised water supply and sewerage systems and increase the number of users of public water services

Programme to extend access to water services

- The objective of the programme is to develop an economically viable centralised water supply and sewerage system in accordance with the municipality's development planning documents and to increase the number of people with access to public water supply and sewerage services, to promote connections to the centralised water supply and sewerage system and to increase the number of users of public water supply and sewerage services.

Operational programme for the installation of connections to Riga's centralised water supply and sewerage system

- The aim of the programme is to facilitate the connection of real estate properties to the centralised water supply and sewerage system constructed within the framework of the projects "Water Management Development in Riga, Phase 4", "Water Management Development in Riga, Phase 5" and "Water Management Development in Riga, Phase 6" co-financed by the Cohesion Fund of the European Union.

Action lines and performance indicators for *Rīgas Ūdens* non-financial objective NO1

Performance indicator	Achievable value in 2022	Achievable value in 2023	Achievable value in 2024
AL1.1. To develop an economically viable centralised water supply and sewerage system in accordance with the municipality's development planning documents and to increase the number of inhabitants with access to public water supply and sewerage services			
PI1. Number of declared inhabitants in real estate with access to centralised sewerage service in the centralised sewerage system agglomeration, (%)	≥ 98,0 %	≥ 98,2 %	≥ 98,2 %
PI2. Number of declared residents in properties with access to centralised water supply (%)	≥ 98,0 %	≥ 98,1 %	≥ 98,1 %
AL1.2 To promote connections to centralised water supply and sewerage systems and increase the number of users of public water services			
PI3. Number of declared residents in properties connected to a centralised sewerage system (%)	≥ 96,0 %	≥ 96,6 %	≥ 96,8 %
	provided that active efforts are made to improve decentralised sewerage systems, the activities of SIA "Rīgas Ūdens" in the co-financing programme are supported and there is sufficient participation of the population		
PI4. Number of declared residents in properties connected to a centralised water supply system (%)	≥ 97,3 %	≥ 97,3 %	≥ 97,4 %
	provided that active efforts are made to promote the use of centralised water supply systems and that there is sufficient participation by the population		
PI5. Provision of RCC co-financing programme for the installation of connections to residents' real estate for the territory of Phase 5 and Phase 6 of the "Water Management Development in Riga" projects	Co-financing programme implemented	Co-financing programme implemented	Co-financing programme implemented

5.2. Promoting sustainable wastewater management



NON-FINANCIAL OBJECTIVE 2: To promote the sustainability of wastewater management by improving the quality and efficiency of wastewater treatment, mitigating the impacts of climate change and negative impacts on the environment.

ACTION LINES:

- ◆ AL2.1. To improve the quality of wastewater treatment by reducing the negative impact of phosphorus on water bodies
- ◆ AL2.2. To improve the quality of wastewater treatment by reducing the negative impact of nitrogen on water bodies
- ◆ AL2.3. To ensure sustainable management of sewage sludge
- ◆ AL2.4. To promote climate resilience of infrastructure by reducing the amount of stormwater entering the centralised sewerage system

The planned activities will ensure the rehabilitation of priority wastewater treatment engineering structures, the necessary studies for the approval of the concept and implementation of the wastewater treatment plant extension, the increase of the sludge treatment capacity, and the necessary wastewater control and monitoring.

Sustainable wastewater management programme

- The aim of the programme is to investigate and ensure the development and sustainability of strategic wastewater management infrastructure.

Programme for the provision and technological development of wastewater and sludge treatment

- The objective of the programme is to meet wastewater treatment and sludge treatment requirements through infrastructure rehabilitation and technological upgrading, including software, providing users of public water management services with quality and safe sewage services.

The planned activities will include the development of a computer model of the centralised sewerage system and the evaluation of its results in terms of possible measures to improve the climate resilience of the sewerage system, the implementation of priority projects to rebuild sections of trunk sewerage networks, including the construction of separate storm water sewers with financial support from the RCC.

Sustainable wastewater management programme

- The aim of the programme is to investigate and ensure the development and sustainability of strategic wastewater management infrastructure.

