

LLC (SIA) Rīgas ūdens

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# 2023 sustainability report

Approved at the  
LLC (SIA) 'Rīgas ūdens' supervisory board  
decision of 16.04.2024  
(minutes No 2.4.5/2024/06)

RIGA, 2024



# Saturs

<b>01. INTRODUCTION</b>	3	06.4. Precautionary approach and principles used at the Company, internal control	38	10.4. Water supply and water treatment	74
01.1. Statement by the management board	4	06.5. Risk management	39	10.5. Water consumption in company operations	76
01.2. Address by Dace Ljusa, chairwoman of the supervisory board	5	06.6. Corporate governance	41	10.6. Measures to reduce discharges of untreated urban wastewater during heavy rainfall events	77
01.3. Address by management board chairman Krišjānis Krūmiņš	6	06.7. Corporate social responsibility	45	10.7. Emergency response efficiency and management	79
<b>02. INFORMATION ABOUT THE REPORT</b>	8	<b>07. REPORT PREPARATION PROCESS</b>	46	10.8. Materials used	80
<b>03. COMPANY PROFILE</b>	10	07.1. Report preparation principles	47	10.9. Projects co-financed by the EU Cohesion projects	82
03.1. 'Rīgas ūdens' business description	11	<b>08. IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY</b>	48	10.10. Biodiversity	83
03.2. Key indicators	12	08.1. Procedure for identifying key areas of sustainability	49	10.11. Noise	84
03.3. Availability of services	13	08.2. Identified areas of sustainability, their descriptions	50	<b>11. SOCIAL ASPECTS</b>	85
03.4. Income and expenses structure	16	08.3. Approach to work with stakeholders	52	11.1. Management approach	86
03.5. Executive bodies	20	08.4. Employee engagement	54	11.2. Employee engagement, satisfaction and development	86
03.6. Organisational structure	21	<b>09. ECONOMIC ASPECTS</b>	55	11.3. Labour safety and occupational health system	91
03.7. Staff	22	09.1. Management approach	56	11.4. Employee health and training	92
03.8. Sustainable development principles pursued by the Company	23	09.2. Economic indicators	56	11.5. Involvement in shaping sectoral policy	93
03.9. Participation in associations, organisations, and initiatives	24	09.3. Tax payments	57	11.6. Promoting sustainable development and "green" thinking	93
<b>04. ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS</b>	25	09.4. Indirect economic impact	58	11.7. Customer health and safety	94
04.1. Principles of professional ethics	26	09.5. Research and development (R&D)	59	11.8. Information and data protection	95
04.2. Company core values	27	09.6. Ethical and transparent business practices	60	<b>12. CUSTOMER SERVICE</b>	96
<b>05. STRATEGY AND GOALS</b>	28	09.7. Company value chain	60	12.1. Customer division	97
05.1. Strategy	29	09.8. Anti-corruption	63	12.2. Communication with customers	98
05.2. Non-financial goals	30	09.9. Internal whistleblowing system	64	12.3. Customer satisfaction	99
05.3. Financial targets	31	<b>10. ENVIRONMENTAL ASPECTS</b>	65	<b>13. GRI indicator index</b>	102
<b>06. GOVERNANCE</b>	32	10.1. Management approach	66		
06.1. Administration model	33	10.2. Energy consumption	67		
06.2. Supervisory board	34	10.3. Emissions	70		
06.3. Management board	36				





INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

# 01

## INTRODUCTION





## INTRODUCTION

INFORMATION ABOUT  
THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES  
IN THE COMPANY'S  
OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION  
PROCESSIDENTIFICATION  
OF KEY AREAS OF  
SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL  
ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

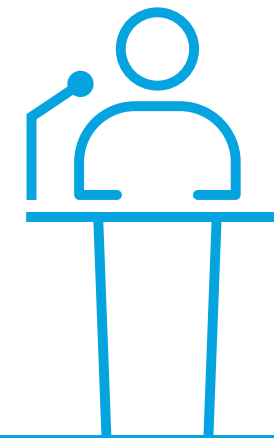
## 01.1. Statement by the management board

The 2023 Sustainability Report of LLC (SIA) '*Rīgas ūdens*' (*Rīgas ūdens* or 'Company') was prepared based on Section 58.2 of the Law on Governance of Capital Shares of a Public Person and Capital Companies. This report is published simultaneously with the 2023 audited financial statement of LLC (SIA) '*Rīgas ūdens*'.

The report was prepared following the Global Reporting Initiative (GRI Standard) guidelines and in several aspects, was provided with additional information describing the environmental, social, and governance performance of '*Rīgas ūdens*', considering the requirements of the European Union's non-financial and Corporate Sustainability Reporting Directive 2022/2464 (CSRD) and standards (ESRS). The report also provides an overview of '*Rīgas ūdens*' business and financial performance, and of the implementation of key water management development projects, for which more information is included in the Company's 2023 financial statement and the reports on its performance

under the public water management services contracts in Riga and its metropolitan area municipalities in 2023.

Viewed as a group of measures, the principles of good corporate governance pursued by '*Rīgas ūdens*' in its business contributes to the achievement of the Company's performance targets and to the monitoring of its performance and is considered a very important tool of good governance, which '*Rīgas ūdens*' will continue to work on in the future, providing all stakeholders with exhaustive information about the Company's activities. This report and other reports on the Company's activities are available on the '*Rīgas ūdens*' website here <https://www.rigasudens.lv/>.







INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX



# 01.02. Opening speech by Dace Ljusa, chairwoman of the supervisory board

## Sustainably managed water is the foundation for development



**Dace Ljusa**

Chairwoman of the supervisory board

The uninterrupted availability of high-quality water and an appropriate, almost inexhaustible resource in our own country is increasingly emerging as a cornerstone for health, prosperity, and national security.

'Rīgas ūdens' manages water resources not only in Riga, but also in a large part of its metropolitan area, with the satisfaction of our customers at an increasingly high level: in 2023, the majority of respondents, 87% (77% in 2020) reported being satisfied with their experience with 'Rīgas ūdens', of which every third said that they were very or completely satisfied (19% in 2020). In another survey, assessing the work of Riga City Council and all its companies in 2023, Riga's citizens were most satisfied with the water supply and sewer services in the city, meaning that 'Rīgas ūdens' received positive feedback.

Our investment programme is growing every year, and in 2023, 'Rīgas ūdens' invested EUR 37 million in infrastructure renovation and development projects (EUR 30 million in 2022). Every company that makes investments has faced and will face countless challenges, but this process will continue in line with our investment priorities for the future: expansion and renovation of the city's water supply and sewer lines, sustainability projects, as well as research and innovation.

For the second year in a row Latvia's list of 101 most valuable companies ranked 'Rīgas ūdens' among the top 30, and with a 3% increase in value during this period and the highest possible score in the area of corporate governance in particular, this can be considered a sign of outstanding performance. Last year brought us an award for progress in corporate govern-

ance, and in 2023 we already demonstrated our high level of professionalism by winning a sustainable governance award, the 2023 Stakeholder Management Practitioner ('Iesaistīto pušu vadības praktiķis 2023'). The Bank of Latvia and the Corporate Governance Advisory Council appreciated that our Company had clearly defined its stakeholders, as owners, employees, suppliers, and understood their needs, establishing targeted measures for engaging them.

We demonstrated this approach in practice at the first 'Rīgas ūdens' Development Conference, bringing together sector professionals, builders, designers, sustainability and finance experts to work together with the company's management and staff, as well as experts in urban development, to lay the foundations for a shared vision of the future of the city's water management.

We are still considering the possibility and making the necessary preparations to issue the Company's bond on Latvia's capital market. During the reporting year, we selected a credit rating provider for the Company. It is now essential to define the investments that meet the green bond requirements to attract more interest from potential investors.

In 2023, 'Rīgas ūdens' started planning the Company's long-term development strategy for a period until 2040. Looking back at the reporting year, it is fair to say that it was an important year for strategic planning, with development documents drafted that will determine the future direction of 'Rīgas ūdens' and its impact on the development of Riga's economic life in the coming decades.

GRI 102-14



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX



**Krišjānis Krūmiņš**  
Management board chairman

# 01.03. Report by management board chairman Krišjānis Krūmiņš

## A vision for the future: citizens, development, and the environment

Our future vision for the development of our country and our city is based on three main pillars: the well-being of our citizens, the business opportunities in the region of our activities, and the protection and sustainability of Latvia's environment. These three aspects are both our driving force and our challenge, with the need to balance and reconcile one with the other. 'Rīgas ūdens' oversees about 55% of the water management industry in Latvia. It is, therefore, natural that our Company actively participates in the development and implementation of industry policies, from provisions of the Law on Water Management Services to our experience in the using the financing by the European Union Cohesion Fund. The development of the sector takes place in conjunction with the Latvian Association of Water Supply and Sewer Companies.

## Environment and workplace

In 2023, 'Rīgas ūdens' received a certificate of environmental management system compliance with ISO 14001:2015. The implemented system was found to be compliant with the requirements of the standard in the areas of treatment and supply of drinking water, as well as discharge and treatment of municipal wastewater. We joined the Misija Nulle ('Mission Zero') movement, because our Company's employees perform in a wide range of work tasks: outdoors, indoors, during different seasons, and dealing with complex equipment everywhere, which is why it is so important to take a deeper look at safety issues, to share our experience, and to learn the best practices of other companies.

## Urban infrastructure development

Every year, the water infrastructure of the Latvian capital undergoes renovations, and new main lines are being built to make our service available to an even wider range of customers. In 2023, we completed a major expansion of the city's system in the Berģi neighbourhood, commissioning a new sewer pumping station that will enable us to serve the wastewater flows of Berģi and the Garkalne Municipality more efficiently. More recent equipment is also more energy efficient and practical for future maintenance. Last year saw the completion of the main part of the most complex work in the construction of the Baltics' biggest sewer pumping station in Riga, so that in 2024, it would be possible start discharging wastewater for a large part of the capital in a more sustainable way, reducing annual power consumption by at least 1000 MWh and water self-consumption by 250 000 m<sup>3</sup>. The reconstruction of the water supply system in the Brasa Bridge area continued, and we implemented a new innovative approach to construction: microtunnelling under rail crossings. The new water main line now provides a large part of the city with a more reliable water supply and with certainty that this supply will not be interrupted. Businesses tend to prefer locations where water lines are already in place, so attracting investors and developing utility systems will be one of the main challenges. This is in line with the long-term development goals of Riga: to work together with the municipalities surrounding it in promoting the development of Riga as a metropolis, which could lead to a significant increase in the number of our customers in the future. 'Rīgas ūdens' already serves more than 600,000 customers in Riga and the surrounding municipalities.



## INTRODUCTION

## INFORMATION ABOUT THE REPORT

## COMPANY PROFILE

## ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

## STRATEGY AND GOALS

## GOVERNANCE

## REPORT PREPARATION PROCESS

## IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

## ECONOMIC ASPECTS

## ENVIRONMENTAL ASPECTS

## SOCIAL ASPECTS

## CUSTOMER SERVICE

## GRI INDICATOR INDEX

## Public engagement and education

During the reporting year, 'Rīgas ūdens' continued to perform the non-financial task assigned to it by Riga City Council: to improve the awareness of environmental protection among the public and to promote the use of tap water in Riga. In 2023, we installed 10 new public-access taps in Riga's urban environment, and in addition to the existing public-access taps, and we were proud that there were 24 public-access drinking water stations in Riga by the time the summer season closed, including the restoration of the historic water tap house at Raiņa Boulevard. We further demonstrated our innovative approach with eight unique mobile drinking water stations built by the workers of 'Rīgas ūdens', which were and will be deployed during events in Riga's urban environments.

Continuing with our public education activities, we launched the Water School ('Ūdens Skola') for the general public on our website, the first Water Academy ('Ūdens akadēmija') face-to-face workshop for schoolchildren and conducted the necessary social design campaigns for free water access stations in urban environments.

As the water management industry evolves and the requirements set for it change, professional education needs to keep up with times. For these reasons, we are one of the partners of LŪKA activities and information campaigns, and we participate with our interactive object on water pressurisation at the RTU FUTURIMO Rīga curiosity centre that opened last year.

The item of industrial heritage that is the historical pumping station in Baltezers is gradually turned into a water education centre for the entire community. The annual 'Rīgas ūdens' customer Day events bring together a different group of customers each year to facilitate the exchange of information and seek common solutions to the problems of that specific segment of customers.

We will continue our work on the sustainable development of Riga and its metropolitan area, in compliance with the EU directives on reducing environmental impact and the 'Rīgas ūdens' 2024–2040 sustainable development strategy, which means both continuous renewal and modernisation of infrastructure and setting of ambitious sustainability goals in the social and governance spheres.

GRI 102-14







INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

# 02

## INFORMATION ABOUT THE REPORT





INTRODUCTION

INFORMATION ABOUT  
THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES  
IN THE COMPANY'S  
OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION  
PROCESSIDENTIFICATION  
OF KEY AREAS OF  
SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL  
ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX



### Financial period

01.01.2023. – 31.12.2023.

### Date of publication

June 2024

### Reporting frequency

In accordance with regulations on corporate governance, the report is prepared once a year. 'Rīgas ūdens' has been preparing the reports since the 2020 reporting year.

### Global Reporting Initiative (GRI)

The report contains information about the key aspects of the Company's sustainability. The 2023 Sustainability Report was prepared in accordance with the core level requirements of the GRI Standards guidelines.

### Report content preparation principles

During the reporting period, the regulatory framework changed, requiring a new reporting approach under the Corporate Sustainability Reporting Directive (CSRD) and the ESRS standards, which will be binding to the Company starting from the report in 2025. A number of environmental, social, and governance reporting aspects are comparable between the two reporting systems, but the new system is more detailed and sets rules for the mandatory reporting aspects as well as those that are deemed to be of significance to the Company as part of the double materiality assessment. In view of this, the report provides more information on the aspects reported, providing for some aspects not only the information required by GRI, but also the corresponding ESRS indicator. The procedure for preparing the report is described in the 'Report preparation principles' section.

### Data retrieval methods

The report is based on information provided by 'Rīgas ūdens' units, the Company's operations data, and key reporting aspects. The report uses only verified and substantiated data and states whenever specific data on a field of interest to the Company are not collected or analysed.

### Corrections in information provided in previous reports

Not carried out.

### Changes in reporting practices

See 'Report preparation principles' section for an explanation

### Independent auditor confirmation report

The 2023 sustainability report does not have externally issued independent auditor certification.

### Report format

The report is available in Latvian and English on the 'Rīgas ūdens' website, at [www.rigasudens.lv](http://www.rigasudens.lv).

### Contact details

E-mail address for suggestions and questions regarding the report: [pr@rigasudens.lv](mailto:pr@rigasudens.lv).

GRI 102-14

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INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

# 03

## COMPANY PROFILE







INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

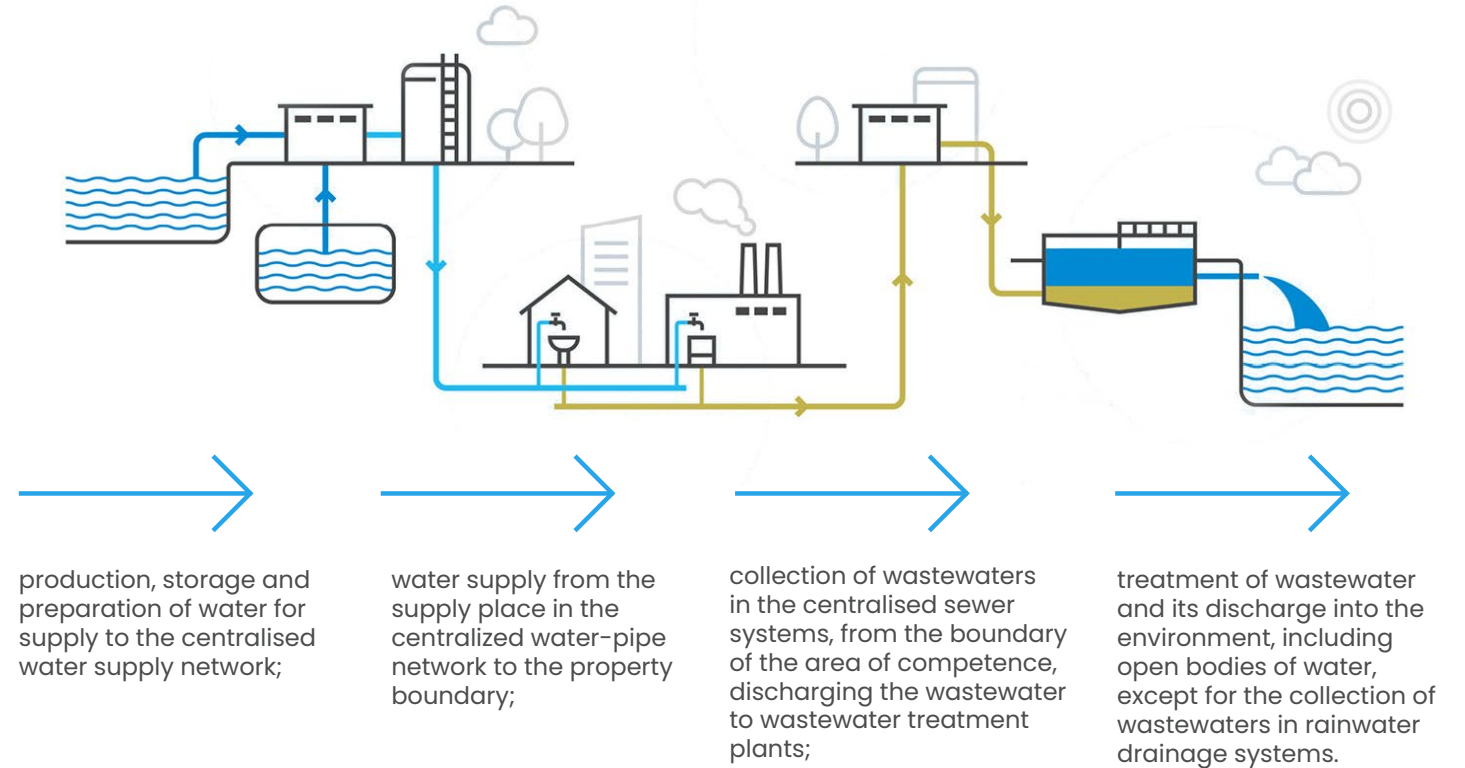
### 03.1. 'Rīgas ūdens' business description

'Rīgas ūdens' is a water management company owned by Riga City Council whose task is to provide the residents of Riga with high-quality and safe water management services. 'Rīgas ūdens' operates in a strategically important sector, performing a municipal function in the field of water and sewer services, providing public water management services in Riga and in some municipalities of the Riga Metropolitan Area.

Rīgas ūdens' provides the following public water management services:

- **water production, storage, and treatment;**
- **supply of water;**
- **wastewater collection;**
- **wastewater treatment and discharge into the environment.**

On 24.07.2019 Riga City Council and the Company concluded an agreement for the provision of the following public water management services in the administrative area of the city of Riga for a period of 10 years (until 23 July 2029):



On 22.03.2023, Riga City Council adopted decision No 363 on amendments to the Contract, including a new task assigned to the Company: to manage the city's fire hydrants and public-access taps, and to plan the construction of new public-access taps, expanding their availability in Riga.

'Rīgas ūdens' also provides public water management services in parts of Ķekava Municipality, Ropaži Municipality, Ādaži Municipality, and Mārupe Municipality, and receives some of Jūrmala's wastewaters for treatment.





INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## 03.2. Key indicators

In 2023, Riga's water supply network delivered a total of **35.51 million m<sup>3</sup>** of water, with water supply services sold in a quantity equivalent to **30.28 million m<sup>3</sup>**. The Daugavgrīva biological treatment plant processed a total of **50.48 million m<sup>3</sup>** of wastewater, including **36.35 million m<sup>3</sup>** of wastewater received from customers (sewer service).

Overall, 'Rīgas ūdens' has **25,056** contracts for the use of the city's water supply and sewer system with real property owners, and water management services are provided at **23,847** sites. Of the total number of the Company's customers, **42%** are detached houses, **18%** are non-residential premises, and **40%** are individual owners of apartment buildings, as well as owner associations, cooperatives, etc.

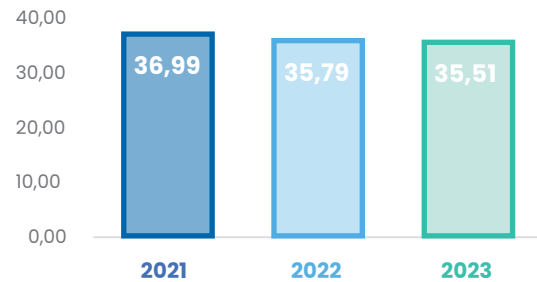


Figure 1. Water supplied in 2021–2023 (million m<sup>3</sup>).

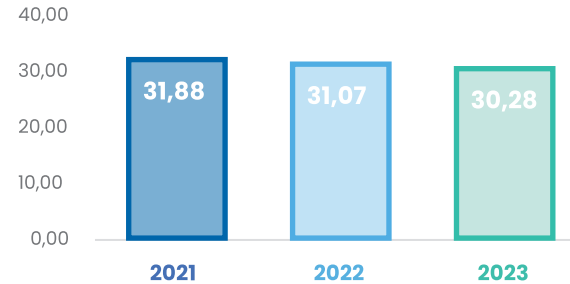


Figure 2. Water sold in 2021–2023 (million m<sup>3</sup>).

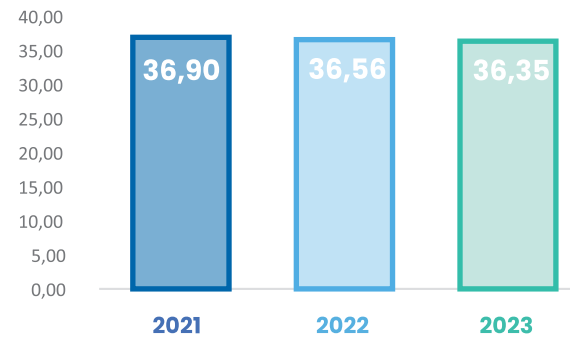


Figure 3. Wastewaters received from customers in 2021–2023 (million m<sup>3</sup>).

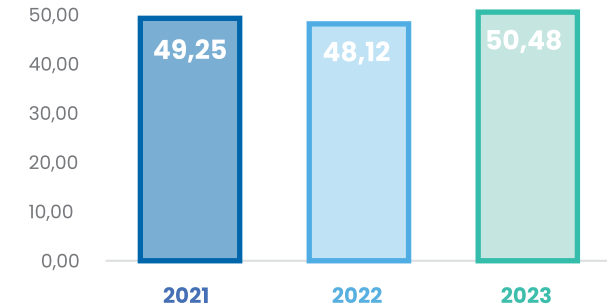


Figure 4. Wastewaters treated in 2021–2023 (million m<sup>3</sup>).

'Rīgas ūdens' net turnover in 2023: **EUR 76.45 million** EB-ITDA (earnings before interest, taxes, depreciation, and amortisation): **EUR 23.44 million** 'Rīgas ūdens' transferred **EUR 22.18 million** to the state budget in taxes in 2023 including **EUR 6.16 million** in mandatory state social insurance contributions.



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

### 03.3. Availability of services

Centralised sewer services are available to 98.08% and centralised water supply services to 98.03% of the population of the city of Riga water management region (as of 1 January 2024).

98,08%

Centralised sewer services

98,03%

centralised water supply services







INTRODUCTION

INFORMATION ABOUT  
THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES  
IN THE COMPANY'S  
OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION  
PROCESSIDENTIFICATION  
OF KEY AREAS OF  
SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL  
ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## Main facilities:

- 1 **"Baltezers – Zaķumuīža" underground water intake** Ādaži and Garkalne (Ropaži Municipality) administrative territory
- 2 **Daugava surface water intake**, Ķekava Municipality, 'Sūkņi'
- 3 **Daugava water treatment facility**, Bauskas Street 209, Riga
- 4 **Water supply and sewer line service**, Ziepniekkalņa Street 70, Riga
- 5 **Sewer line pumping station service**, Ilzenes Street 1E, Riga
- 6 **Daugavgrīva biological treatment plant**, Dzintara Street 60, Riga.
- 7 **Customer service centre**, Brīvības Street 49/53, Riga
- 8 **Administrative building**: headquarters at Zigfrīda Annas Meierovica Boulevard 1, Riga





INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

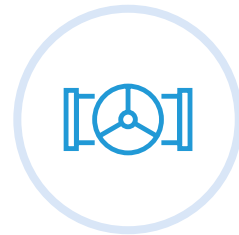
GRI INDICATOR INDEX

## Water supply:

1518 km of water supply lines



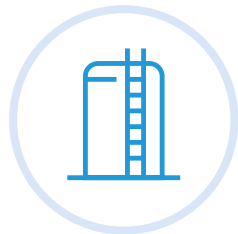
6  
water extraction  
stations



11 540  
gates (≥D100)



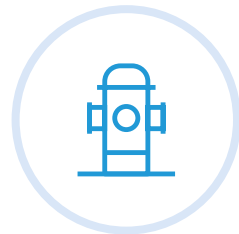
17  
pump stations for  
increasing water  
pressure



5  
water tanks



4 165  
manholes



7 606  
hydrants

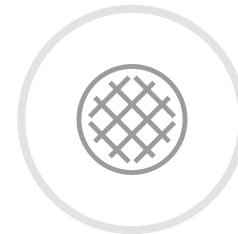
GRI 102-3

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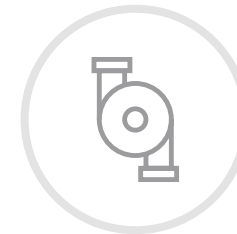
GRI 102-7

## Household wastewater collection:

1260 km sewer lines



36 522  
sewer manholes



106  
sewage pumping  
stations



Daugavgrīva  
biological  
treatment plant



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## 03.4. Income and expenses structure

'Rīgas ūdens' generates income primarily through the provision of public water services.

In 2023, the Company had 2 different fees for its water management services:

- 1 The water management services fees approved by Public Utilities Commission Council Decision 127 'On the water management services fees charged by limited company "Rīgas ūdens"' of 25 August 2022 were in effect between 1 October 2022 and 31 May 2023.

**Water service fees (without VAT) per 1 m<sup>3</sup>:**



- 2 The water management services fees approved by Public Utilities Commission Council Decision 57 'On the water management services fees charged by limited company "Rīgas ūdens"' of 27 April 2023 have been in effect since 1 June 2023.

**Water service fees (without VAT) per 1 m<sup>3</sup>:**

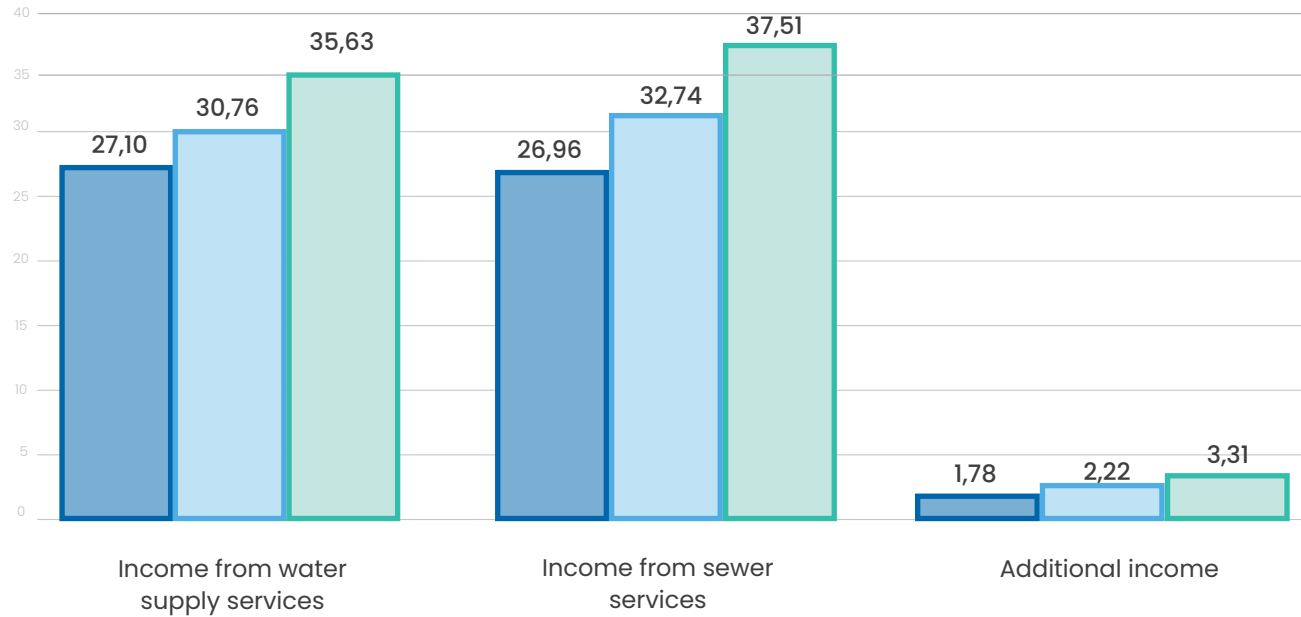






- INTRODUCTION
- INFORMATION ABOUT THE REPORT
- COMPANY PROFILE**
- ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS
- STRATEGY AND GOALS
- GOVERNANCE
- REPORT PREPARATION PROCESS
- IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY
- ECONOMIC ASPECTS
- ENVIRONMENTAL ASPECTS
- SOCIAL ASPECTS
- CUSTOMER SERVICE
- GRI INDICATOR INDEX

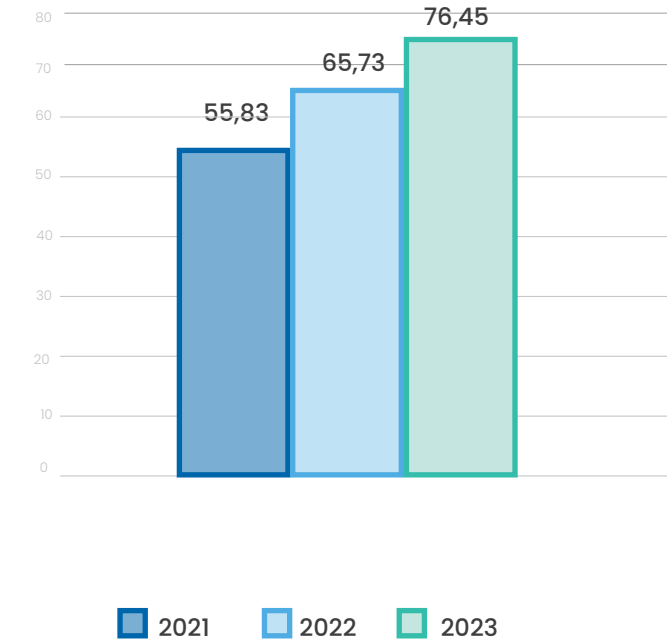
**Figure 5.**  
Income structure in 2021 –2023 (million EUR).



In 2023, the total income from main services was EUR 73.14 million, where the income from water supply sales amounted to EUR 35.63 million, and from sewer services, EUR 37.51 million. The Company generated an additional income of EUR 3.31 million from ancillary services, where the largest share of income came from:

- 1.61 million EUR – additional sewer services;
- 0.62 million EUR – construction of new connections;
- 0.54 million EUR – biogas income;
- 0.40 million EUR – wastewater disposal.

**Figure 6.**  
Net turnover 2021 –2023 (million EUR)





INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

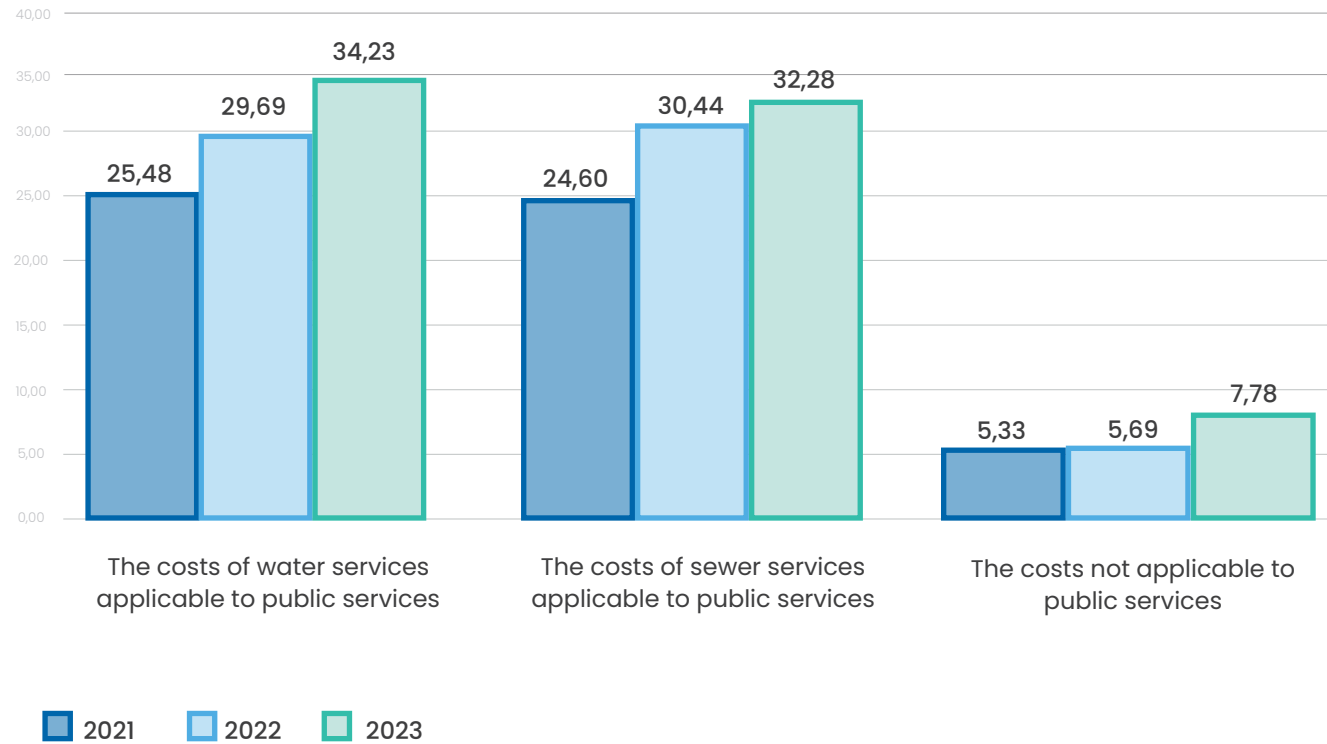
ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

Figure 7. Cost structure by type of service in 2021 –2023 (million EUR)



In 2023, the cost of water services applicable to public services increased by 15.3% and amounted to EUR 34.23 million. The cost of sewer services increased by 6% to EUR 32.28 million.

The costs not applicable to public services, i.e. other costs, increased by 36.7% in 2023 and amounted to EUR 7.78 million. The increase in costs was mainly due to the cost of loan interest payments, which increased by EUR 0.98 million and amounted to EUR 1.28 million in 2023. Other costs in 2023 accounted for 10.5% of the Company's total costs in 2023.



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

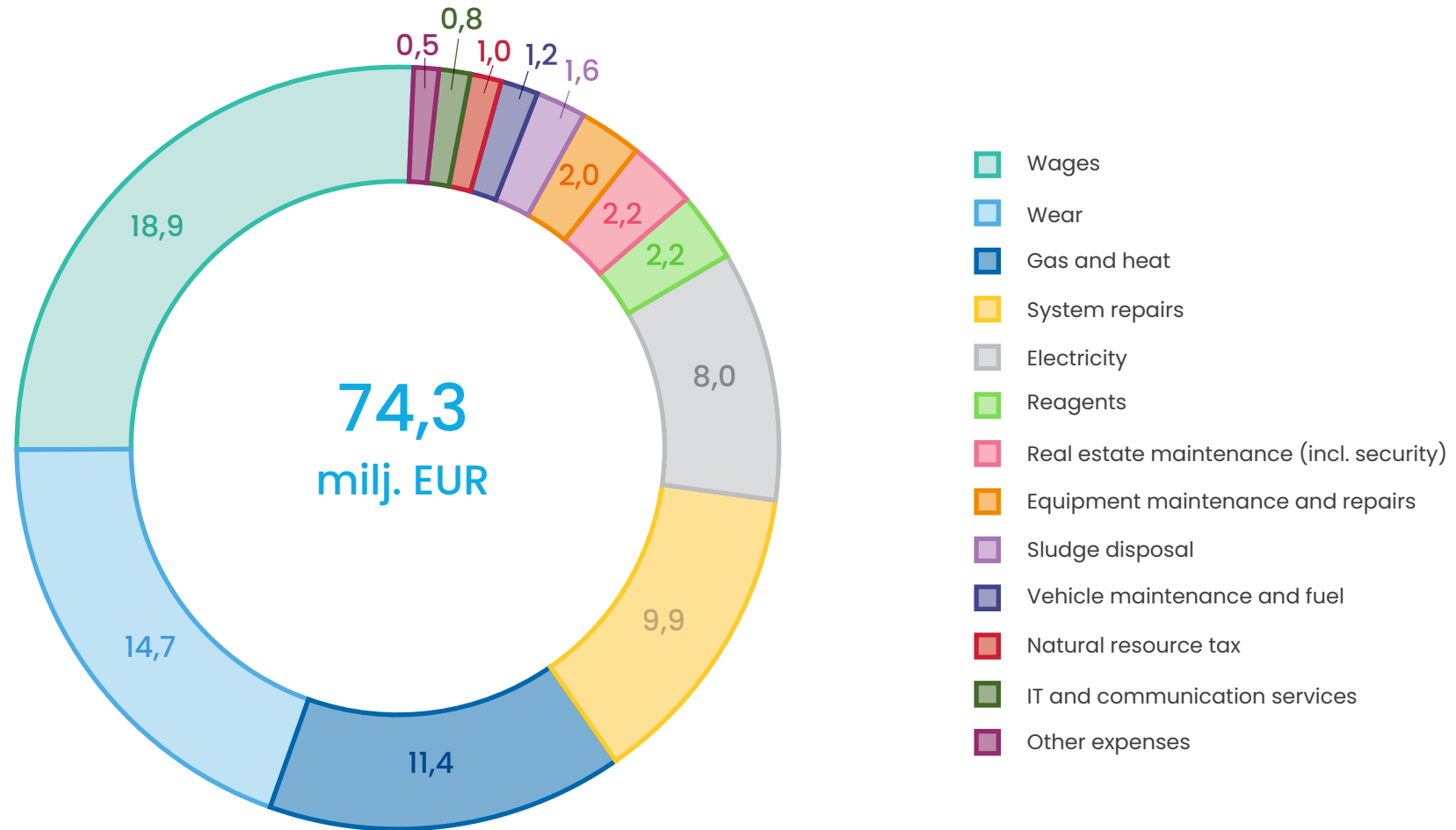
ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

Figure 8. Cost structure in 2023 (million EUR).







INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

### 03.5. Executive bodies

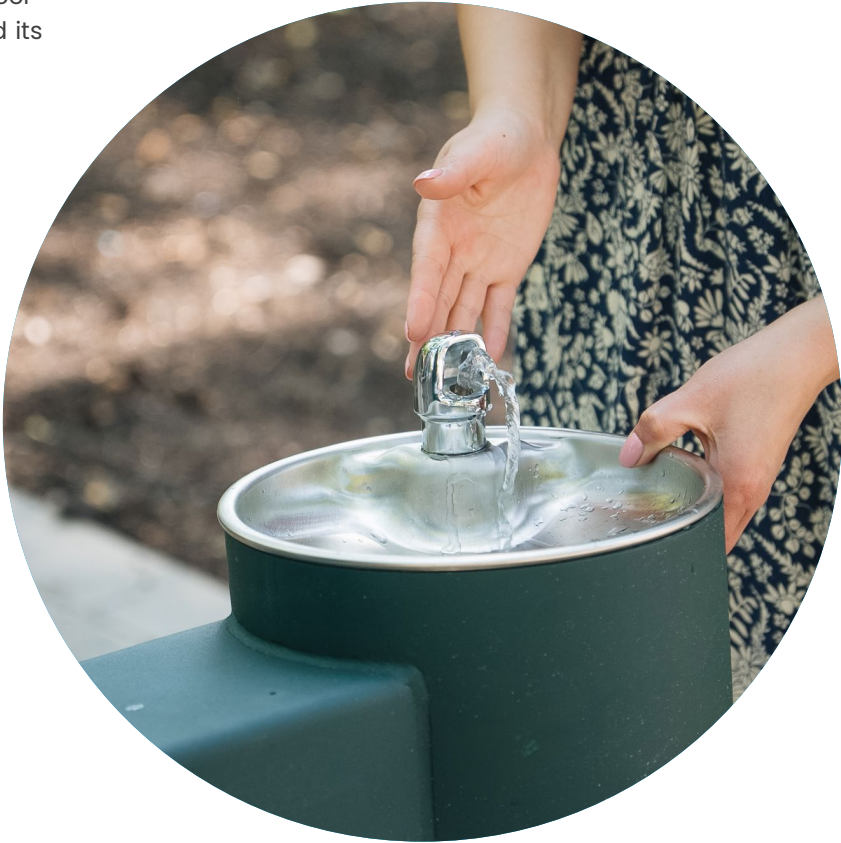
The 'Rīgas ūdens' corporate governance model is designed in accordance with good governance practices and guidelines. 'Rīgas ūdens' is governed by Riga City Council, the meeting of its shareholders whose functions are performed by a representative of the shareholder (the executive director of the city of Riga), the supervisory board and the management board of the Company. The roles, duties, and responsibilities of the governing bodies are set in external and internal regulatory documents, the main ones being the articles of association of the companies and the rules of procedure of the governing bodies, published on the Company's website.

The operational management of the Company is performed by the management board, which takes decisions on all matters pertaining to the operation of 'Rīgas ūdens', except for matters where decisions must be taken by the shareholder meeting and the supervisory board in accordance with the Law on Governance of Capital Shares of a Public Person and Capital Companies, the Company's Articles of Association, and Riga City Council Internal Regulations 4 'Procedure for the management of shares and companies owned by Riga City Council' of 21 August 2020. The main tasks of the management board are to handle the day-to-day running of the Company's business, the implementation

of its strategy, development plans, goals, and policies, and the preparation and compliance with its budget. To support the Company's activities and operational decision-making, the management board has assigned its members to specific areas of management.

The three-member 'Rīgas ūdens' supervisory board represents the interests of the shareholder between shareholder meetings and supervises the activities of the management board, is involved in planning the strategic development of the Company and in monitoring the financial, risk management, and internal control systems.

The operating principles and responsibilities of the 'Rīgas ūdens' supervisory board are regulated by laws and regulations, and its main duties are defined by the Company's articles of association and the supervisory board's own regulations. The supervisory board does not make decisions on matters within the competence of the management board of 'Rīgas ūdens'.



GRI 102-8    GRI 102-18    GOV-1 22    SI-9 66a

### 03.6. Organisational structure

#### Organisational structure of LLC (SIA) 'Rīgas ūdens' (effective since 01.01.2024)

APPROVED at LLC (SIA) 'Rīgas ūdens' management board meeting of 27 December 2023, Minutes No 2.4.1/2023/93

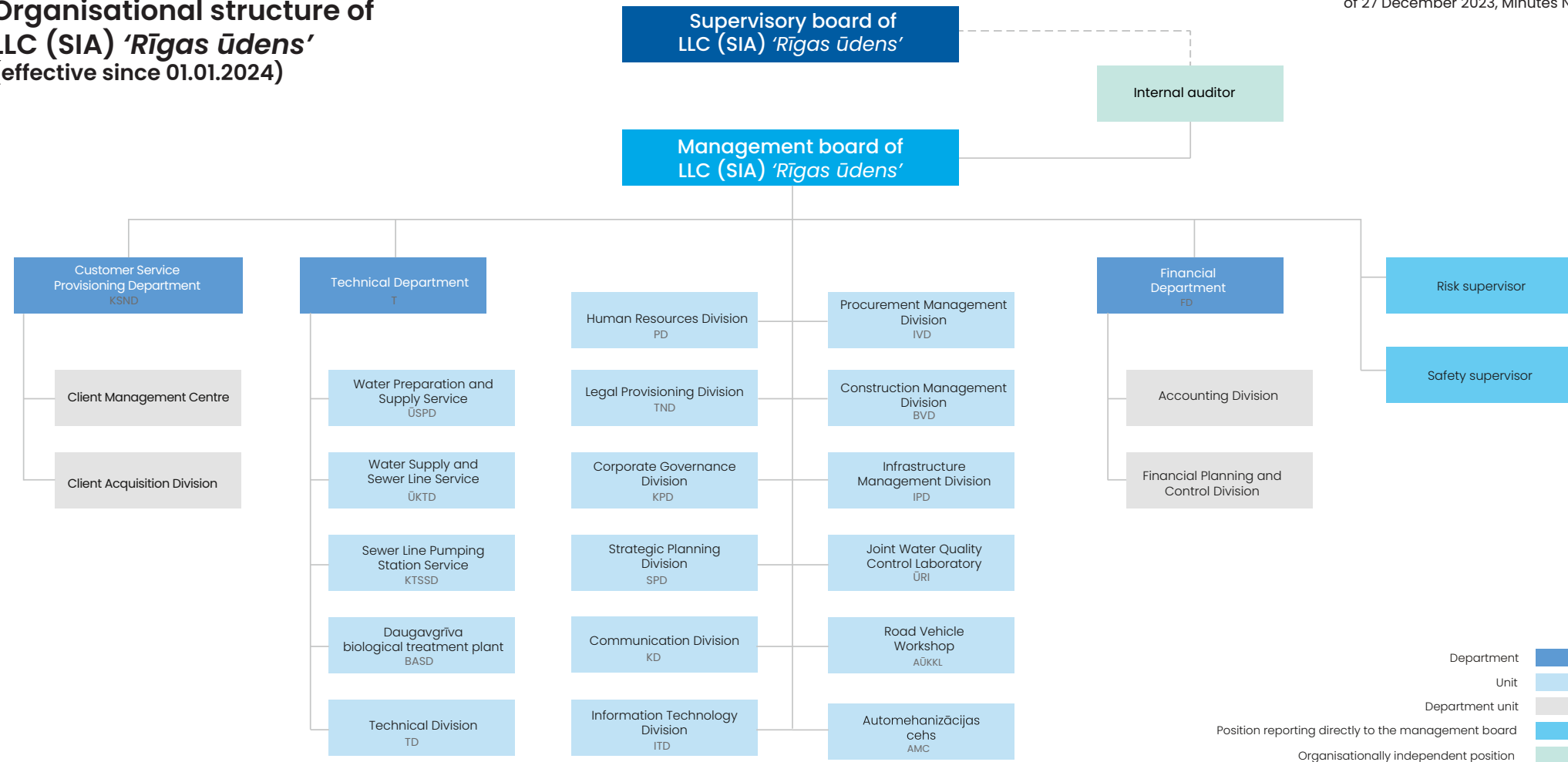


Figure 9. Organisational structure of 'Rīgas ūdens' on 1 January 2024.

- ← INTRODUCTION
- INFORMATION ABOUT THE REPORT
- COMPANY PROFILE
- ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS
- STRATEGY AND GOALS
- GOVERNANCE
- REPORT PREPARATION PROCESS
- IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY
- ECONOMIC ASPECTS
- ENVIRONMENTAL ASPECTS
- SOCIAL ASPECTS
- CUSTOMER SERVICE
- GRI INDICATOR INDEX



GRI 102-7

GRI 102-8

GOV-1 22

GRI 102-7

GRI 102-8



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

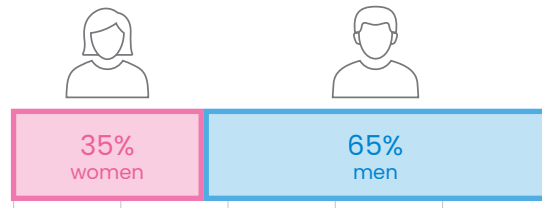
SOCIAL ASPECTS

CUSTOMER SERVICE

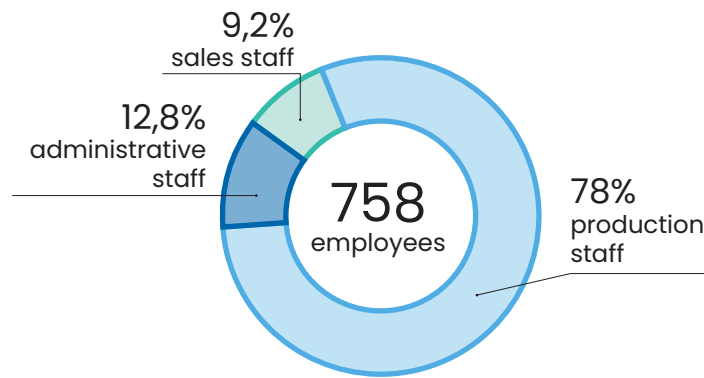
GRI INDICATOR INDEX

### 03.7. Staff

Rīgas ūdens' provides equal opportunities to women and men. Given the nature of 'Rīgas ūdens' business and the fact that most of the positions involve physical work, the majority of the people who choose to work at the company are men. As of 31.12.2023, the Company had 758 employees, 35% of whom were women and 65% men.



78% of all 'Rīgas ūdens' employees are production staff, 12.8% administrative staff, and 9.2% sales staff. At the end of 2023, the average age of 'Rīgas ūdens' employees was 49.6 years, the same as the previous year.



#### Total staff turnover

**Total staff turnover, %** (number of employees whose employment ended compared to the average number of employees during the reporting period):

**2023. year = 8,91% (= 68 / 762,90)**

2021. year = 8,45% (= 63 / 745,83)

2022. year = 9,78% (= 73 / 746,20)



**Employee turnover rate by sex in 2023, %** (number of male/female employees whose employment ended compared to the average number of male/female employees):

Men  
**6,29%**  
(= 31 / 492,7)

Women  
**13,95%**  
(= 37 / 265,3)



**New employees** (those who have begun their employment):

**66 employees**

Men  
**40** (60,61%)

Women  
**26** (39,39%)



#### Seniority at 'Rīgas ūdens':

average duration of employment as of

**2023** 13 years and 3 months

2022 12 years and 11 months

2021 13 years and 1 month



#### Age of employees:

2023 **oldest** 82 year

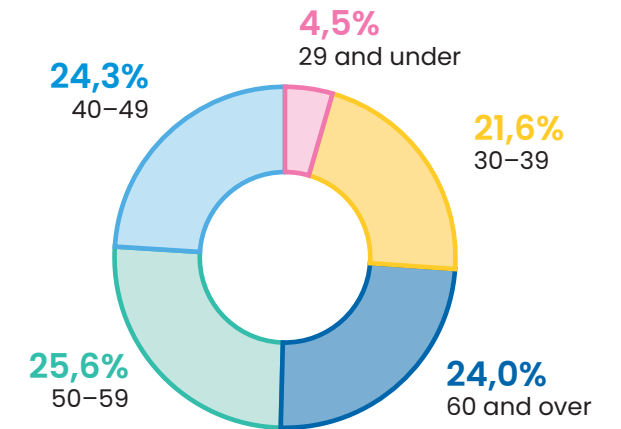
2022 81

2021 80

2023 **youngest** 21 year

2022 19

2021 20







INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## 03.8. Sustainable development principles pursued by the Company

'Rīgas ūdens' has chosen to apply six United Nations Sustainable Development Goals in its operations:



Krāsainie simboli atbilst Uzņēmuma atbalstītajām iniciatīvām



**Clean water and hygiene:**  
Provide sustainable management and access to water and hygiene for all (Goal 6);



**Decent work and economic growth:**  
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (Goal 8);



**Manufacturing, innovation, and infrastructure:**  
Build resilient infrastructure, promote inclusive, and sustainable industrialization and foster innovation (Goal 9);



**Responsible consumption and production:**  
Ensure sustainable consumption patterns and production patterns (Goal 12);



**Climate action:**  
Take urgent action to combat climate change and its impacts (Goal 13);



**Aquatic life:**  
Conserve and sustainably use the oceans, seas and marine resources for sustainable development (Goal 14).

GRI 102-7



INTRODUCTION

INFORMATION ABOUT  
THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES  
IN THE COMPANY'S  
OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION  
PROCESSIDENTIFICATION  
OF KEY AREAS OF  
SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL  
ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## 03.9. Participation in associations, organisations, and initiatives

In 2023, Rīgas ūdens continued its work within the Business Efficiency Association, Latvian Association for Human Resources. 'Rīgas ūdens' is a member the Latvian Water Supply and Sewer Company Association, which brings together water management companies with the goal of advocating for the Latvian water management industry with various organisations, engaging in the drafting and improvement of laws and regulations, and jointly promoting the development of water supply and sewer companies.

'Rīgas ūdens' is represented in Business Network International Latvia, the world's leading business networking and referral organisation. The participation of 'Rīgas ūdens' in this organisation provides opportunities for receiving professional advice in development and for building a network of business contacts. In 2023, 'Rīgas ūdens' became a member of the Employers' Confederation of Latvia.

'Rīgas ūdens' participates in activities that contribute to the sustainable development of the society as a whole, as well as economic growth and the well-being of every citizen of Riga. Representatives of 'Rīgas ūdens' are delegated to several working groups and boards created by the city of Riga:

- Riga City Council's Urban Development Council, which also includes the Engineer Council
- Working groups set up to prepare construction plan documentation for the infrastructure associated with the construction of the Rail Baltica Riga Central Station project and the Recovery and Resilience Mechanism projects
- Urban Development Department, Outdoor Public Space and Urban Environment Commission
- Topic-specific working groups set up monitor the implementation of the Riga development strategy, as per their scope of competence
- Working group for the development and accessibility of public open space in the centre of Riga and its Brasa neighbourhood
- Riga City Council civil protection and disaster management working group



GRI 102-13



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

**ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS**

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX



# 04

## ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS







INTRODUCTION

INFORMATION ABOUT  
THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES  
IN THE COMPANY'S  
OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION  
PROCESSIDENTIFICATION  
OF KEY AREAS OF  
SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL  
ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

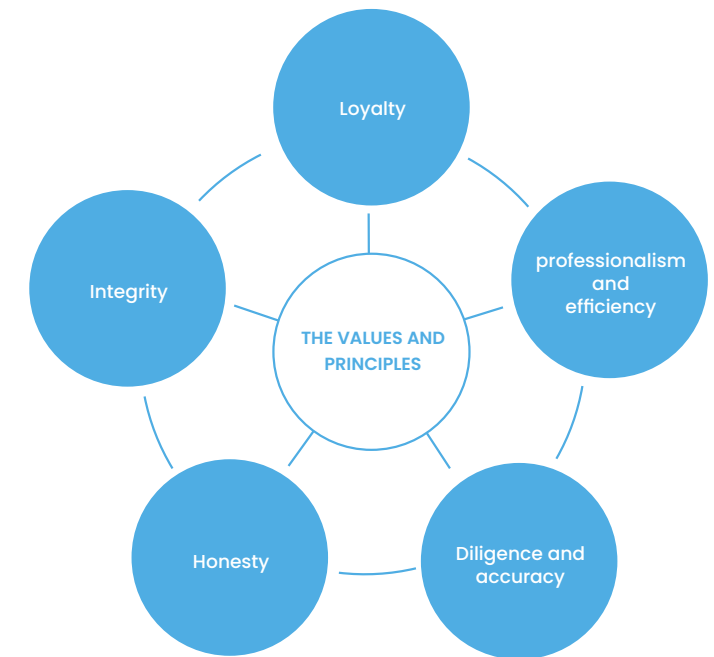
## 04.1. Principles of professional ethics

In order to promote legality and transparency in the actions of the Company's management board, supervisory board, and employees on behalf of the Company, to achieve a common understanding of the principles of professional ethics in relationships and interactions with customers, partners, and other stakeholders, to define the principles of communication among employees and colleagues, and to prevent the influence of any personal interest of employees in the performance of their duties, the Company summarises its rules of conduct in the Code of Ethics.

The values and principles that 'Rīgas ūdens' adheres to are loyalty, professionalism, efficiency, responsibility, and integrity. In order to comply with these principles and values, and in accordance with its internal laws and regulations, 'Rīgas ūdens' ensures:

- **ethical communication**
- **prohibition of conflict of interest**
- **prohibition of corrupt and fraudulent practices**
- **operation of the internal whistleblowing system**
- **reasonable protection of information**
- **protection of privacy**

A collegial body, the Ethics Commission, approved by the Company's management board, was established to assess compliance with the provisions of the Code of Ethics, to resolve conflicts, to support the actions of the Company's officials and employees in accordance with the Code of Ethics, and to review whistleblower reports in accordance with the procedure set in 'Internal whistleblowing system'. In accordance with the internal whistleblowing system, employees of the Company can report violations by e-mail, at [trauksme@rigasudens.lv](mailto:trauksme@rigasudens.lv). In the 2023 employee engagement and satisfaction survey, 'Rīgas ūdens' employees indicated that they were not afraid to express their opinions on the handling of work-related matters (89 points).





INTRODUCTION

INFORMATION ABOUT  
THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES  
IN THE COMPANY'S  
OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION  
PROCESSIDENTIFICATION  
OF KEY AREAS OF  
SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL  
ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## 04.2. Company core values

The 'Rīgas ūdens' Code of Ethics sets the core values for the Company:



### SUSTAINABILITY:

achieving the Company's strategic goals and effectively managing its resources to ensure its long-term growth, providing Riga residents with high-quality and reliable public water management services and working towards financial sustainability. The Company constantly works towards improving its performance, seeking new ideas and technologies, and striving for excellence.

### RESPONSIBILITY:

'Rīgas ūdens' fulfils responsibly its obligations under its contract with Riga City Council for the provision of public water management services within the administrative territory of Riga, ensuring responsible consumption of water resources important to Riga and the management of strategically important infrastructure.

### SAFETY AND ENVIRONMENTAL IMPACT:

'Rīgas ūdens' identifies, assesses and monitors the risks associated with its business, thereby providing safe public water services. The Company complies with the requirements of environmental protection laws and regulations to minimise the impact of its activities on the environment and to provide water management services that are safe to the public and the environment.

### PROFESSIONALISM AND EFFICIENCY:

Rīgas ūdens' provides public water management services professionally and efficiently, striving for a LEAN-based organisation in its work.

