

APPROVED
at the meeting of the
Supervisory Board of the
LLC "Rīgas ūdens" on 8
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PROCUREMENT ORGANISATION POLICY

Riga, 2022

Version 2.0

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I. GENERAL PROVISIONS

1. The purpose of the LLC "Rīgas ūdens" (hereinafter referred to as - the Capital Company) Procurement Organisation Policy (hereinafter referred to as - the Policy) is to define unified guiding principles on how the Capital Company performs purchase of goods, services or construction works ensuring cost efficiency, quality and safety of the purchased products and environmentally friendly solutions.
2. The Policy has been developed in accordance with the requirements of the Law on Procurement of Public Service Providers and other laws, as well as taking into account the requirements of the Law On Prevention of Squandering of the Financial Resources and Property of a Public Entity. The Policy covers requirements of the Riga City Council Internal Regulation No. 4 of 21.08.2020 "Procedures for the Management of Capital Shares and Capital Companies Owned by Riga City Municipality" and requirements of the Riga City Council Internal Regulation No. RD-21-23-ntd "Regulations for Procurement of Public Supplies, Services or Construction Works in Cases Where the Public Procurement Law and the Law on Procurement of Public Service Providers Do Not Apply".
3. The policy defines the guiding principles of procurements, provisions for award decisions and the procedures of organisation of the procurement.
4. The policy is binding on all the Employees of the Capital Company involved in the procurement process, including on the Management Board and the Supervisory Board.
5. Definitions of terms used in the Policy:
 - 5.1. *procurement* - the set of activities for selecting suppliers, awarding contracts and implementing the purchase;
 - 5.2. *contract price* - the total payment for the performance of the procurement contract, including all the applicable taxes other than value added tax;
 - 5.3. *tenderer* - the supplier that has submitted a procurement proposal;
 - 5.4. *supplier* - natural person or legal entity, association of such persons in any combination thereof, which accordingly offers in the market to perform construction works, supply products or render services.
 - 5.5. *estimated contract price* - the estimated total payment for the performance of the contract, during the planning of which any options and any additions to the contract, and all the taxes payable in connection with the contract (excluding VAT) are taken into account. No subdivision of construction work projects, expected supplies or services shall be permitted to avoid the application of the type of procurement specified in the Law or in the Procedure. The estimated contract price is determined to select the type of procurement.

II. GUIDING PRINCIPLES OF PROCUREMENTS

6. The Capital Company applies the following guiding principles:
 - 6.1. **Principle of transparency** ensuring access to the relevant information on the procurement before awarding the contract, so that the potential supplier could submit a proposal, if it wishes to do so;
 - 6.2. **Principle of equal treatment and non-discrimination**, related to the principle of transparency and includes duty to ensure adequate publicity of contract awarding procedure, ensuring availability of information on the contract awarding procedure to all the potential tenderers, thus providing free competition of suppliers, including impartiality of contract awarding procedure;
 - 6.3. **Efficient and lawful use of the capital company's funds**, ensuring due diligence prior to commencement of procurement procedure, purchasing quality goods, service and construction works at the most beneficial market price under the circumstances of fair competition among the tenderers. When performing a procurement, the capital company, to the maximum possible extent, sets energy efficiency requirements and assesses costs of the purchase life cycle.

III. ORGANISATION OF THE PROCUREMENT PROCESS

7. Initiation of procurement and substantiation of effectiveness shall be carried out by the structural unit of the Capital Company which provides for the need of purchase of the respective goods, services or construction works in question to ensure the operation.
8. It is not permitted to subdivide construction works projects, estimated supplies or Services to avoid the application of the type of procurement specified in the Law.
9. Procurement officers shall organise the record-keeping of the procurement procedure, convene meetings of the Procurement Commission in accordance with the allocation of responsibilities, exercise general control of lawfulness, ensure uniformity of decisions, inform the Procurement Commission about the laws governing the procurement procedure and the case-law of courts and institutional decisions. The contract awarding process shall be documented, including the reasons for the choice of the supplier concerned.
10. In case the estimated contract price is lower than the contract price limits set out in the Cabinet of Ministers Regulation No. 840 of 07.09.2020 "Regulations Regarding Thresholds of Contract Prices of the Procurements of Public Service Providers", the Capital Company shall organise the procurement in accordance

with the Capital Company's procurement procedure.