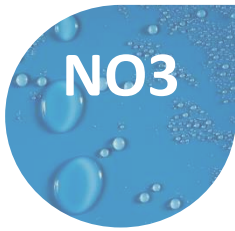
Programme for the rehabilitation of main sewer pipelines

- The objective of the programme is to rehabilitate main sewer pipelines from DN400 to DN2300 mm as well as original main gravity collectors from 600x900 mm to 3200x1800 mm in order to improve the reliability of the sewerage service, minimise the financial investment for sewerage accidents and their consequences and reduce the negative impact on the environment.

Action lines and performance indicators for *Rīgas Ūdens* non-financial objective NO2

Performance indicator	Achievable value in 2022	Achievable value in 2023	Achievable value in 2024
AL2.1. To improve the quality of wastewater treatment by reducing the negative impact of phosphorus on water bodies			
PI6. Total annual phosphorus load (tonnes/year), average annual concentration (mg/l), highest monthly concentration (mg/l) in water entering the environment after wastewater treatment	The total annual phosphorus load in the water entering the environment after waste water treatment shall not exceed 39 tonnes/year, with an annual average concentration not exceeding 0,7 mg/l and a monthly maximum concentration not exceeding 1 mg/l		
AL2.2. To improve the quality of wastewater treatment by reducing the negative impact of nitrogen on water bodies			
PI7. Total annual nitrogen load (tonnes/year), average annual concentration (mg/l), highest monthly concentration (mg/l) in water entering the environment after wastewater treatment	The total annual nitrogen load in the water entering the environment after waste water treatment shall not exceed 368 tonnes/year, with an annual mean concentration not exceeding 7 mg/l and a monthly maximum concentration not exceeding 10 mg/l		
AL2.3. To promote climate resilience of infrastructure by reducing the amount of storm water entering the centralised sewerage system			
PI8. Treated wastewater as a percentage of total wastewater, (%)	> 95%	> 95%	> 95%
PI9. Number of projects implemented to reduce or prevent storm water from entering the centralised sewerage system (number)	-	-	2
	subject to the allocation of Riga City Council funding for the separation of the storm water drainage system from the overall sewerage system		
AL2.4. To ensure sustainable management of sewage sludge			
PI10. 100% sewage sludge treatment in 2026 in the methane tanks as part of the methane tank farm extension project, (%)	≥70%, project implementation started	≥70%	≥70%

5.3. Ensuring uninterrupted and reliable services, improving the quality of customer service



NON-FINANCIAL OBJECTIVE 3: To provide users of public water management services with uninterrupted and reliable services, to improve the quality of customer service, balancing the interests of environmental protection, sustainable use of natural resources, community living environment and the economy.

ACTION LINES:

- AL3.1. To improve drinking water quality
- AL3.2. To reduce the duration of water supply interruptions
- AL3.3. To improve customer service and communication with customers
- AL3.4. To digitalise the water service delivery service
- AL3.5. To implement a socially responsible policy to ensure affordable public water services

Water Quality Improvement Programme

- The objective of the programme is to implement measures to improve water quality by ensuring the intensifying of flushing of water mains, the replacement of lead water pipes, the looping of sections of water networks and the introduction of a drinking water quality monitoring system.

Programme for the rehabilitation of water main supply pipelines

- The objective of the programme is to rehabilitate the main water supply network pipelines from DN400 to DN1200 mm in order to ensure quality and safe water supply services.

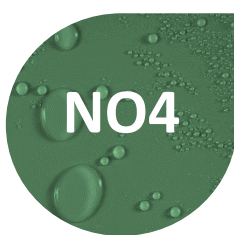
Programme for the rehabilitation of water supply and sewerage distribution pipes

- The objective of the programme is to rehabilitate the water distribution network and the sewerage collection network <DN400 mm in order to ensure quality and safe water supply services.