### OPENNESS AND TRANSPARENCY:

'Rīgas ūdens' is committed to publishing key financial, non-financial, and other information in accordance with laws and regulations, and to the accessibility and transparency of information as one of the values that shape the relationship of Riga City Council and the Company with their stakeholders and the general public. 'Rīgas ūdens' provides only true and verified information and is transparent in its dealings with employees, customers, partners, and other third parties.

### STABILITY:

'Rīgas ūdens' operates in a strategically important and stable industry and is focused on long-term development, providing its employees with a sense of job stability and social security.

GRI 102-15

ESRS S1-1 19, 24a



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX



# 05

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## STRATEGY AND GOALS

2023 SUSTAINABILITY REPORT







INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

**STRATEGY AND GOALS**

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

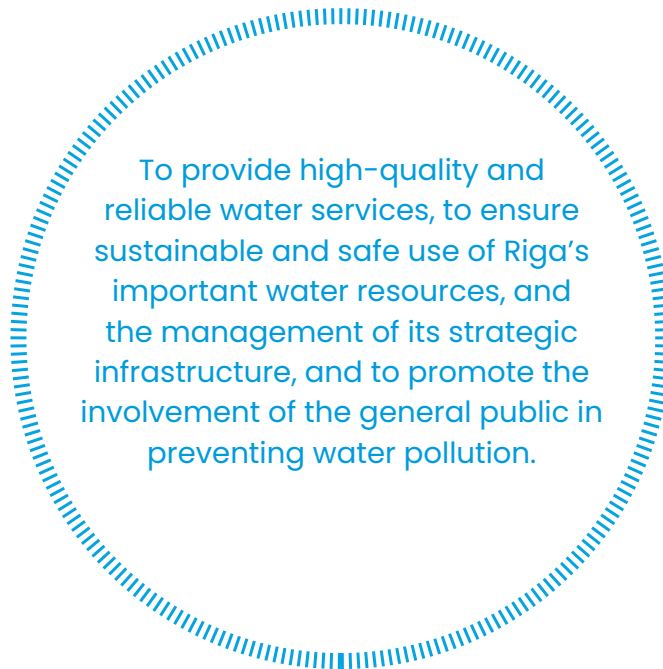
SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## 05.1. Strategy

Riga City Council Decision No 720 'On maintaining direct Riga City Council ownership of LLC (SIA) "Rīgas ūdens"' of 7 July 2021 sets the overall strategic objective of the Company:



Simultaneously with the Riga City Council decision seven specific non-financial goals for the implementation of the water management policy in the field of centralised water supply and sewer services were set for the Company, based the overall strategic goal of the Company, laws, and policy planning documents, and related to ensuring the fulfilment of the functions assigned to the public entity.

In order to enable the achievement of the financial and non-financial objectives, on 02.09.2022, the supervisory board of 'Rīgas ūdens' approved the Company's mid-term operating strategy for 2022-2024.



GRI 102-8

GRI 102-18



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## 05.2. Non-financial goals

<p><b>NM 1</b></p>	<p>develop the use of public water services, improving their availability and increasing the resident connection share, thus enabling a high-quality living environment, reducing environmental pollution, and contributing to compliance with the requirements of European Union directives in the field of water management;</p>	<p><b>NM 3</b></p>	<p>provide users of public water services with uninterrupted and reliable services, improving the quality of customer service, balancing the interests of environmental protection, sustainable use of natural resources, living environments for the public, and economic interests;</p>	<p><b>NM 5</b></p>	<p>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</p>
<p><b>NM 2</b></p>	<p>foster the sustainability of wastewater management by improving the quality and efficiency of wastewater treatment, mitigating the effects of climate change and negative impacts on the environment;</p>	<p><b>NM 4</b></p>	<p>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</p>	<p><b>NM 6</b></p>	<p>improving staff skills, motivation and the quality of the working environment</p>
			<p><b>NM 7</b></p>	<p>raise public awareness of the topics of environmental protection and water management, including by promoting green mentality and environmentally friendly lifestyles as these relate to water management, engaging in solving environmental problems, encouraging and promoting the use of tap drinking water, improving the public awareness of the Company's role in protecting the environment.</p>	

GRI 102-16



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

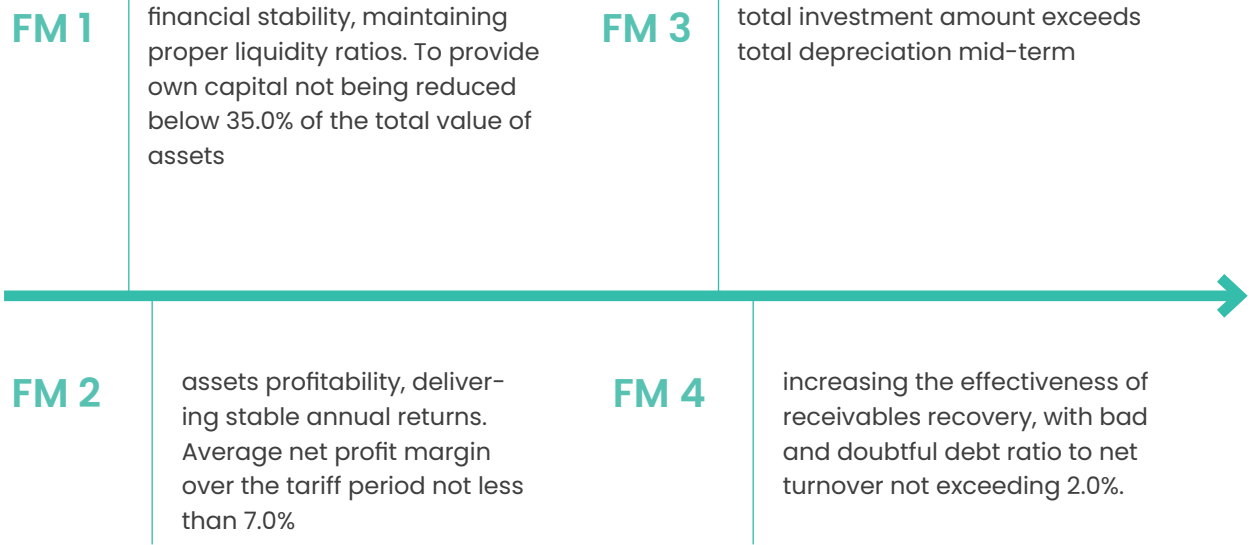
SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

### 05.3. Financial targets

'Rīgas ūdens' also set key financial goals for its mid-term strategy period, which contribute to the sustainability of the financial standing and increasing the long-term value of the Company:



'Rīgas ūdens' ensures the fulfilment of its strategic objectives in accordance with its mid-term operational strategy for 2022–2024, approved by the 2 September 2022 decision of the supervisory board of the Company. The Company reports to the supervisory board on the achievement of its goals on a quarterly basis, and the overall annual performance in terms of the goals and performance indicators is presented to the shareholder meeting at the same time as the annual accounts. Information about the achievement of the goals is published on the Company's website.

In 2023, the Company developed a Sustainable Development Strategy for a period up to year 2040, approved by the decision of supervisory board of the Company of \_\_\_ \_\_\_ 2024.

GRI 102-16







INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

**GOVERNANCE**

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

# 06

## GOVERNANCE





- INTRODUCTION
- INFORMATION ABOUT THE REPORT
- COMPANY PROFILE
- ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS
- STRATEGY AND GOALS
- GOVERNANCE**
- REPORT PREPARATION PROCESS
- IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY
- ECONOMIC ASPECTS
- ENVIRONMENTAL ASPECTS
- SOCIAL ASPECTS
- CUSTOMER SERVICE
- GRI INDICATOR INDEX



## 06.1. Administration model

'Rīgas ūdens' is a company owned by Riga City Council, and 100% of its shares are held by Riga City Council. Riga City Council is the supreme decision-making body of the municipal government of Riga, adopting the decisions stipulated in the Law on Governance of Capital Shares of a Public Person and Capital Companies. The decisions that are within the competence of the 'Rīgas ūdens' shareholder meeting are taken by a representative of the controller of the state-owned shares: the executive director representing the municipality.

The 'Rīgas ūdens' governance model is designed to follow best corporate governance practices, separating strategic and operational management. The governance of the company is executed by the meeting of its shareholders, the supervisory board, and the management board. According to the Articles of Association of 'Rīgas ūdens', the Company's supervisory board has three members, and its management board has three members. Preliminary resolutions on 'Rīgas ūdens' plans that affect the city's interests in terms of environmental, climate impact reduction, and water management affairs are reviewed by the Housing and Environment Committee of Riga City Council (which is in charge of the sector), and the corresponding decisions are made at a Riga City supervisory board meeting.

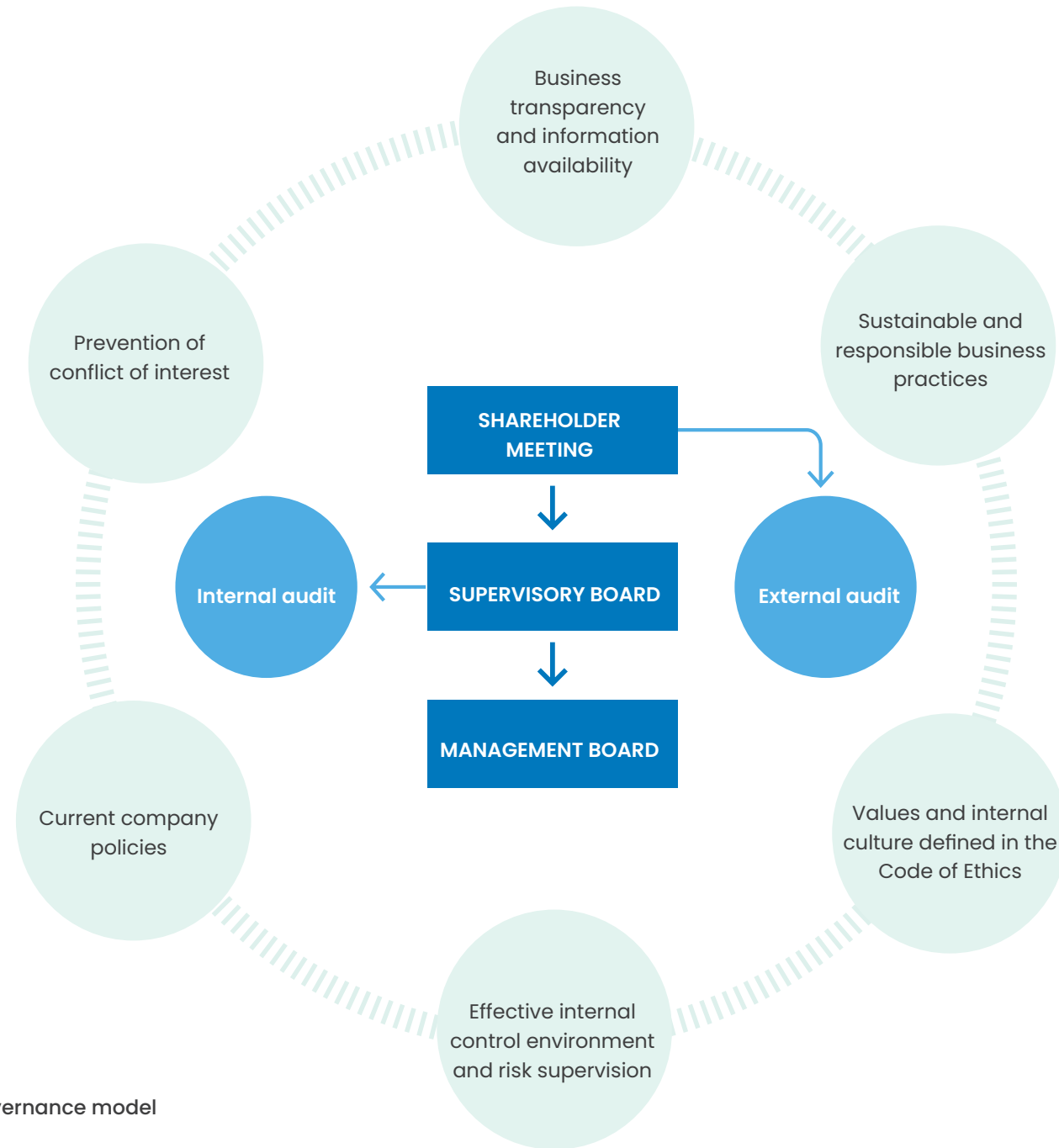


Figure 10. Corporate governance model



INTRODUCTION

INFORMATION ABOUT  
THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES  
IN THE COMPANY'S  
OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION  
PROCESSIDENTIFICATION  
OF KEY AREAS OF  
SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL  
ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## 06.2. Supervisory board

The 'Rīgas ūdens' supervisory board is the supervisory body of the Company, which represents the interests of the representative of the shareholder (the municipal government) between shareholder meetings, and monitors the activities of the Company's management board within the limits set in the Company's operational strategy.

All three members of the supervisory board have been elected as independent members of the supervisory board in accordance with the Law on Governance of Capital Shares of a Public Person and Capital Companies and Cabinet Regulation 20 'Procedure for nominating management board and supervisory board members in companies that the state or a derivative public

entity holds shares' of 7 January 2020, issued on the basis of that law.



### Supervisory board member, supervisory board chairwoman **Dace Ljusa**

has been in the supervisory board since 8 September 2020; term of the position: 5 years. Since 15.08.2023, she has been the chairwoman of the supervisory board. Graduated from the University of Latvia with a master's degree in social sciences. Studied at Riga Technical University, with an engineering master's degree in Automated Control System Design. Previously, she was the management board chairwoman of JSC (AS) 'SEB atklātais pensiju fonds', and before that, the supervisory board chairwoman of LLC (SIA) Premium Medical, management board member of JSC (AS) 'SEB Dzīvības apdrošināšana / SEB Life and Pensions Baltic SE'; she also worked at the Ministry of Welfare, the Ministry of Finance, and the State Treasury of the Republic of Latvia. She is currently also a member of the council of Vidzeme University of Applied Sciences. Dace Ljusa also combines the position of the chairwoman of the supervisory board with the position of a management board member at LLC (SIA) Spirit Capital Investments, with the permission of the 'Rīgas ūdens' shareholder meeting. Duties of the chairwoman of the supervisory board cover financial affairs, auditing, risk management, and internal control systems.





INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX



### Supervisory board member, academician **Tālis Juhna**

has been in office since 19 January 2021; term of the position: 5 years. Graduated from Lulea Technical University, Sweden, with a doctoral degree in Engineering, equivalent to an engineering doctoral degree in Water Engineering. He studied at the Royal University of Technology in Stockholm, Sweden, where he received an international master's degree in environmental engineering. He is the Rector of Riga Technical University (elected on 22.02.2023), professor at the Institute of Water Systems and Biotechnologies, Faculty of Science and Technology, RTU, full member of the Latvian Academy of Sciences, chairman of the Latvian Council of Science (LAS) advisory board, LAS expert in environmental biotechnology, and construction and transport engineering, chairman of the LAS Expert Commission on Engineering and Technology, and member of the commission of the Latvian Heating, Gas, and Water Engineer Association (LSGŪTIS). The area of responsibility of the supervisory board member is the provision of water management services.



### Supervisory board member **Imants Paeglītis**

has been in office at the supervisory board since 11 August 2023; term of the position: 5 years. Imants Paeglītis holds a master's degree in business and Organisation Management from RTU Riga Business School, a master degree in Engineering and Technology, a bachelor degree in Engineering, and a qualification as a Mechanical Engineer from Riga Technical University. Imants Paeglītis has spent more than 15 years working in the field of managing large companies. Imants Paeglītis is also a member of the supervisory board of SLLC (SIA) 'Latvijas Loto', and previously, he held the positions of a member of the supervisory board of AS 'Pasažieru vilciens', management board chairman of LLC (SIA) 'Rīgas Austrumu klīniskās universitātes slimnīca', and management board member of SJSC (VAS) 'Ceļu satiksmes drošības direkcija'. Supervisory board member Imants Paeglītis is in charge of the development and implementation of strategies, corporate governance, business, team, and stakeholder management.



INTRODUCTION

INFORMATION ABOUT  
THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES  
IN THE COMPANY'S  
OPERATIONS

STRATEGY AND GOALS

**GOVERNANCE**REPORT PREPARATION  
PROCESSIDENTIFICATION  
OF KEY AREAS OF  
SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL  
ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## 06.3. Management board



### **Krišjānis Krūmiņš,** management board chairman

has been in office at the management board of 'Rīgas ūdens' since 2014, and its chairman since 13 January 2022. Term of the position: 5 years.

Duties in the Company: management of the development and implementation of the operational strategy, management of the single quality management system, management of the internal control system, risk management system, and internal audit system; management of legal affairs, including court proceedings, document management, public relations management; management of planning and implementation of development plans for renovating (including water production, water supply and sewer lines, wastewater treatment), expansion and technological improvement (including automatic control systems and power supply) of water management infrastructure; management of strategic projects and projects co-funded by the European Union; management of infrastructure and technology development and construction projects for real properties (including those in use); management of risk management processes and safety measures within own field of competence, and supervision of risk management processes.



### **Normunds Zvaunis** Management board member

has been a member of the management board of 'Rīgas ūdens' since 2010. Re-appointed as a member of the management board on 10 May 2021. Term of the position: 5 years.

Duties in the Company: management of water extraction, storage, preparation for delivery from the centralised water supply line and to the ownership boundary, management of wastewater collection, treatment, and discharge, management of civil protection affairs, creation and managing a single occupational health and safety system, management of information technology and telecommunications, management and provisioning of transport, management of risk management processes and security measures in own area of governance.

GRI 102-16

GRI 102-18

ESRS GOV-1 21, 21a, 21d



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX



**Agnese Ozolkāja**  
Management board member

has been a member of the management board of Rīgas ūdens since 25 September 2023. Term of the position: 5 years.

Duties in the Company: financial management, including the management of the preparation of the budget and fees, management of compliance control processes, organising of accounting in compliance with laws and regulations, and management of financing via international funds, real estate management, leasing and sale affairs; management of the provision of the single electric power, heating, and gas service; water quality and wastewater quality control supervision; real estate (including real estate in use) management, renovation, and development planning and plan implementation management; staff remuneration system development and compliance control process management, and supervision of the calculation of remuneration; risk management and safety measure process management within own competence.



GRI 102-16

GRI 102-18

ESRS GOV-1 21, 21a, 21d



INTRODUCTION

INFORMATION ABOUT  
THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES  
IN THE COMPANY'S  
OPERATIONS

STRATEGY AND GOALS

**GOVERNANCE**REPORT PREPARATION  
PROCESSIDENTIFICATION  
OF KEY AREAS OF  
SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL  
ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## 06.4. Precautionary approach and principles used at the Company, internal control

'Rīgas ūdens' has an internal control system (set up following COSO standards) and has approved an internal control system policy, which sets the common principles of internal control and compliance, as well as assigns responsibilities. The Company's internal control system is divided into three lines of defence: primary risk management, monitoring and control of the risk management process, and internal audit as the third line of defence. The three main goals of the internal control system are: Efficiency of 'Rīgas ūdens' work processes, reliability of information provided, compliance of its operations with laws and regulations. In order to achieve these goals at company and functional level, the following elements of the internal control system undergo continuous improvements: control environment, risk assessment, control measures, information and communication, as well as monitoring.

### CONTROL ENVIRONMENT:

'Rīgas ūdens' pursues business practices based on the principles of honesty and compliance with ethical standards; the Company takes the steps necessary to combat risks of fraud and corruption and to achieve the improvement of the control environment. The Company's organisational structure is designed to facilitate the achievement of its goals and targets, to ensure effective decision-making, delegation of responsibilities, and a clear performance reporting process.