11. Decisions of procurement procedures for major procurements (except for the decisions on awarding procurement contracts) shall be made by Procurement Commissions.
12. Procurement decisions shall be made by the governing bodies of the Capital Company in accordance with their jurisdiction according to the provisions of the Corporate Governance Documents of the Capital Company.
13. The Management Board of the Capital Company implements control of lawfulness of the procurement procedures and compliance thereof with the technical needs and financial capacity of the capital company.
14. The Supervisory Board of the Capital Company shall carry out an overall assessment of the adequacy of the contracts to be concluded as a result of the established procurement procedures with regard of their necessity for the implementation of the strategic objectives of the Capital Company.

IV. ENSURING TRANSPARENCY OF PROCUREMENT INFORMATION

15. The Capital Company shall take care that information on the planned procurement contract is sufficient and accessible to the widest possible range of market participants by publishing procurement notices in the Electronic Procurement System and on the Capital Company's website. In order to widen the pool of tenderers, procurement commissions may decide to include information on the planned procurement contracts on other advertising portals, as well as translations of the procurement documents into a foreign language.
16. The Capital Company shall regularly post information on planned procurements and concluded contracts on the Capital Company's website:
 - 16.1. published procurement plans and a list of the results of procurements - concluded contracts;
 - 16.2. ensured possibility for any trader to pre-register as a potential supplier or service provider in a given field by completing the Google online questionnaire on the Capital Company's website or download the questionnaire form, complete it and send to the e-mail address provided.

V. RESPONSIBLE COMMERCIAL ACTIVITY

17. In order to promote lawful and honest actions of the employees in the interests of the Capital Company, ensure a common understanding of the guiding principles of the employees' professional ethics in relations and interactions with clients, business partners and other third parties, as well as to define the

guiding principles of communication between the employees and colleagues and to prevent the influence of any personal interest of the employees while performing their duties, the Capital Company has compiled provisions for conduct in the Code of Ethics.

18. The ethical principles based on the core values of the Capital Company are observed in all procurement procedures organised by the Capital Company, when concluding contracts with business partners, as well as throughout the period of cooperation.
19. In its relations with business partners, the Capital Company has established an ethical and responsible business environment as one of the principles defined in the Code of Ethics, calling for building fair business practices, as well as avoid fraudulent and corrupt actions both in cooperation with the Capital Company and in its own activities. It is important for the Capital Company to avoid dishonest or disreputable business partners, and to make responsible decisions about whether or not to do business with them.
20. Members of the Procurement Commissions are independent in their decisions and subordinated to the provisions of the Law and the Policy.
21. Members of the Procurement Commissions enhance their professional competence within the framework of their activity, consult colleagues, specialists in the field, and experts, doing it openly and without biased impact on decision-making.
22. Members of the Procurement Commissions take into account the latest explanations and guidelines from the competent authorities on the organisation of procurements, as well as follow the best practices to adapt quickly to changing market situations and reduce the risk of non-performance of procurement contracts.
23. Any influence over an employee or governing body of the Capital Company in relation to the decisions of a procurement procedure is unlawful. Any employee or governing body of the Capital Company shall be obliged to report to the whistleblowing system in accordance with the procedures set out therein or to apply an attempt to influence to the competent law enforcement authority. Within the framework of the anti-corruption system, the Capital Company shall conduct training of the Employees on corruption risks identified in the Capital Company and measures to prevent them, as well as on current issues in the prevention of corruption, so that the Employees were informed and aware of the consequences of their actions, and would not engage in corrupt and fraudulent activities, and would not receive or provide unauthorised gifts and services.
24. Any employee or governing body of the Capital Company shall be obliged to recuse themselves from a decision-making if there is a conflict of interests or

reputational risk.

VI. FINAL PROVISIONS

25. To ensure the efficient application of policies, Management Board and Supervisory Board of the Capital Company supervise their implementation on regular basis. The Management Board shall review the Policy as necessary, but at least once a year, and initiate changes where necessary.
26. The Capital Company ensures that the Employees are familiarised with the Policy in accordance with the procedures set in the Capital Company. The Policy is available on the Capital Company's management information system and on its website.