Action lines and performance indicators for *Rīgas Ūdens* non-financial objective NO3

Performance indicator	Achievable value in 2022	Achievable value in 2023	Achievable value in 2024
AL3.1. To improve drinking water quality			
PI11. Proportion of compliant samples detected by the drinking water supplier's current monitoring programme to the total number of samples, (%)	≥ 98,5%	≥ 98,5%	≥ 98,5%
AL3.2. To reduce the duration of water supply interruptions			
PI12. Number of water supply interruptions lasting ≤6 hours in relation to the total number of interruptions (%)	≥ 70%	≥ 70,5%	≥ 71%
AL3.3 To improve customer service and communication with customers			
PI13. Number of highly satisfied and satisfied customers from the customer satisfaction survey to the total number of customers surveyed, (%)	> 78%	> 78%	> 79%
PI14. Number of complaints received vs. total number of applications per month, (%)	< 5%	< 4%	< 3%
PI15. Number of repeated written customer applications vs. total applications, (%)	< 5%	< 4%	< 3%
AL3.4. To digitalise the water service delivery service			
PI16. Number of customers registered on the Customer Service Portal vs. total number of customers (%)	> 50 %	> 60%	> 65%
PI17. To improve technical customer self-service capabilities, (project stage)	Mobile app developed	Availability of systems >98%	Availability of systems >98%
PI18. To introduce a telemetry service for commercial water metering (project stage)	Project launched	Remote reading > 60% of planned scope	100% of planned scope
AL3.5. To implement a socially responsible policy for affordable public water services			
PI19. Households' costs for water management services as % of households' disposable income on average per household in Riga region	≤1,5%	≤1,5%	≤1,5%

5.4. Managing strategic public water infrastructure



NON-FINANCIAL OBJECTIVE 4: To improve the management of strategic public water infrastructure by modernising technological processes and infrastructure, preserving green infrastructure as far as possible during water infrastructure redevelopment, increasing process efficiency and energy efficiency and increasing the efficiency of natural resource use.

ACTION LINES:

- AL4.1. To increase the renovation of centralised water supply networks.
- AL4.2. To increase the renovation of centralised sewerage networks.
- AL4.3. To ensure efficient use of drinking water.
- AL4.4. To implement energy efficiency plans and reduce energy consumption.
- AL4.5. To collaborate with universities, scientific institutions and companies on research, management and process efficiency improvements in water infrastructure.

The planned activities will ensure the balanced maintenance and rehabilitation of the drinking water generation, treatment, storage and supply engineering structures, the necessary studies for the approval and implementation of the concept for the development of the water intakes and the water supply system, the modernisation of the automatic control systems of the water supply pumping stations.

Infrastructure development programme for the generation, treatment, storage and supply of drinking water

- The objective of the programme is to carry out studies on the development of water supply and water supply systems, to implement the sustainable development of strategic infrastructure, and to provide users of public water services with reliable water supply services.

Maintenance and renovation programme for plant and equipment

- The objective of the programme is to maintain and renovate the plant and equipment necessary for the generation and treatment of water, in order to improve efficiency and quality.

Water supply pump replacement programme

- The objective of the programme is to replace pumps that are 20 years old and older in order to minimise negative impacts on, or interruptions to, water generation and treatment processes due to pump failures (breakdowns) and to improve energy efficiency.

Electricity maintenance and renovation programme

- The objective of the programme is to ensure continuity of power supply and improve electrical safety in order to minimise negative impacts on or interruptions to water generation and treatment processes due to power failures (accidents).

Replacement programme for gate and check valves

- The objective of the programme is to replace gate valves and check valves that are 20 years old or older in order to minimise negative impacts on or interruptions to water generation and treatment processes due to gate and check valve failures (accidents).

The planned activities will ensure a balanced rehabilitation of water supply networks, replacement of fire hydrants and gate valves, search for water leaks and reduce water losses. Activities are planned under the Investment Programmes. Key Investment Programmes:

Programme for the rehabilitation of water main supply pipelines

- The objective of the programme is to rehabilitate the main water supply network pipelines from DN400 to DN1200 mm in order to ensure quality and safe water supply services.

Programme for the rehabilitation of water supply and sewerage distribution pipes

- The objective of the programme is to rehabilitate the water distribution network and the sewerage collection network <DN400 mm in order to ensure quality and safe water supply services.

Water network water loss reduction programme

- The aim of the programme is to ensure the detection and reduction of drinking water leakages.

Fire hydrant replacement programme

- The aim of the programme is to inspect fire hydrants, draw up a replacement plan and replace damaged and deteriorated fire hydrants to ensure that fire safety requirements are met.