### REPORTING:

Includes both internal and external reports on financial and non-financial operations. Internal reporting provides 'Rīgas ūdens' management with accurate and complete information for making decisions and monitoring performance. External reports inform the shareholder and other stakeholders about the Company's financial standing and performance.

### CONFORMITY:

'Rīgas ūdens' operates in accordance with external and internal regulations. Internal laws and regulations and their compliance with external regulation are regularly reviewed, potential risks are identified and assessed, and appropriate additional controls are developed.

### RISK ASSESSMENT:

'Rīgas ūdens' consistently works to identify potential risks and continuously improves the risk management and monitoring process; risk assessment is integrated into all management processes at the Company. There are regular efforts taken in risk identification, risk assessment, risk response, and on-going monitoring of and reporting on the risk management process.

### CONTROL MEASURES:

'Rīgas ūdens' implements control measures that at all its organisational levels and functions ensure the completion of tasks and management orders and compliance with regulatory requirements. 'Rīgas ūdens' has developed and follows a Prevention of Corruption and Conflict of Interest Policy and a Risk Policy, which form the basis of the Company's risk control environment.

### CIRCULATION OF INFORMATION AND COMMUNICATION:

Internal information and control systems provide verified and accurate information for both internal communication and for external users. 'Rīgas ūdens' provides reliable, relevant, timely, up-to-date, accurate, documented, and accessible information. The internal information and communication system ensures that 'Rīgas ūdens' employees are informed of the objectives to be achieved, of internal regulations, and the ethical principles in place at 'Rīgas ūdens'.

GRI 102-11

GRI 102-16

GRI 102-18





- INTRODUCTION
- INFORMATION ABOUT THE REPORT
- COMPANY PROFILE
- ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS
- STRATEGY AND GOALS
- GOVERNANCE**
- REPORT PREPARATION PROCESS
- IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY
- ECONOMIC ASPECTS
- ENVIRONMENTAL ASPECTS
- SOCIAL ASPECTS
- CUSTOMER SERVICE
- GRI INDICATOR INDEX

**SUPERVISION:**

The Company's management is responsible for regularly assessing and improving supervision, and the supervisory boards monitors the management's performance. Internal Audit function examines the operation of controls and assesses their effectiveness; the external auditor gives an opinion on the fairness and adequacy of the financial statements. All supervisory bodies are independent in their functioning.

**INTERNAL AUDIT**

Between 2020 and 2023, the Company hired a qualified external service provider for the internal audit function. The Company also has an Internal Audit Strategic Plan for 2020–2024. The internal audit unit submits reports to the supervisory board. Starting from 2024, the Company has the position of an internal auditor reporting to the supervisory board.

**06.5. Risks' management**

'Rīgas ūdens' has uniform and harmonised principles for risk management in all areas of its business. The company has a Risk Management Policy, approved by its supervisory board. The purpose of risk management is to, in due time, identify, assess, and manage the most significant risks affecting the Company's operations and the achievement of its strategic objectives, to promote justified and appropriate decision-making that ensures the achievement of the Company's strategic goals, thus protecting the Company's assets from potential losses and strengthening its reputation.

The risk management system is an essential component of the Company's strategic and operational management, integrating all components of Company risk management, from strategic planning to day-to-day processes. Risk management involves coordinated actions to identify existing and potential risks and their scenarios, to analyse their causes, impact, and likelihood, and to identify and implement controls to mitigate the risks. Risks are analysed in all units of 'Rīgas ūdens', considering the units' goals and objectives in achieving the Company's strategic goals. Quarterly updates and review of key risk information by the strategic objectives monitoring commission. A risk monitoring report is presented to the supervisory board at least once a year. The risk breakdown is being updated and the steps in the risk management process are being refined based the lessons learned from the implementation of the risk management system, as well as the emerging issues related to sustainability.



GRI 102-11      GRI 102-16      GRI 102-18



- INTRODUCTION
- INFORMATION ABOUT THE REPORT
- COMPANY PROFILE
- ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS
- STRATEGY AND GOALS
- GOVERNANCE**
- REPORT PREPARATION PROCESS
- IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY
- ECONOMIC ASPECTS
- ENVIRONMENTAL ASPECTS
- SOCIAL ASPECTS
- CUSTOMER SERVICE
- GRI INDICATOR INDEX

**COMPANY RISKS**

Strategic risks	Environmental risks	Operational risks	Financial risks
Risks related to the Company's strategic activity and the decisions defining its development, as well as risks to the achievement of its strategic goals due to various internal and external factors (strategy planning, implementation, investment, legislation, political, demographic, social, technological, and macroeconomic risks).	Risks associated with the accomplishment of the Company's non-financial environmental goals and with the environmental impact of its operations (production process risks with environmental impact, risks of changes in environmental regulations, compliance risks, risks in communicating in energy efficiency and environmental matters).	Risks associated with inadequate or incomplete internal processes, with actions of people or systems, or effects of external circumstances on the provision of the service (internal risks associated with governance, production processes, information system and resource security, HR and process management, business continuity, corruption and conflict of interest, data protection, reputation, and working environment).	Risks associated with financial planning and management, and with possible changes in the field of finance that could cause projected costs to differ significantly from actual costs (financial income, cost, cash flow risks, and credit risk).

**Key risk management tools**

<p>Identification and analysis of changes and trends in external factors of interest in the planning of the Company's operational strategy, predicting possible models of action.</p> <p>Regular monitoring of the accomplishment of strategic goals.</p> <p>Regular monitoring of trends and changes in legislation relevant to the activities of the Company, ensuring that the necessary changes are implemented.</p> <p>Participation in working groups drafting binding regulatory documents, providing the necessary information and proposals.</p>	<p>A hydraulic monitoring system was implemented to detect significant water leaks and automatically report emergencies in water supply lines.</p> <p>Monitoring the sewer system and pollution.</p> <p>Consistent renovation of infrastructure.</p> <p>Rainfall monitoring system to reduce sewer emergency discharge.</p> <p>Noise and odour monitoring at Daugavgrīva biological treatment facility.</p> <p>Implementation of automatic monitoring of power consumption by key energy consumers.</p>	<p>Implementation of corporate governance principles in all operating fields and at all levels of the organisational structure.</p> <p>Clear definition and allocation of roles, powers, and responsibilities.</p> <p>Creation of an internal control system that encompasses the management of processes in the Company, risk management, anti-corruption and prevention of conflict of interest, data protection, and occupational safety.</p>	<p>Development of a budget drafting procedure with a contingency reserve to cover unforeseen costs.</p> <p>Continuous monitoring takes place for any deviations of the actual service sales amounts for the amounts planned in the budget.</p> <p>A strategic project management procedure was developed to ensure the successful use of investments.</p> <p>Development of a procedure for monitoring receivables.</p> <p>Financial planning is conducted to ensure that the ratio of current assets to current payables is not less than 1 and that liquidity is inspected on monthly basis.</p> <p>Regular monitoring takes place of the borrowing market as well as the political situation that may affect the borrowing capacity of Riga City Council companies.</p>
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- INTRODUCTION
- INFORMATION ABOUT THE REPORT
- COMPANY PROFILE
- ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS
- STRATEGY AND GOALS
- GOVERNANCE**
- REPORT PREPARATION PROCESS
- IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY
- ECONOMIC ASPECTS
- ENVIRONMENTAL ASPECTS
- SOCIAL ASPECTS
- CUSTOMER SERVICE
- GRI INDICATOR INDEX

## 06.6. Corporate governance

'Rīgas ūdens' maintains and improves its corporate governance by implementing and responsibly following the principles of good governance in its daily processes. Transparency, clear allocation of duties and responsibilities, adherence to business ethics and a genuine interest in the Company's continuously performing better and better play an important role in contributing to the Company's financial stability, maintaining its reputation, and building trust with customers, business partners, and financial institutions. We are pleased to report that in 2023, 'Rīgas ūdens' received a Sustainable Governance Award in the 'Involvement of stakeholders' category.

'Rīgas ūdens' follows in its business the Latvian Corporate Governance Code ('Code') developed by the Advisory Board established by the Ministry of Justice of the RL and the 'Rīgas ūdens' Corporate Governance Policy. For each corporate governance principle set out in the Code, there are criteria to help assess whether the principle has been met. The principles are applied to the operations of 'Rīgas ūdens', and in 2023 the company fully or partially complied with all of them: a principle is complied with if the company meets all the criteria set in the principle. A detailed explanation of compliance with the criteria is provided in the Corporate Governance Report (available at [www.rigasudens.lv](http://www.rigasudens.lv)). In line with the 'comply or explain' principle, the Corporate Governance Report also provides information about the principles that the company partially complies with in its activities or the criteria are not directly applicable to the Company, citing the circumstances or the regulations that justifies this.

GRI 102-11

Each principle is also explained using the following terms:

- Criterion fully met ●
- Criterion partly met ●
- Criterion not applicable ●

### PRINCIPLE 1

**The Company has an up-to-date strategy that sets the Company's goals and its focus on long-term increase in value.**

Criterion	Compliance
The company has an up-to-date strategy, drafted by the management board	<span style="color: green;">●</span>
The supervisory board is involved in the strategy development process and approves the strategy at the supervisory board meeting	<span style="color: green;">●</span>
The supervisory board monitors the implementation of the strategy	<span style="color: green;">●</span>
The Company's management board implements the strategy and reports regularly to the supervisory board on progress in its implementation	<span style="color: green;">●</span>

### PRINCIPLE 2

**The company develops a code of internal culture and ethical conduct that sets the standard of behaviour for its management and employees.**

Criterion	Compliance
The supervisory board defines the Company's core values	<span style="color: green;">●</span>
The management board prepares and the supervisory board approves a Code of Internal Culture and Ethical Conduct	<span style="color: green;">●</span>
The Board ensures that the internal culture and code of ethical conduct are upheld in the day-to-day operations of the company and responds when a breach of the code of ethical conduct is detected	<span style="color: green;">●</span>



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

**GOVERNANCE**

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

**PRINCIPLE 3**

**The Company has an internal control system whose effectiveness is monitored by the supervisory board.**

Criterion	Compliance
The Company has a documented system of internal control, the establishment of which is the responsibility of the management board	●
The internal audit unit conducts an assessment of the effectiveness of the internal control system at least once a year, based on pre-defined criteria, and reports the results of the assessment to the supervisory board	●
At least once a year, the supervisory board evaluates the assessment of the effectiveness of the internal control system	●

**PRINCIPLE 4**

**The Company identifies, assesses, and monitors the risks associated with its operations.**

Criterion	Compliance
The management board develops and the supervisory board approves the company's risk management policy	●
Based on the identified risk assessment, the management board implements risk management measures	●
At least once a year, the supervisory board reviews reports by the management board concerning its risk management measures and the implementation of the risk management policy	●

**PRINCIPLE 5**

**The Company has an internal audit unit that independently and objectively assesses the Company's operations.**

Criterion	Compliance
The company has an internal auditor who is functionally independent of the management board and reports to the supervisory board	●
The internal auditor is approved by the supervisory board	●
The internal auditor develops a risk-based internal audit plan, which is approved by the supervisory board	●
The internal auditor informs the management board and the supervisory board on the implementation of the internal audit plan, the results of the audit and the recommended actions to remedy deficiencies, if any	●

**PRINCIPLE 6**

**The company has an independent external auditor.**

Criterion	Compliance
The supervisory board and the audit committee, if one is established, set the criteria for selecting an external auditor	●
The Company has an independent external auditor with appropriate qualifications	●
The term of office of an external auditor does not exceed 5 years	●

**PRINCIPLE 7**

**The Company uses transparent procedures for the election and dismissal of supervisory board members.**

Criterion	Compliance
The Company has a procedure for selection and removal of Council members	●
The Company provides timely and sufficient information to its shareholders about the members of the supervisory board who are standing for election or re-election	●
The size of the supervisory board is appropriate to the specific nature of the Company's operations	●
A member of the supervisory board is elected for a term of office of not more than five years	●

**PRINCIPLE 8**

**The supervisory board members as a whole have the relevant experience and expertise.**

Criterion	Compliance
The supervisory board as a whole has the skills, experience and knowledge, including in the relevant sector, to be able to fully discharge its responsibilities	●
The composition of the supervisory board is based on the principles of diversity	●
Both sexes are represented on the supervisory board	●
The management board develop an induction training programme and provides induction training to new supervisory board members	●





INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX



## PRINCIPLE 9

**About the members of the supervisory board who are standing for election.**

Criterion	Compliance
The Company assesses and shareholders determine the proportion of independent members of the supervisory board	●
At least half of the members of the supervisory board are independent	●
Independent candidates for election to the supervisory board submit a declaration of independence	●
Before the election of the supervisory board, the company assesses the independence of the members of the supervisory board in accordance with the information available	●

## PRINCIPLE 10

**The Company has a remuneration policy.**

Criterion	Compliance
The Company has a remuneration policy in place, which has been developed by the management board, reviewed by the supervisory board and approved by the shareholder meeting	●
The supervisory board sets financial and non-financial objectives for the management board annually, their impact on variable remuneration and monitors them	●
The members of the supervisory board are not paid the variable part of remuneration nor are they paid any compensation in the event of dismissal or resignation	●
The management board reports annually on the remuneration granted to each current and former member of the management board and supervisory board	●

## PRINCIPLE 11

**There is a clear procedure for organising the work of the Company's supervisory board.**

Criterion	Compliance
The supervisory board organises its work in accordance with its statutes and work schedule	●
The supervisory board holds at least one separate supervisory board meeting per year to discuss the Company's strategy and its implementation	●
The Company's budget includes the funding needed for the activities of the supervisory board	●
The supervisory board conducts an annual self-assessment of its work, the results of which are examined at a supervisory board meeting.	●
The supervisory board has assessed the need for committees (if a committee has been established, see principle #12.1.)	●

## PRINCIPLE 12

**The supervisory board takes informed and well-considered decisions.**

Criterion	Compliance
The supervisory board has timely and sufficient access to information prepared by the management board for decision-making	●
The supervisory board sets the procedure for the circulation of information, including the right of the supervisory board to request information necessary for the supervisory board to take decisions from the management board	●
A member of the supervisory board analyses information and prepares proposals for decisions by the supervisory board	●
The supervisory board considers risks, short- and long-term impacts on corporate value, sustainability and responsible development when making decisions	●

## PRINCIPLE 13

**Members of the management board and the supervisory board are clearly aware of possible manifestations of conflicts of interests and are informed of the necessary action to be taken in the event of a conflict of interest.**

Criterion	Compliance
The supervisory board defines the signs that point to a conflict of interests and sets the procedure for the prevention and management of conflicts of interest	●
Members of the supervisory board or the management board do not take part in decisions on matters where the interests of the company conflict with the interests of the supervisory board, the management board or persons related to them	●
Persons subject to conflict of interests obligations receive regular training on how to deal with conflict of interests situations	●

GRI 102-11



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX



## PRINCIPLE 14

The Company provide its shareholders with timely information about shareholder meeting proceedings, providing all the information necessary for decision-making.

Criterion	Compliance
The Company informs its shareholders in time of the agenda, proceedings, and voting procedure of shareholder meetings, as well as of any changes in them	●
At the same time as the shareholder meeting is announced, the company provides shareholders with the opportunity to review the preliminary resolutions that are initially scheduled to be voted on at the meeting. The Company promptly informs its shareholders of any additional preliminary resolutions submitted	●
The Company provides shareholders with the opportunity to submit questions on items on the agenda and preliminary resolutions prior to the shareholder meeting	●
Preliminary resolutions and accompanying documents provide detailed, clear and complete information on the matter under consideration	●

GRI 102-11

## PRINCIPLE 15

The Company fosters effective shareholder involvement in decision-making and works towards the most active possible participation of shareholders in shareholder meetings.

Criterion	Compliance
The shareholder meeting is convened and held at a place and time convenient for the shareholders	●
The Company provides shareholders with the possibility to participate remotely in the General Meeting	●
The Company determines the appropriate duration of the shareholder meeting and gives shareholders the opportunity to express their views during the meeting and to obtain the information necessary to make decisions	●
The Company convenes a new shareholder meeting if the items on the agenda cannot be dealt with in the time allowed	●
The Company invites the members of the management board and Council, the candidates for the supervisory board, the auditor and the internal auditor, as well as other persons to participate in the shareholder meeting in accordance with the matters to be considered at the meeting	●
The shareholder meeting adopts resolutions in accordance with the preliminary resolutions previously announced	●

## PRINCIPLE 16

The Company formulates a dividend policy and discusses it with its shareholders.

Criterion	Compliance
The Company has developed and published an up-to-date dividend policy	●
Dividend policy has been discussed with shareholders at the shareholder meeting.	●

## PRINCIPLE 17

The Company provides its shareholders and other stakeholders in a consistent and timely manner with about its business activities, financial results, governance, and other relevant matters.

Criterion	Compliance
The Company discloses complete, accurate, objective, up-to-date and truthful information in a timely manner	●
The Company discloses information to all shareholders at the same time and to the same extent	●
On its website, the Company discloses information about its governance, strategy, fields of operations and publishes its financial statements	●
The Company provides information in Latvian and in at least one other language that is understood by the majority of the Company's foreign shareholders and other stakeholders	●

More information about the Company's corporate governance practices can be found in the 2023 Corporate Governance Report, available on the 'Rīgas ūdens' website, at [www.rigasudens.lv](http://www.rigasudens.lv).



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX



## 06.7. Corporate social responsibility

### Education and career projects

'Rīgas ūdens' engages in interactive external communication with all stakeholders, in particular raising awareness of water management topics among the general public. 'Rīgas ūdens' has implemented an extensive educational and awareness-raising programme to inform and educate the public about the Company's activities and its impact on the environment, the public's everyday life, and the building of environmentally friendly habits. This work is explained in more detail in Section 11.7 of the Report.

The Company has identified the education of young people as a key area and promotes the importance of professions associated with the Company's activities, supporting the interest of young people in learning professions associated with water management. 'Rīgas ūdens' actively participates in various youth-oriented events - Junior Achievement Latvia 'Shadow day' ('Ēnu diena'), RTU 'Career days' ('Karjeras dienas'), State Employment Agency 'Summer employment measures for persons studying in general, special, or vocational education institutions', etc.

The Company also preserves historical assets that demonstrate the development of the water supply system in the city. With the support of 'Rīgas ūdens', an educational film was created on the history of water supply in Riga: Journey to the Past ('Ceļojums pagātnē'), covering a period from the ancient times up to the present day, with a broad range of film and photographic materials. It is currently available on the 'Rīgas ūdens' YouTube account.

<https://www.youtube.com/watch?v=z4Kxmgnd5hM>.

GRI 102-11

### Participation in the Night of Museums

'Rīgas ūdens' has good reasons to be proud of a unique industrial culture heritage site in its possession: the historical Baltezers Water Pumping Station. Also, during the Night of Museums in 2023, more than 550 people visited the historical exhibition of the Baltezers Water Pumping Station. During the 2023 summer season (May through September), everyone was able to visit the 'Rīgas ūdens' exhibition accompanied by knowledgeable guides.



### Donations to Ukraine

In 2023, 'Rīgas ūdens' again provided support to Ukraine by donating seven vehicles: VW Crafter and Renault Kangoo cargo vans, Iveco Daily 65 special mobile workshop, MAZ 5551 drinking water tanker, and other vehicles not used by the Company. The donation was made in response to a request by 'Tavi draugi', an organisation that provides humanitarian aid to Ukraine and its people with the help of volunteers and donors. 'Tavi draugi' received a request from a partner organisation in Ukraine that needs road vehicles to be adapted for evacuation tasks and for performing car repairs in the field, near and at the front line. The vehicles are to be adapted and made available to the Ukrainian Armed Forces. Due to the floods caused by the bombing of the Kahovka hydroelectric dam, people in Ukraine need vehicles to transport water, and a request for such vehicles was received from Kherson City Council. The seven freight vehicles provided by 'Rīgas ūdens' include a MAZ 5551 drinking water tanker, useful specifically for that particular task. The donated trucks were delivered to Ukraine by 'Tavi draugi'.





INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX



# 07

## REPORT PREPARATION PROCESS







- INTRODUCTION
- INFORMATION ABOUT THE REPORT
- COMPANY PROFILE
- ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS
- STRATEGY AND GOALS
- GOVERNANCE
- REPORT PREPARATION PROCESS**
- IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY
- ECONOMIC ASPECTS
- ENVIRONMENTAL ASPECTS
- SOCIAL ASPECTS
- CUSTOMER SERVICE
- GRI INDICATOR INDEX



'Rīgas ūdens' regularly reports on the Company's business activities, financial results, management and other appropriate topics, ensuring timely disclosure of verified, accurate, objective, timely, and unambiguous financial and non-financial information. With the launch of its sustainability reporting in 2021, the Company prepares sustainability reports in accordance with the Global Reporting Initiative (GRI) guidelines, including the identification of key sustainability areas reported by 'Rīgas ūdens' during the previous reporting period (2020–2022). Continuing to monitor its impact on various aspects of sustainability, the Company took a number of measures in recent years to improve its approach to sustainability management within the Company.

Starting in 2025, 'Rīgas ūdens' will be required to report on sustainability in accordance with the Corporate Sustainability Reporting Directive and the related European Sustainability Reporting Standards. Considering these changes, the Company is already adapting its reporting practices to the new requirements, and the 2023 report should be considered a stage of preparation for this. The report is still based on the Global Reporting Initiative guidelines, but in several aspects, it has been provided with additional information describing the environmental, social, and governance performance of 'Rīgas ūdens' the requirements of CSRD and ESRS. In preparation for sustainability reporting under the new standard, the Company has refined its approach to sustainability management, gradually involving its every division in the process, in order to clearly divide the responsibilities in the implementation of the Company's scope of sustainability.

GRI 102-11

## 07.2. Report preparation principles

In preparing the report, 'Rīgas ūdens' followed the reporting standards and criteria set in the GRI standard:

**STAKEHOLDER INVOLVEMENT:** the Company must identify its stakeholders and report on how their expectations and visions are addressed and complied with, and how the Company works with different stakeholders;

**SUSTAINABILITY CONTEXT:** the report must reflect the Company's performance in the broader context of sustainability, including not only the local component, but also the wider national and global picture, and covering not only the current performance but also the strategic goals for the future;

**RELEVANCE:** the report must cover:

- activities that have a significant impact on the economy, environment, and society;
- aspects that have a significant impact on external stakeholders.

**COMPREHENSIVENESS:** the report must include key areas and their measurement units, as well as impact factors, so that stakeholders can track and inspect the Company's progress.

A sustainability report produced in line with GRI standards must meet eight quality criteria:

**ACCURACY:** the information in the report must be specific and measurable;

**BALANCE:** the report must cover both the positive aspects of the Company's performance and those that need improvement, thus making a general assessment of the Company's performance;

**CLARITY:** the report is drafted and published in a way that is readable and accessible to the stakeholders;

**COMPARABILITY:** the Company regularly collects data for the information presented in the report so that progress towards its goals is based on comparable data;

**COMPLETENESS:** the Company provides sufficient information to assess the influence of the Company during the reporting period;

**SUSTAINABILITY CONTEXT:** the information in the report gives an understanding of the Company's development and impact in the context of broader development;

**TIMELINESS:** the Company collects the necessary data in a timely manner (indicating information about latest updates) and makes it available to the stakeholders;

**VERIFIABILITY:** the report drafting process and results are documented in such a way that the Company can explain the information and methods used in the report as part of an independent external inspection.



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

# 08

## IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY





INTRODUCTION

INFORMATION ABOUT  
THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES  
IN THE COMPANY'S  
OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION  
PROCESSIDENTIFICATION  
OF KEY AREAS OF  
SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL  
ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## 08.1. Procedure for identifying key areas of sustainability

With the launch of its sustainability reporting in 2021, the Company prepared sustainability reports in accordance with the GRI guidelines, including the identification of key sustainability areas reported by 'Rīgas ūdens' during the previous reporting period (2020 –2022).

Reporting under the Corporate Sustainability Reporting Directive and the related European Sustainability Reporting Standards requires providing information about the Company's strategy, goals, and actual performance in key sustainability areas. CSRD also prescribes an assessment of the Company's value chain, as well as risks and opportunities in key sustainability areas, and other preparatory steps. Previously, the sustainability reports of 'Rīgas ūdens' mainly focused on showing actual performance in specific areas but was not based on specific sustainability targets that the Company aims to achieve in those areas, mainly focusing on performance in terms of the non-financial targets and initiatives set for the Company.

Currently, the planning document regulating the operations of 'Rīgas ūdens' is its mid-term operating strategy for 2022 –2024<sup>1</sup>; however, given the requirements set by the current European regulation

governing a number of fields (ESG, taxonomy, environmental directives, resource circularity) and Riga's commitment to become a climate-neutral city by signing the Climate City Contract, and the need to plan significant investments for the maintenance of Riga's water infrastructure, every business decision of 'Rīgas ūdens' must be considered from the perspective of sustainability compliance. In accordance with the task set by the municipal government, 'Rīgas ūdens' has developed a long-term planning document: Sustainable Development Strategy until 2040.

In order to revise the sustainability topics previously identified as significant for the Company and to identify future sustainability aspects of 'Rīgas ūdens', including the priority ones, for their inclusion in the Sustainable Development Strategy, a double materiality assessment was carried out in 2023 in the following three stages:

- Understanding of the context and field of activities
- Identification of potentially significant aspects of sustainability
- Materiality assessment

During the first stage, an analysis of the Company's activities and business model took place, with a study of its value chain and applicable legal framework. Based on the analysis of the information and documents and on discussions with the Company's representatives, potential key aspects of sustainability were identified. The initial list of sustainability aspects underwent a materiality assessment, in terms of stakeholder and environmental impacts and in terms of financial significance, with the risks and opportunities that may affect the company's financial performance, value, cash flow, access to resources, etc. Several of the sustainability aspects initially identified were consistent with the results of the 2021 materiality assessment, which is a positive indicator and demonstrates that 'Rīgas ūdens' assessed its actual impact in the past with due care.

GRI 102-46

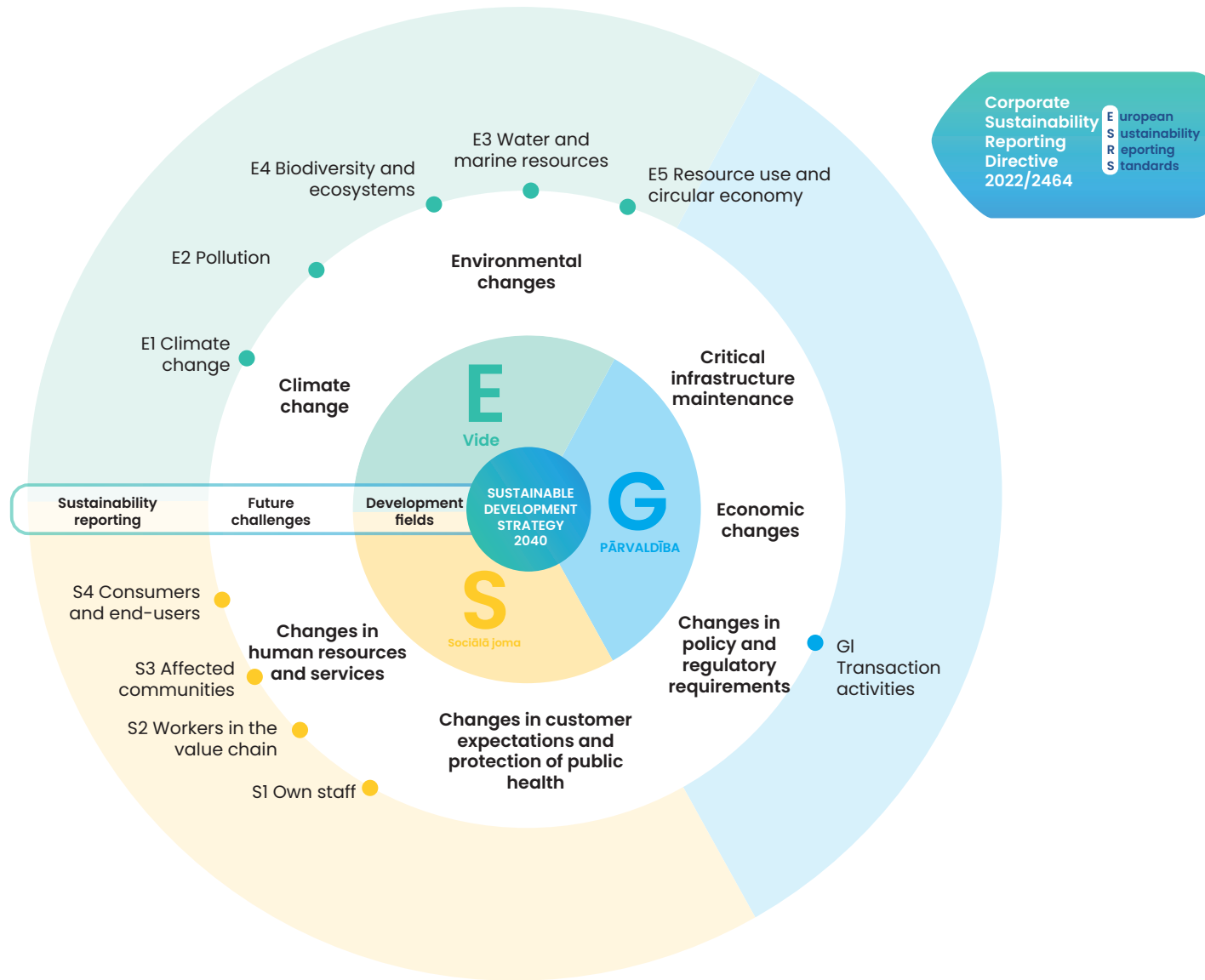
GRI102-47

<sup>1</sup> <https://www.rigasudens.lv/lv/strategiskais-ietvars>





- INTRODUCTION
- INFORMATION ABOUT THE REPORT
- COMPANY PROFILE
- ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS
- STRATEGY AND GOALS
- GOVERNANCE
- REPORT PREPARATION PROCESS
- IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY**
- ECONOMIC ASPECTS
- ENVIRONMENTAL ASPECTS
- SOCIAL ASPECTS
- CUSTOMER SERVICE
- GRI INDICATOR INDEX



## 08.2. Identified areas of sustainability, their descriptions

The double materiality assessment not only clarifies and narrows down the current standards applicable to the Company, but also demonstrates the Company's sustainability priorities. Thus, five priority ESRS field-specific standards were identified for the development of the 'Rīgas ūdens' sustainable development strategy and sustainability report, covering the Company's economic responsibility, and environmental and social aspects. When assessed in relation to the tasks that 'Rīgas ūdens' performs under the delegation of the Riga State City Council in the field of public water management services, the sustainability aspects important for 'Rīgas ūdens' were identified and, accordingly, the priority areas for the future development of the company were determined.

The priority fields of development of 'Rīgas ūdens' and its defined objectives are based on the UN Sustainable Development Goals, and, to address the future challenges in achieving sustainable development by 2040, 'Rīgas ūdens' has identified 11 priority fields of development and 15 key sustainable development goals for the priority fields of development.

**Figure 11.** 'Rīgas ūdens' 2040 Sustainable Development Strategy compliance with CSRD and ESRS.





- INTRODUCTION
- INFORMATION ABOUT THE REPORT
- COMPANY PROFILE
- ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS
- STRATEGY AND GOALS
- GOVERNANCE
- REPORT PREPARATION PROCESS
- IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY**
- ECONOMIC ASPECTS
- ENVIRONMENTAL ASPECTS
- SOCIAL ASPECTS
- CUSTOMER SERVICE
- GRI INDICATOR INDEX

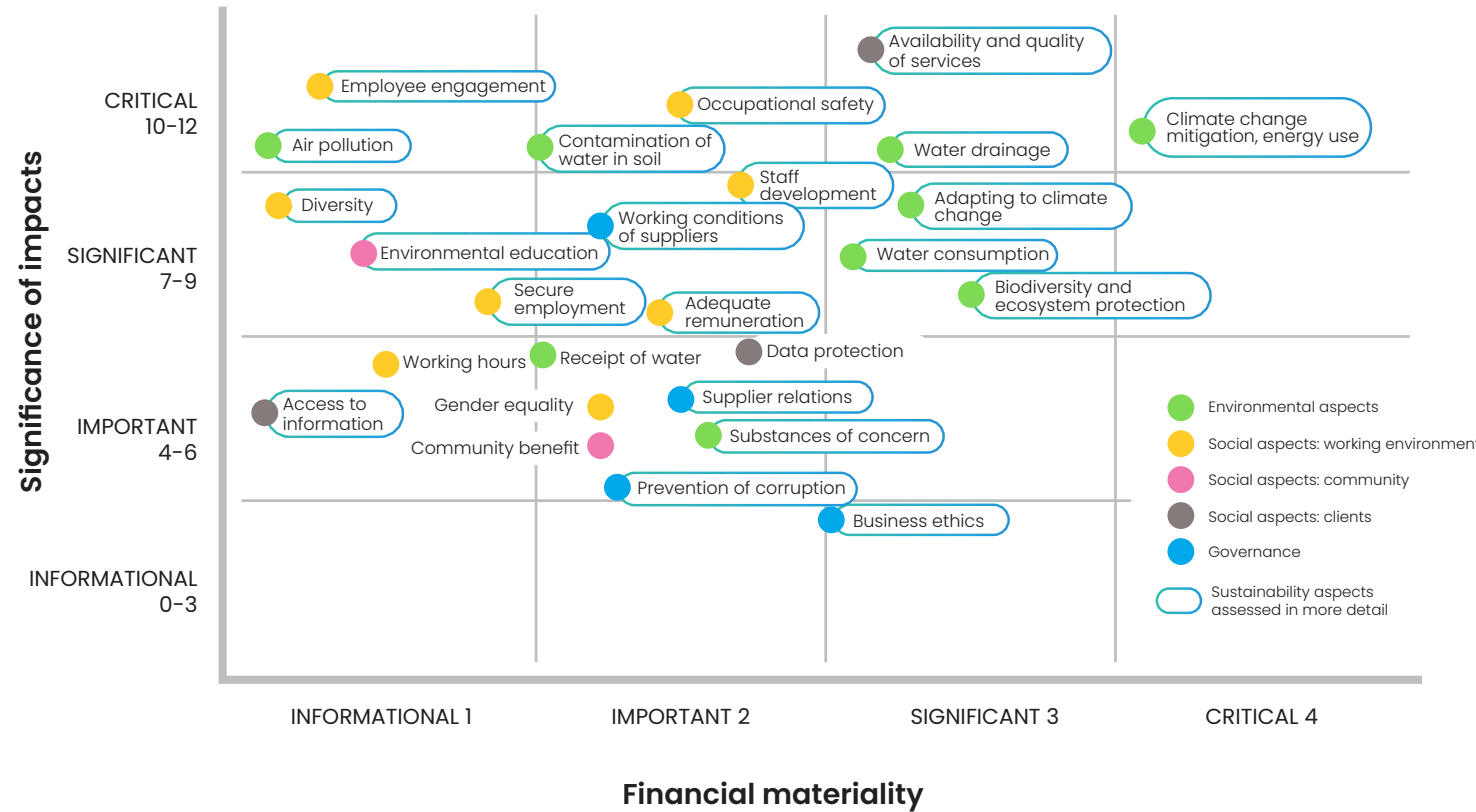


Figure 12. 'Rīgas ūdens' key areas of sustainability: assessment summary.

The materiality assessment conducted in 2021 revealed additional areas of sustainability that could be included in the Sustainability Report and in the setting of goals and that did not fall directly under any of the UN goals, which were:

- Customer satisfaction with provided services;
- Emergency response efficiency and management;
- Information and data protection.

As the 2023 report is based on an explanation of the Company's performance in the previously assessed areas, 'Rīgas ūdens' maintains the scope of reporting in this report through the initiated indicators RŪ-1 (satisfaction of its customers with the services provided), RŪ-2 (emergency response efficiency and management), and RŪ-3 (protection of information and data).



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

**IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY**

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

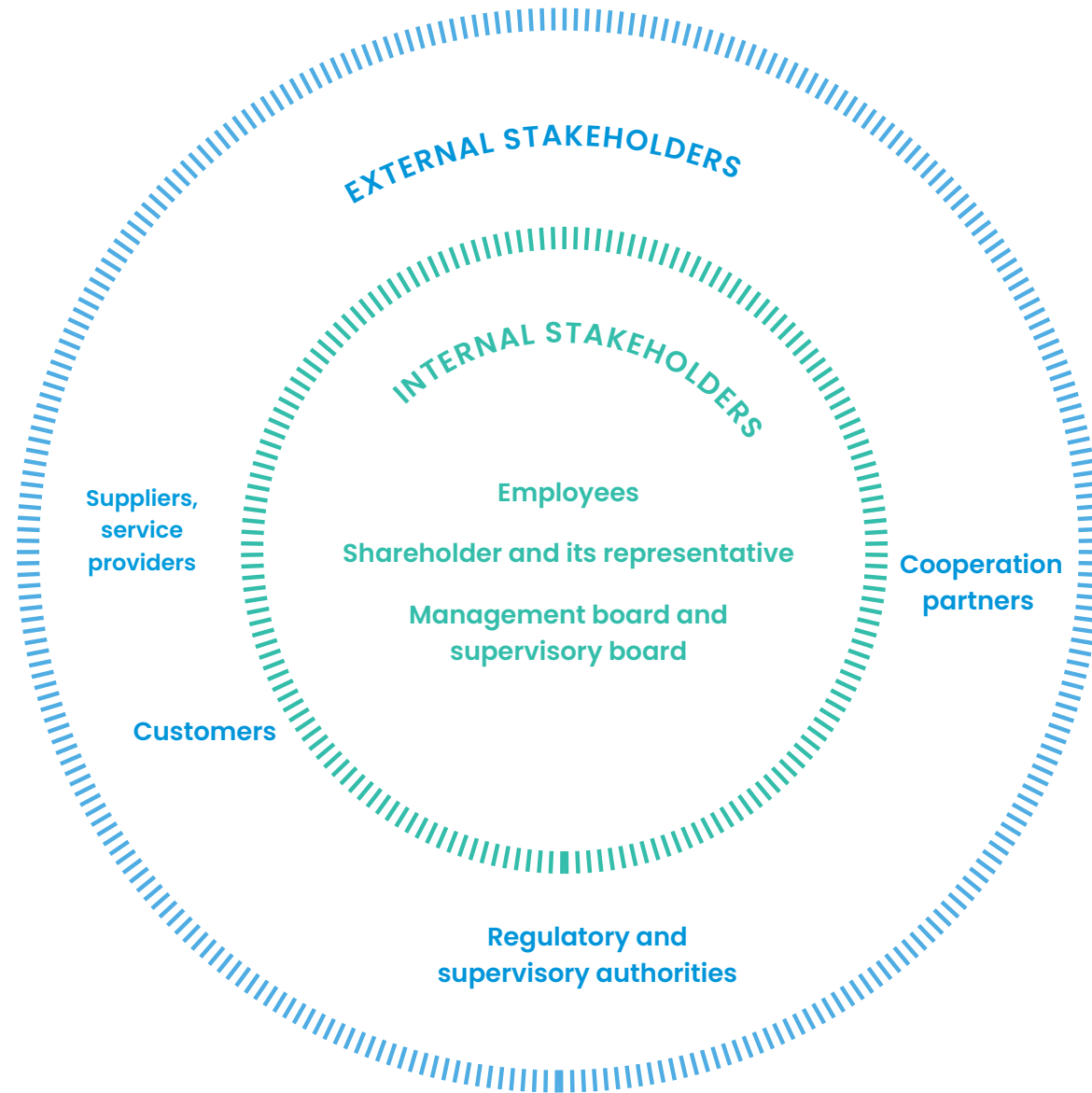
CUSTOMER SERVICE

GRI INDICATOR INDEX



### 08.3. Approach to work with stakeholders

The Company's routine work involves interacting with various stakeholders and finding different models of communication and sharing information to suit each stakeholder's interests. Work with stakeholders takes place at different levels: level of processes arising from laws and regulations, with decision-making in governance affairs, consultations level with clarifications on relevant matters, surveying of opinions, discussions; negotiations level with collective discussions and surveys; engagement level with exchanges of opinions without joint decision-making and cooperation; partnership level with joint decision-making and cooperation. 'Rīgas ūdens' has set the following stakeholder classification in its Corporate Governance Policy:



GRI 102-47



- INTRODUCTION

---

- INFORMATION ABOUT THE REPORT

---

- COMPANY PROFILE

---

- ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

---

- STRATEGY AND GOALS

---

- GOVERNANCE

---

- REPORT PREPARATION PROCESS

---

- IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY**

---

- ECONOMIC ASPECTS

---

- ENVIRONMENTAL ASPECTS

---

- SOCIAL ASPECTS

---

- CUSTOMER SERVICE

---

- GRI INDICATOR INDEX

**External stakeholders**

Work with external stakeholders is largely based on engagement. The first 'Rīgas ūdens' sustainability report was prepared with the classification of external stakeholders and, after compiling the results of the external stakeholder survey, the Company defined its key sustainability areas. Since the business model that Rīgas ūdens operates and provides public water management services in has not changed, the classification of external stakeholders remains the same.