Gate valve replacement programme

- The aim of the programme is to inspect the gate valves, draw up a replacement plan and replace damaged and deteriorated gate valves in order to ensure quality and safe water supply services by reducing the duration of forced water supply interruptions.

The planned activities will ensure a balanced rehabilitation of the sewerage network, preventive cleaning and inspection of the sewerage network, rehabilitation and maintenance of sewerage pumping stations and modernisation of the automatic control system.

Programme for the rehabilitation of main sewer pipelines

- The objective of the programme is to rehabilitate main sewer pipelines from DN400 to DN2300 mm as well as original main collectors from 600x900 to 3200x1800 mm in order to improve the reliability of the sewerage service, minimise the significant financial investment for sewerage accidents and their consequences, and reduce the negative environmental impact.

Programme for the rehabilitation of water distribution and sewerage pipelines

- The objective of the programme is to rehabilitate water distribution networks and sewerage collection networks <DN400 mm in order to provide quality and safe water services.

Maintenance and modernisation programme for sewer flushing and TV inspection equipment

- The aim of the programme is to provide independent preventive cleaning and visual TV inspection of the sewerage networks in order to determine the technical condition of the sewerage networks and to prioritise their rehabilitation.

Programme for the rehabilitation of sewage pumping stations

- The objective of the programme is to rehabilitate sewage pumping stations that are technically obsolete and have insufficient pumping capacity, in order to ensure continuous and safe pumping of wastewater and to improve energy efficiency.

Sewage pump replacement programme

- The aim of the programme is to replace pumps that are 15 years old or older, in order to ensure continuous and safe pumping of wastewater and to improve energy efficiency.

Programme for the renovation and upgrading of automatic control systems and electrical installations

- The aim of the programme is to ensure the modernisation of the automatic control system of the sewage pumping stations in order to control more efficiently the process of pumping wastewater, including to BAS "Daugavgriva" and to reduce the use of emergency outlets.

Strategic sewerage system gate valve replacement programme

- The aim of the programme is to inspect the sewerage network, draw up a replacement plan and carry out strategic replacement of sewerage stoppers in order to ensure safe sewerage services and reduce the consequences of emergency risks.

Programme for the renovation of sewage pumping stations' closing fittings and connection circuit

- The aim of the programme is to ensure the safety of sewage pumping stations against flooding, to equip fixtures with an AVS system to ensure continuous and safe sewerage services, and to reduce the risks and consequences of accidents.

The planned activities will ensure a balanced maintenance and rehabilitation of wastewater treatment infrastructure structures, equipment and machinery, as well as energy efficiency improvement measures. Activities are planned under the Investment Programmes. Key Investment Programmes:

Programme for the provision and technological development of wastewater and sludge treatment

- The objective of the programme is to meet wastewater treatment and sludge treatment requirements through infrastructure rehabilitation and technological upgrading, including software, providing users of public water management services with quality and safe sewage services.

Maintenance, repair and renovation programme for plant and machinery

- The aim of the programme is to maintain, repair and renovate equipment and machinery, including pumps, mixers, dampers, centrifuges, conveyor systems, process instrumentation, electrical equipment, automatic system elements, process actuators, piping, etc., to ensure compliance with regulatory requirements and to prevent environmental hazards.

Infrastructure maintenance, repair and renovation programme

- The aim of the programme is to ensure the maintenance, rehabilitation and improvement of existing infrastructure, including reservoirs, road surfaces, fencing, management of infrastructure buildings, repair and rehabilitation of other structures.

Programme for implementing energy efficiency recommendations and improvements

- The aim of the programme is to ensure the maintenance, renovation and improvement of the existing energy supply infrastructure, including the modernisation of lighting, heating, ventilation, air conditioning and the promotion of energy efficiency.

Real estate property management and improvement.

Investment programme for building maintenance repair and renovation

- The objective of the programme is to ensure that existing buildings are maintained in accordance with the requirements of the regulatory enactments by carrying out repairs and renovations to the structural elements of buildings, internal engineering networks and room finishing.

Investment programme for the repair and renovation of infrastructure in real estate areas

- The objective of the programme is to ensure that the infrastructure of the real estate area is maintained in accordance with the requirements of the regulatory framework and safe operation, by carrying out construction and renovation works.