**Suppliers, service providers**

(suppliers of goods and equipment, construction and maintenance service providers for water supply, sewer lines, treatment plants, engineering services, financial institutions, other service providers)

**Customers**

(by customer segment/real property profile)

**Regulatory and supervisory authorities**

(municipal authorities, national authorities, regulatory, supervisory bodies)

**Cooperation partners**

(higher education institutions, research institutes, media, other infrastructure companies in the sector, NGOs)

A variety of communication channels and activities are used for external communication and customer service

in choosing the most appropriate message to reach the target audience as accurately as possible. A more detailed description is provided in Section 12.2 of the Report.

A 'Rīgas ūdens' development conference was held in November 2023, with various stakeholders of the Company, including builders, designers, sustainability and financial experts, as well as development vision reviewers, together with the company's management and stakeholders involved in urban development issues, laid the foundations for a single vision of the future potential of the city's water management. A special workshop with group discussions was held during the conference to hear the stakeholders' views on the risks and opportunities in key sustainability aspects of 'Rīgas ūdens'. During the discussions, stakeholders discussed in groups the six sustainability topics potentially relevant to the Company under the CSRD standards: climate impacts, water, governance, end consumers, suppliers, and the local community.

In addition, a survey questionnaire was prepared and handed out. The main objective of the survey was to find out the opinion of 'Rīgas ūdens' performance so far, the expectations regarding the Company's sustainability priorities, as well as future communication and reporting practices. The most highly rated aspects of the Company's activities were its ethical business practices, water management (extraction, consumption, and dis-

charge), contribution to environmental education, and supplier relations management. In contrast, the most negative assessments were made of 'Rīgas ūdens' activities to protect and improve biodiversity.

In the opinion of 'Rīgas ūdens', these results should be viewed from an awareness perspective rather than as an assessment of the sustainability performance of 'Rīgas ūdens'. Stakeholders could share their views on the areas of sustainability where they believe the Company faced the greatest risks and/or opportunities. The aspects most frequently mentioned in the survey as those where the Company had to address the greatest risks and opportunities were: energy consumption and efficiency (59%), water extraction, consumption, and discharge (54.5%), climate change preparedness and response (50%). The face-to-face workshop also identified the most risks and opportunities in these aspects for the Company. As a positive element one should consider the fact that this is also consistent with the results of the double materiality assessment, where all these aspects were assessed as significant in terms of impacts, risks, and opportunities.





INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## 08.4. Employees' engagement

Employees remain one of the Company's most important resources. Open and effective internal communication with employees is considered a very important aspect of the Company's activities, with the aim of building cohesion among them, of educating, informing them (about rights, duties, opportunities, values, changes and achievements, significant events and management decisions, etc.), building trust and loyalty, getting feedback and understanding, and facilitating the circulation of information between the Company and the employees.

'Rīgas ūdens' conducts an annual employee commitment and satisfaction survey, which gauges the views of its employees on various work-related matters. Assessing the results of the study, the Company looks for solutions to address its weaknesses and focuses on justified measures to improve employee satisfaction.

In 2023, the 'Rīgas ūdens' employee satisfaction and commitment score was 86, while the 2023 national average was 77. In 2023, 544 employees, or 71% of the total workforce, took part in the survey. According to the survey's results, the employees of 'Rīgas ūdens' highly appreciated the cooperation and communication with colleagues (93 points), performance of line managers (90 points), growth and career opportunities (87 points), and workplace environment and processes (86 points).

At the same time, the following were identified as areas for improvement: remuneration and remuneration system (remuneration amount, indexing), cross-departmental cooperation, circulation and availability of information, and working conditions.

Employees who had been working in 'Rīgas ūdens' for more than 20 years reported the highest job satisfaction (89 points), while those who had been working in 'Rīgas ūdens' for 4-10 years had the lowest job satisfaction (84 points). Employees in the pre-retirement and retirement age groups had significantly higher job satisfaction (89 points), while employees under the age of 40 had the lowest job satisfaction (84 points). In 2023, the share of employees willing to recommend 'Rīgas ūdens' as a good place to work significantly increased year-on-year, with the calculated NPS value reaching 17, significantly above the average for state and municipal companies according to the research contractor (NPS = -4).

In autumn 2023, the Company implemented a project unprecedented for it: 'Involvement of employees in the development of strategic planning documents of LLC (SIA) "Rīgas ūdens"'.



GRI 102-41

GRI 102-43

GRI 405

GRI 406





INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

**ECONOMIC ASPECTS**

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX



09

# ECONOMIC ASPECTS





- INTRODUCTION
- INFORMATION ABOUT THE REPORT
- COMPANY PROFILE
- ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS
- STRATEGY AND GOALS
- GOVERNANCE
- REPORT PREPARATION PROCESS
- IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY
- ECONOMIC ASPECTS**
- ENVIRONMENTAL ASPECTS
- SOCIAL ASPECTS
- CUSTOMER SERVICE
- GRI INDICATOR INDEX



## 09.1. Management approach

### Economic value created and allocated

'Rīgas ūdens' plans and pursues a business model and approach to the provision of services that aims to achieve the goals of updating water infrastructure, conducting technological development and modernisation projects, and improving the quality of water services. The Company works to expand the number of people the centralised system provides services to by increasing the number of connections to the centralised water supply system and the centralised sewer system.

The planning of 'Rīgas ūdens' development is guided by the need to uphold higher standards of drinking water quality and environmental compatibility of treated and discharged wastewater, while balancing the costs of water services with a socially responsible policy in determining the service fees. As part of performing the tasks specified in the 'Rīgas ūdens' mid-term strategy for 2022 –2024, it is ensured that the Company is managed effectively through technologically and economically sound changes in its fees over the next few years, which is necessary for the efficient provision of its water management services. In the area of water supply, Riga residents will be provided with high-quality drinking water as a priority, and measures will be taken to improve the quality of drinking water by intensifying the renovation of water supply pipelines and by flushing existing water supply systems. A sustainable model for the future development of the Riga waterworks and water supply system will be developed.

GRI 102-47

## 09.2. Economic indicators

In 2023, 'Rīgas ūdens' ensured the provision of water management services as specified in its public service contracts and took a number of measures to improve its infrastructure, technological development, customer service, and improvements and higher efficiency in the provision of its services.

In 2023, income from water supply and sewer services increased by 15.18% compared to 2022, and generated EUR 73.14 million in total income. The net turnover in 2023 rose by 16.30% compared to 2022, and amounted to EUR 76.45 million.

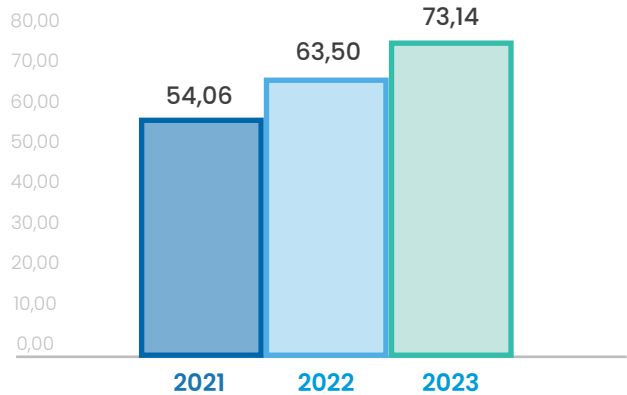


Figure 13.  
Income from water supply and sewer services in 2021 –2023 (million EUR).

The cost of making the products sold in 2023 increased by 10.25% compared to 2022, and amounted to EUR 64.08 million.

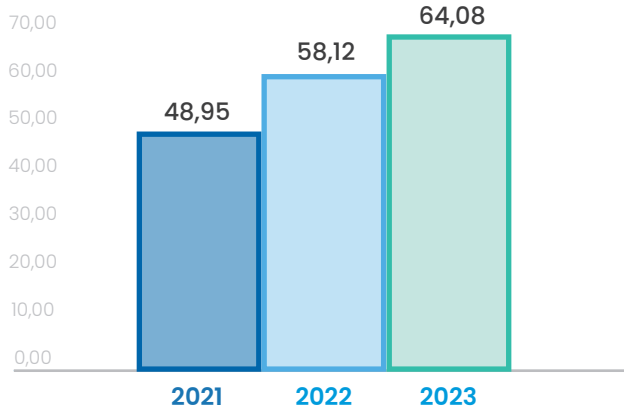


Figure 14.  
Prime cost of products sold in 2021 –2023 (million EUR).



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX



### Fees:

As of 01.06.2023, the following fees for water services were in effect (see Section 03.4 of the Report for information about water fees in effect before 31.05.2023):



water supply



sewer services



total, sewer and water supply

\*without VAT

### Dividends:

In 2022, in accordance with Riga City Council Decision 691 'On dividends in companies in which Riga City Council has a decisive influence' of 16 June 2021 and Riga City Council Decision 1819 'On different dividend rate at LLC (SIA) "Rīgas ūdens" in 2021–2024' of 24 August 2022, 'Rīgas ūdens' decided to distribute the profit for the year 2022 in the amount of EUR 5,161,349, with the distribution of 10 % of the profit, or EUR 516,135, as dividends, 30 % or EUR 1,548,405 retained for the implementation of the water management system development project of the Mangaļsala wastewater agglomeration, and 60 % of the profit, or EUR 3,096,809, to be retained for the provision of public water management services and development of business activities in accordance with the mid-term operational strategy of Rīgas ūdens for 2022 –2024.

## 09.3. Tax payments

'Rīgas ūdens' is one of the largest taxpayers in Latvia: in 2023, it paid 22.18 million euros to the Latvian national and municipal budgets, the biggest share of which was taken up by value-added tax, at 11.51 million euros, and mandatory state social insurance contributions, at 6.16 million euros. The amount of taxes the Company paid to the national and municipal budgets increased compared to 2022 by 21.47%.

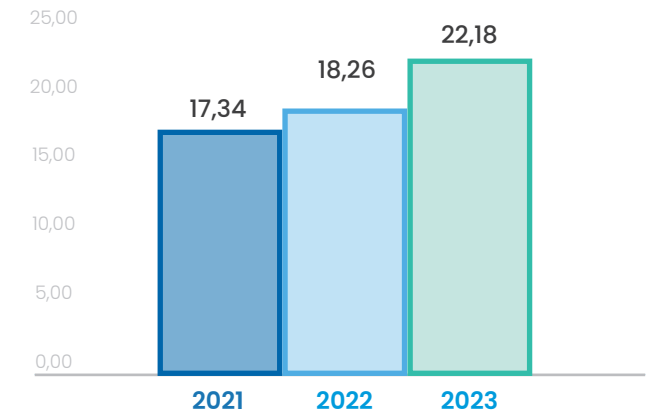


Figure 15. Taxes paid to the national budget in 2021 –2023 (million EUR).





- INTRODUCTION
- INFORMATION ABOUT THE REPORT
- COMPANY PROFILE
- ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS
- STRATEGY AND GOALS
- GOVERNANCE
- REPORT PREPARATION PROCESS
- IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY
- ECONOMIC ASPECTS**
- ENVIRONMENTAL ASPECTS
- SOCIAL ASPECTS
- CUSTOMER SERVICE
- GRI INDICATOR INDEX

## 09.4. Indirect economic impact

In 2023, 493 agreements on the provision of municipal co-financing were concluded for a total of EUR 684,793.90, as a result of the implementation of a number of municipal co-financing programmes for the connection of residential buildings to the centralised sewer system.

In 2023, 'Rīgas ūdens' ensured the provision of water management services as specified in its public service contracts and took a number of measures to improve its infrastructure, technological development, customer service, and improvements and higher efficiency in the provision of its services.

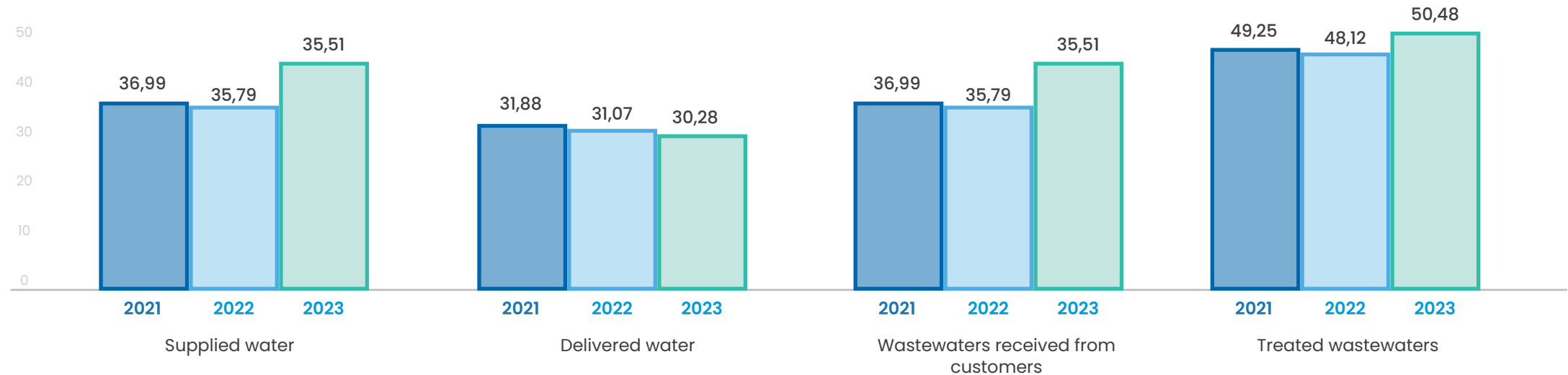
In 2023, water infrastructure investments were made in the fields of water production, water supply, wastewater collection, and wastewater treatment.

'Rīgas ūdens' makes a significant contribution to the water management industry in Latvia. PUC has provided data on the 2022 business performance of water management service providers, which also include general information about the provision of water services <sup>2</sup>.

According to the register of water service providers data available to PUC, as of 31 December 2022, there were 61 registered water management service providers. The total volume of water supplied by these regulated water management service providers in 2022 was 60.02 million m<sup>3</sup>. More than half of this volume (53%) was provided by 'Rīgas ūdens'.

Service provider	million m <sup>3</sup>	%
Rīgas ūdens	31,46	53
6 service providers that provide services amounting to more than 1 million m <sup>3</sup> /year	12,79	21
other service providers that provide services amounting to less than 1 million m <sup>3</sup> /year	15,77	26

Figure 17. Total volume of water services provided and number of providers in 2022.



GRI 102-47

Figure 16. Volume of services provided (million m<sup>3</sup>).

<sup>2</sup>The general report of PUC on the water management industry in 2022 is available at <https://www.sprk.gov.lv/content/nozares-raditaji-2>





- INTRODUCTION
- INFORMATION ABOUT THE REPORT
- COMPANY PROFILE
- ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS
- STRATEGY AND GOALS
- GOVERNANCE
- REPORT PREPARATION PROCESS
- IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY
- ECONOMIC ASPECTS**
- ENVIRONMENTAL ASPECTS
- SOCIAL ASPECTS
- CUSTOMER SERVICE
- GRI INDICATOR INDEX



A similar proportion of service volumes is provided in the wastewater management sector, where 'Rīgas ūdens' provides more than half of the total national volume of service.

Service provider	million m <sup>3</sup>	%
Rīgas ūdens	36,60	55
8 service providers that provide services amounting to more than 1 million m <sup>3</sup> /year	15,66	22
other service providers that provide services amounting to less than 1 million m <sup>3</sup> /year	14,68	23

**Figure 18.**  
Total volume of wastewater services provided and number of providers in 2022.

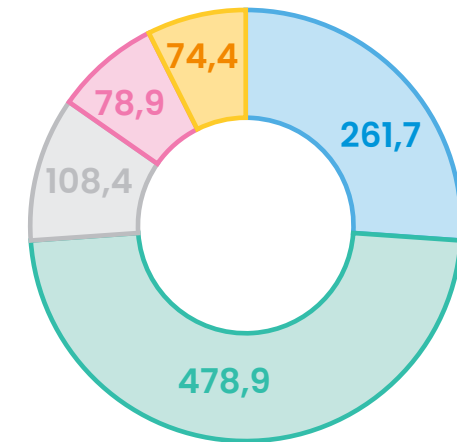
GRI 102-47

## 09.5. Research and development (R&D)

'Rīgas ūdens' R&D investments are mostly focused on introducing operational improvements, both by researching, adapting, and implementing new technologies or techniques that lead to significant process improvements or to cost reductions, in line with the operating needs of the Company. Development projects account for the largest share of R&D investments, with 74% of expenses on investments in automation projects. Key R&D activities in 2023:

- Stage 2 of the modernisation of automatic control systems (ACS) in water supply pumping stations was completed;
- the modernisation of ACS sewer pumping stations continued;
- the wastewater treatment plant ACS and smart monitoring algorithm modelling software was developed and migrated to Hubgrade plant performance system;
- a feasibility study of the long-term development of Riga water intakes was completed;
- a feasibility study of the development of a sewage sludge treatment system began;
- studies were conducted on the implementation of an online monitoring system for drinking water quality, on sludge treatment methods for odour reduction at the Vārnukrogs sludge reservoir, and rehabilitation options for the Olekte River;
- the implementation of Stage 1 of the monitoring system for the sewer system was completed;
- the development of a computer model of the sewer system continued

The R&D activities in 2023 totalled ~1 million euros.