Programme for implementing energy efficiency recommendations and improvements for buildings

- The aim of the programme is to ensure that the energy efficiency of existing buildings is improved in accordance with the requirements of the regulatory enactments by carrying out additional works to repair and renovate the structural elements of buildings, internal lighting, heating and ventilation.

Encouraging increased rehabilitation, prevention and flushing of water supply and sewerage networks.

Water supply and sewerage infrastructure repair and construction equipment

- The aim of the programme is to provide the water and sewerage network service with the necessary vehicles and equipment for the construction and rehabilitation of networks

Water supply and sewerage infrastructure prevention equipment

- The objective of the programme is to provide the Water and Sewerage Network Service with the necessary means and equipment for flushing and upgrading the networks.

Action lines and performance indicators for *Rīgas Ūdens* non-financial objective NO4

Performance indicator	Achievable value in 2022	Achievable value in 2023	Achievable value in 2024
AL4.1. To increase the renovation scope of centralised water supply networks			
PI20. Length of rehabilitated water supply networks as a share of total water supply network length, (%)	≥ 0,2%	≥ 0,3%	≥ 0,05%
	at least 0,7% in the period 2022-2024		
AL4.2. To increase the renovation scope of centralised sewerage networks			
PI21. Length of rehabilitated sewerage networks as a percentage of total sewerage network length, (%)	≥ 0,05%	≥ 0,6%	≥ 0,4%
	at least 1,2% in the period 2022-2024		
AL4.3. To ensure efficient use of drinking water			
PI22. Water losses in water supply networks, (%)	≤ 12,5%	≤ 12,5%	≤ 12,5%
PI23. Reduced technical water consumption during the reconstruction of the sewage pumping station at 101 Daugavgrīva Street, (m3)	-	-	250,000 m ³ ,
AL4.4. To implement energy efficiency plans and reduce energy consumption			
PI24. Reduced energy consumption through reconstruction of sewage pumping stations, pump replacement programmes, upgrading heating systems, (MWh)	≥ 10 MWh	≥ 500 MWh	≥ 500 MWh
AL4.5. To collaborate with universities, scientific institutions and companies on research, management and process efficiency improvements in water infrastructure			
PI25. Number of contract works, collaborative projects, publications, etc., including number of student theses supported, number of collaborative projects with universities and research institutions, (number)	≥ 2	≥ 2	≥ 2

5.5. Capacity building in research, development and digitisation



NON-FINANCIAL OBJECTIVE 5: To strengthen capacity in research, development and digitisation, including through participation in smart city solutions and innovation ecosystem projects where possible, as well as through collaboration with local government in the development, introduction of centralised ICT solutions and provision of open data.

ACTION LINES:

- 💧 AL5.1 To digitise water infrastructure data and improve ICT solutions
- 💧 AL5.2. To implement R&D priority projects

Information technology development, upgrading existing ICT solutions and digitisation of water infrastructure data.

Development and maintenance of external information systems

- The aim of the programme is to continue work on improving the usability of the Customer WEB portal and introducing new functionalities, including the development of a mobile application, thus facilitating the provision of digital services in communication with customers, as well as to introduce a telemetry solution and its integration with the HORIZON resource management system.

Developing new information systems

- The aim of the programme is to develop a new asset management system and implement integrations with existing business systems - geographic information system GIS and resource management system HORIZON.

Maintenance and development of internal information systems

- The programme aims to further develop the GIS system by introducing the integration of hydraulic models with the existing system.

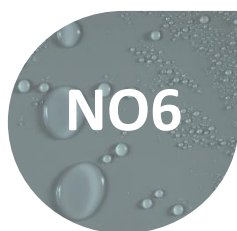
Maintenance and renovation of IT infrastructure equipment

- The aim of the programme is to ensure the secure and uninterrupted operation of IT systems. The company continues to maintain its server and network infrastructure, with plans to develop its wireless network infrastructure.

Action lines and performance indicators for *Rīgas Ūdens* non-financial objective NO5

Performance indicator	Achievable value in 2022	Achievable value in 2023	Achievable value in 2024
AL5.1 To digitise water infrastructure data and improve ICT solutions			
PI26. To ensure the development of a Geographical Information System (GIS) for water infrastructure, (project stage)	GIS development phase 2 completed	GIS development phase 3 launched	GIS development phase 3 completed
PI27. To implement an asset management system, (project stage)	Project launched	Integration with RMS Horizon developed	Asset management of the production structure introduced
PI28. To ensure availability of wireless data transmission network in all <i>Rīgas Ūdens</i> units, (% availability)	> 50%	> 75%	> 95%
AL5.2. To implement priority R&D projects			
PI29. Investment in R&D (% of total turnover)	≥ 1%	≥ 1%	≥ 1%

5.6. Staff qualifications, motivation and quality of the working environment



NON-FINANCIAL OBJECTIVE 6: Improving staff skills, motivation and the quality of the working environment.

ACTION LINES:

- AL6.1. To improve staff skills
- AL6.2 To increase the level of staff involvement
- AL6.3. To ensure safe working environment

Continuous development of staff competences, interpersonal communication skills and succession planning, staff engagement and motivation. Actions to meet and improve the quality of the working environment, the safe use of work technologies and the conditions for a healthy and comfortable working environment.

Action lines and performance indicators for *Rīgas Ūdens* non-financial objective NO6

Performance indicator	Achievable value in 2022	Achievable value in 2023	Achievable value in 2024
AL6.1. Upskilling staff			
PI30. Number of training sessions per employee per year, (number)	≥ 2	≥ 2	≥ 2
AL6.2. To increase the level of staff involvement			
PI31. Staff satisfaction index, (points)	> 58	> 60	> 62
AL6.3. To ensure safe working environment;			
PI32. Lost time injury frequency rate, (LTIFR)	< 1.7	< 1.7	< 1.7

5.7. Raising awareness of environmental protection and the water management sector



NON-FINANCIAL OBJECTIVE 7: To raise public awareness of environmental protection and the water management sector, including by promoting green thinking and environmentally friendly lifestyles in the water sector, engaging in environmental problem solving, supporting and promoting the use of tap drinking water, improving public understanding of the company's role in environmental protection.

ACTION LINES:

- 💧 **NO7 AL7.1** To raise public awareness of environmental conservation and the water management sector
- 💧 **NO7 AL7.2** To promote the use of “tap” drinking water

information campaigns, promoting green thinking and environmentally friendly lifestyles, involving citizens in environmental issues, supporting and promoting the use of tap water and raising public awareness of the company's role in protecting the environment. Public awareness of the water management sector, technical progress in water supply and wastewater treatment systems, leading to greater confidence in the overall performance of *Rīgas Ūdens*, which would also be reflected in a change of habits in favour of environmentally friendly solutions.

Action lines and performance indicators for *Rīgas Ūdens* non-financial objective NO7

Performance indicator	Achievable value in 2022	Achievable value in 2023	Achievable value in 2024
AL7.1. To raise public awareness of the environment and promote the use of tap water			
PI33. Information and/or marketing campaign implemented in cooperation with the Housing and Environment Department of the RCC per year, (number)	≥ 6	≥ 6	≥ 6
PI34. Publications and/or educational material per year, (number)	≥ 4	≥ 4	≥ 4
PI35. Publicity activities per year, (number)	≥ 2	≥ 2	≥ 2

6. FINANCIAL OBJECTIVES 2022 - 2024

According to the letter No. RD-21-1725-nd of the representative of the shareholder of Riga City Chief Executive Officer of 13.10.2021, four key medium-term financial objectives have been set for SIA "Rīgas Ūdens".

No	Objective	Performance indicator
1.	Financial stability by maintaining adequate liquidity ratios To ensure that equity capital is not less than 35% of total assets	Liquidity ratio Capital structure (%)
2.	Profitability of assets, delivering stable annual returns. Average net profit margin over the tariff period not less than 7%	Profitability (%)
3.	Total investment exceeds total depreciation in the medium term	Fixed asset replacement to depreciation ratio (%)
4.	Increasing the efficiency of receivables recovery, with bad and doubtful debts to net turnover ratio not exceeding 2%	Relation of bad and doubtful debtors to net turnover (%)