- Water treatment and upgrading of the ACS supply system
- Upgrading of the wastewaters pumping and treatment system ACS
- Development of feasibility studies
- Research works
- OTHER

**Figure 19.**  
Breakdown of R&D investment projects (thousands EUR).



INTRODUCTION

INFORMATION ABOUT  
THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES  
IN THE COMPANY'S  
OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION  
PROCESSIDENTIFICATION  
OF KEY AREAS OF  
SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL  
ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## 09.6. Ethical and transparent business practices

The main stakeholders in the water management sector are municipalities, service providers, the Public Utilities Commission (PUC) and the Ministry of Environment Protection and Regional Development (MEPRD). In Latvia, municipal governments are responsible for organising the provision of water management services within their administrative territory. They determine the municipal institution that will provide public water management services in the given area or authorises a company to provide public water management services by concluding a public water management services contract with it.

'Rīgas ūdens' is a company owned by Riga City Council, which, on the basis of the contract for the provision of public water management services concluded between 'Rīgas ūdens' and Riga City Council on 24.07.2019, conducts business activities that comply with Section 88(1)(1, 2, 3) of the State Administration Structure Law: namely, eliminating a deficiency in the market and providing strategic services of public interest and critical to national (environmental) safety, and managing the water management infrastructure facilities critical to development at national and municipal level, i.e. water supply and sewer systems.

'Rīgas ūdens' activities are regulated by a number of laws and regulations, setting the principles for conducting business in such areas as the provision of public

water services, consumer protection, environmental protection, construction, etc. The regulatory framework for the operation of 'Rīgas ūdens' is based on European Directive, of which the most important are: Directive 2000/60/EC – Community action in the field of water policy, Directive 98/83/EC on the quality of water intended for human consumption, Directive 91/271/EEC concerning urban waste-water treatment, Directive 2008/105/EC on environmental quality standards in the field of water policy, and Directive 76/464/EEC on pollution caused by certain dangerous substances discharged into the aquatic environment of the Community.

The main laws and regulations regulating the compliance of the Company's activities in the water management sector are the Law on Water Management Services and the Cabinet Regulations and binding municipal regulations issued on its basis, the Law on Regulators of Public Utilities and the PUC decisions issued on its basis, the Law on Pollution, and the Cabinet Regulations issued on its basis, and the conditions of permits to conduct polluting activities.

## 09.8. Company value chain

The value chain of 'Rīgas ūdens' includes all the activities and operations that are necessary to deliver the services it provides. Working with suppliers and pursuing the Company's business model, value is created with a direct impact on the end consumer and, more broadly, on the public. The Company strives to maintain a balance along the value chain, considering economic benefits, responsible treatment of employees, the public as a whole, and environmental protection.

In order to maintain its operations, 'Rīgas ūdens' procures various types of construction work, services, and products, including electricity and energy resources. 'Rīgas ūdens' buys most of its products, services, and construction work from Latvian suppliers, service providers and building contractors. 'Rīgas ūdens' conducts open procurement procedures in accordance with the requirements of the laws and regulations of the European Union and the Republic of Latvia, and any tenderer that meets the requirements set by 'Rīgas ūdens' and is capable of providing the products, services, or construction work within the scope of the procurement can participate in such procedures. 'Rīgas ūdens' is increasingly choosing to translate its tender specifications into English in order to reach services providers and manufacturers in other European countries.

GRI 102-47



- INTRODUCTION
- INFORMATION ABOUT THE REPORT
- COMPANY PROFILE
- ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS
- STRATEGY AND GOALS
- GOVERNANCE
- REPORT PREPARATION PROCESS
- IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY
- ECONOMIC ASPECTS**
- ENVIRONMENTAL ASPECTS
- SOCIAL ASPECTS
- CUSTOMER SERVICE
- GRI INDICATOR INDEX

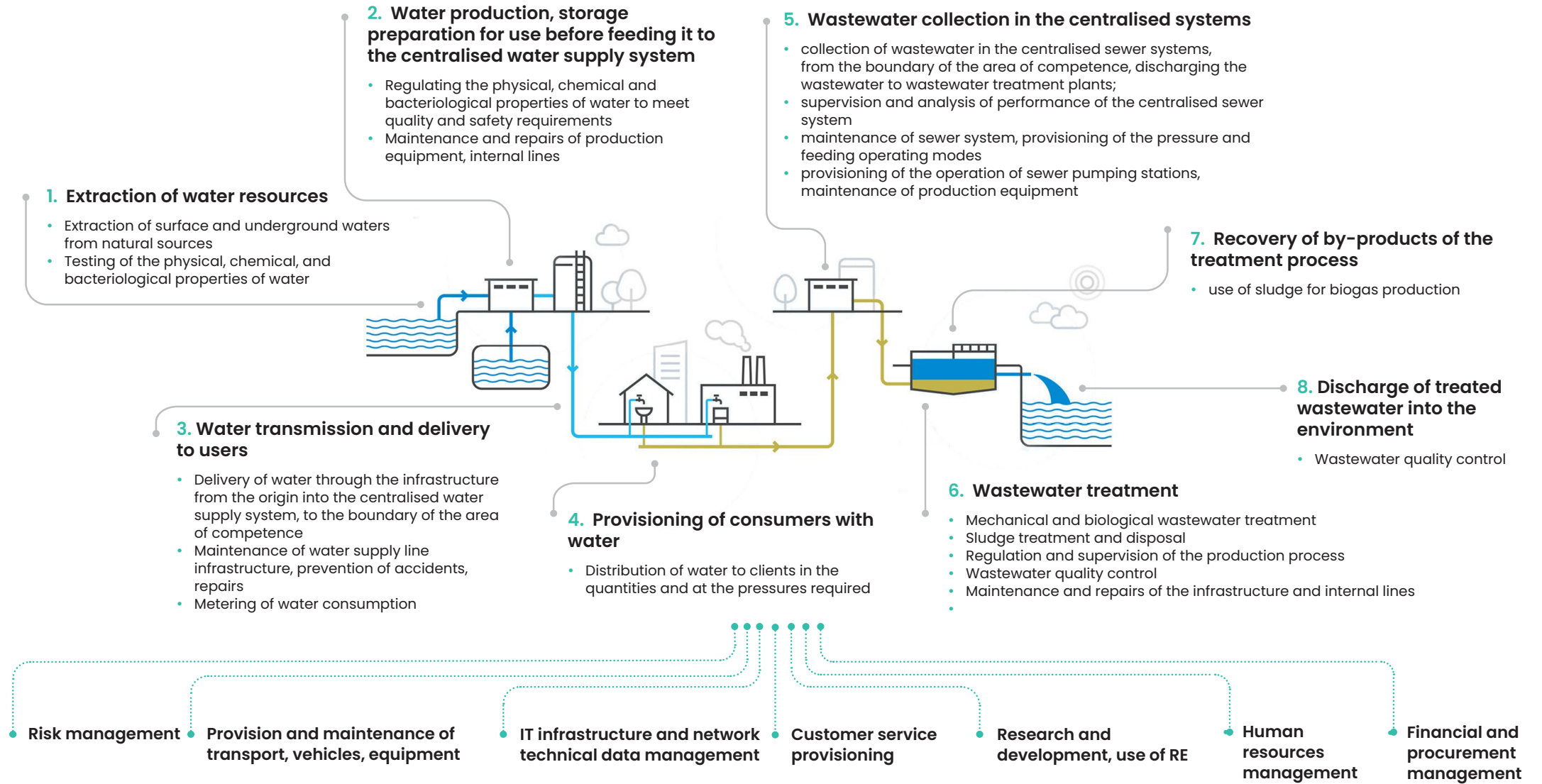


Figure 20. Value chain.



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX



**Major partners that are suppliers:**

- Water-pipeline and sewage network construction and repair service providers
- Suppliers of water/sewage network elements (equipment)
- suppliers of materials for building and repairing utility lines;
- Suppliers of IT, automation equipment
- energy suppliers;
- service providers for various types of equipment maintenance and servicing;
- suppliers of chemicals/reagents for drinking water and wastewater treatment.
- Sludge disposal companies

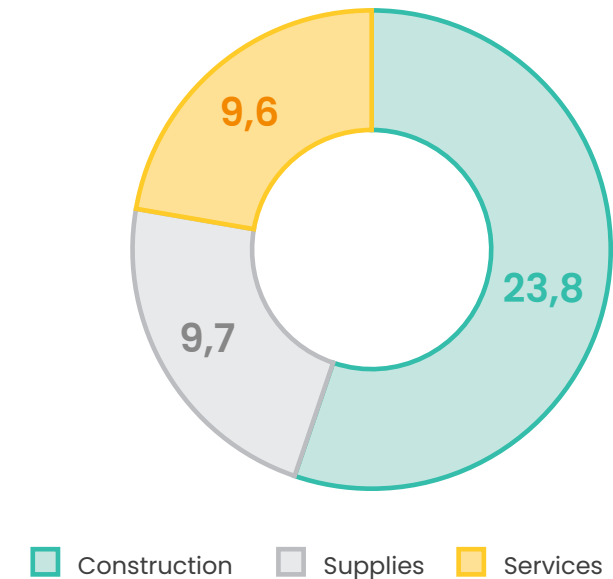
In its procurement processes 'Rīgas ūdens' complies with the procurement principles set in the Law on the Procurements of Public Service Providers and the guidelines of the Procurement Monitoring Bureau resulting from Directives 2014/24/EU and 2014/25/EU of the European Parliament and of the supervisory board. 'Rīgas ūdens' has an approved Procurement Procedure, which aims to ensure timely and efficient completion of procurements, openness and free competition among suppliers, equal and fair treatment of suppliers, and achieving the efficient use of 'Rīgas ūdens' resources, minimising 'Rīgas ūdens' risks as much as possible. The uniform principles set for procurement enable sustainable business growth and the most efficient use of re-

sources, promoting competition among suppliers and compliance with the principles of equality and openness.

If the estimated contract price in a construction, product or service provision contract is equal to or higher than the thresholds for the contract prices for public service provider procurements set by the Cabinet, the procurement falls under the Law on the Procurements of Public Service Providers.

In recent years, 'Rīgas ūdens' has significantly improved the efficiency of its procurement processes by digitising its procurements: all documents related to procurement procedures, including minutes and statements by the procurement commission, as well as correspondence with tenderers, are kept in electronic form only, and tenderers are required to submit their tenders in electronic format. This not only ensures the efficiency of the procurement process, but also is an environmentally friendly solution for the circulation of documents. In accordance with Law on the Procurements of Public Service Providers, 'Rīgas ūdens' uses so-called 'green' tenders in certain procurements, seeking to procure goods and services with the lowest possible environmental impact, taking into account the life cycle costs of the products or services with the same primary function. This means that not only the price of the product or service is assessed, but also the criteria for its economic viability. In addition to the criteria set in the external regulations, the Company did not determine any other criteria for assessing the sustainability impact (such as social or environmental impact) of its suppliers.

In 2023, procurements resulted in contracts worth more than 43.1 million euros (without VAT), including 49 contracts for EUR 26 million (without VAT) resulting from procurement procedures organised in accordance with the Law on the Procurements of Public Service Providers. The biggest share of the costs consists of investments in rebuilding water supply and sewer lines and sewer pumping stations, as well as the treatment of wastewater.



**Figure 21.**  
Areas and amounts of contracts concluded in 2023 (million EUR)





INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## 09.9. Anti-corruption

**'Rīgas ūdens' takes the following anti-corruption measures:**

- corruption risk management, including the development, implementation and monitoring of an anti-corruption action plan, as well as the evaluation of the results of the planned actions;
- assessments of the functions and positions within the Company that are exposed to corruption risk;
- setting up of a procedure for the review of all requests for the Company's staff members combining different positions and for the prevention of conflicts of interest
- setting up of a procedure for the recognition of employees as government officials in the context of permits for combining different positions, and of the prevention of conflicts of interest
- new employees whose position is exposed to the risk of corruption are provided with training and take a test on corruption risks and prevention of conflict of interest at the beginning of their employment
- regular assessment of the need to update the code of ethics by updating the principles of ethics and conduct
- regular provision of information on relevant and vacant positions, and the requirements set for job candidates

- 84 job openings were published on the website in 2023
- provide an easy-to-use and publicly accessible 'Information for whistleblowers' whistleblowing form on the 'Rīgas ūdens' website.

In order to prevent situations of foreseeable corruption risks, 'Rīgas ūdens' has developed an anti-corruption action plan ('action plan') covering five areas where corruption risks are likely to arise. The action plan includes specific measures to limit corruption risks, identifies the persons responsible for the implementation of the measures, sets deadlines for their implementation, with the submission of reports on the results of the implementation of the measures twice a year.

In order to build the understanding of employee duties and conduct in accordance with the standards of ethical conduct set by the Company, 'Rīgas ūdens' organises regular anti-corruption training for employees and conducts employee knowledge testing. New employees whose position is exposed to the risk of corruption are provided with training and take a test on corruption risks and prevention of conflict of interest at the beginning of their employment. In 2023, 53 new employees were trained and tested.

There is a special training approach for employees whose duties are related to the organising of the procurement process. In 2023, the Company's employees participated in a number of webinars, which, among other things, covered the latest developments in public procurements for construction and PMB, court practice, and various current events in public procurement cases. 'Rīgas ūdens' pays special attention to positions that are potentially exposed to a high risk of corruption, assessing them according to a set methodology and focusing on certain circumstances and functions where the risk of corruption is the highest.

The Company's senior management is also involved in the training activities: both the management board and department heads attended the training seminars. The management of the Company participated in seminars organised by the School of Public Administration: 'Conflict of interest prevention and professional ethics of public officials' and 'Advanced course on prevention of conflict of interest'. There were no incidents of corruption or bribery at the Company during the reporting period.



GRI 205

GRI 206



INTRODUCTION

INFORMATION ABOUT  
THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES  
IN THE COMPANY'S  
OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION  
PROCESSIDENTIFICATION  
OF KEY AREAS OF  
SUSTAINABILITY**ECONOMIC ASPECTS**ENVIRONMENTAL  
ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## 09.10. Internal whistleblowing system

The Company has an active internal whistleblowing system that enables its employees to report certain potential violations that may harm the interests of the Company: *'Rīgas ūdens'* supports and encourages good-faith whistleblowing, instead of preventing it. In its whistleblowing policy, the Company states that the purpose of the system is to promote a company culture where employees, partners, and other persons who work to the benefit of *'Rīgas ūdens'* can act with confidence in order to report a suspected violation. *'Rīgas ūdens'* aims to achieve and maintain a corporate culture where whistleblowing is supported and appreciated.

In 2023, *'Rīgas ūdens'* received one whistleblowing report from an external applicant; the circumstances in the report were assessed, and the violation alleged by the applicant was not found.

In the 2023 employee engagement and satisfaction survey, the employees of *'Rīgas ūdens'* indicated that they knew about whistleblowing and knew what to do if they need report possible violations in the operations of *'Rīgas ūdens'* (95 points).





INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

# 10

## ENVIRONMENTAL ASPECTS







INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

**ENVIRONMENTAL ASPECTS**

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX



# 10.1. Management approach

## Environmental protection

Sustainable management of water resources, guaranteeing quality water for consumers and treatment of wastewater, has always been one of 'Rīgas ūdens' key operating principles. The challenge in providing water services is to do so in an environmentally and socially responsible way, while contributing to the economic growth of Riga and its metropolitan area.

The 'Rīgas ūdens' environmental priorities are to pursue rational and efficient use of natural resources, moving towards greater use of renewable resources and the preservation of biodiversity, in line with the UN Sustainable Development Goals. 'Rīgas ūdens', in its operations, must comply with a number of laws and regulations based on European Union directives that define action in water resources policy, drinking water quality requirements, wastewater treatment conditions, and acceptable standards for pollution emitted into the environment.

In order to ensure compliance with the requirements of environmental legislation, 'Rīgas ūdens' actively works with national environmental institutions, fulfilling the conditions of pollution permits, providing information and data associated with environmental protection, commissioning environmental impact assessments, and consulting on the matters of environmental protection.

GRI 103-1      GRI 103-2      GRI 305-1

The policies of 'Rīgas ūdens' include the principles of compliance and internal control, to ensure that the Company's operations meet environmental protection requirements. The environmental policy, approved by the supervisory board on 17 October 2023, aims to define an approach for the company to target the reduction of environmental pollution and climate change impact, and to promote the use of resources in accordance with the principles of the circular economy through the implementation and maintaining of an appropriate and effective environmental management system.

The Company has implemented risk management systems for managing risk in all areas of its operations, including regular identification and assessment of environmental risks associated with mitigating the impact of the Company's operations on the environment (production process risks with environmental impact, environmental regulation changes and compliance with them, energy efficiency and environmental communication risks). In December 2023, 'Rīgas ūdens' received a certificate from Bureau Veritas Certification, an independent certification body, recognising the Company's environmental management system as compliant with the requirements of LVS EN ISO 14001:2015 in the areas of treatment and supply of drinking water, as well as discharge and treatment of municipal wastewater.

Thanks to its responsible approach to environmental affairs and the upgrading of its sewer pumping stations, 'Rīgas ūdens' has significantly reduced the amount of wastewater discharged into the environment through emergency drains since 2020.

In a stakeholder survey conducted in 2021, the stakeholders identified more areas as important, which the Company considers significant and continues to include in the scope of its reporting:

- customer satisfaction with the services provided (indicator RŪ-1);
- emergency response efficiency and management (RŪ-2 indicator);
- information and data protection (indicator RŪ-3).

## Energy consumption in the Company

The Energy Efficiency Law requires 'Rīgas ūdens' as a large enterprise to continuously assess its energy consumption in order to control and reduce it, encompassing at least 90% of the Company's total final energy consumption, and to report annually to the competent authority on the measures to improve energy efficiency implemented and the energy savings achieved as a result. In accordance with the Energy Efficiency Law and to achieve its energy efficiency goals and plans, 'Rīgas ūdens' has had a certified energy management system since 2017.

## Generated GHG emissions

The calculation of GHG emissions generated by 'Rīgas ūdens' is based on Cabinet Regulation 42 'Methodology for the calculation of greenhouse gas emissions' of





INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

**ENVIRONMENTAL ASPECTS**

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX



23 January 2018 and Cabinet Regulation 222 'Methods for the calculation of energy efficiency of buildings and rules for the energy certification of buildings' of 8 April 2021, as well as the methodological approach described in the GHG Protocol Corporate Standard, adapted to the specific circumstances of the Company. The annual calculation includes emissions caused by the Company's operations, setting goals and determining measures to reduce or offset future GHG emissions.

### Projects co-financed by the European Union Cohesion Fund

Since 2004, 'Rīgas ūdens' has been implementing the environmental project 'Water management system development in Riga' co-financed by the European Union Cohesion Fund, constructing new centralised water supply and sewer systems in several neighbourhoods in Riga. The main goal of the projects is to increase access to water supply services, ensuring that as many people as possible have access to quality water supply and sanitation services, which also guarantees a safer and cleaner environment.

GRI 302-1

EFRAF EI-5 35a

EFRAF EI-5 38

## 10.2. Energy consumption

In accordance with the Energy Efficiency Law and to achieve its energy efficiency goals and plans, 'Rīgas ūdens' has had a certified energy management system compliant with ISO 50001 since 2017.

Objectives of implementation of energy management system are:

- ensure that the energy management system complies with the requirements of laws and regulations;
- implement the energy efficiency goals set in the 'Rīgas ūdens' mid-term operating strategy for 2022–2024
- create, implement, and continuously improve an efficient energy management system, and optimise energy use in production and internal consumption
- demonstrate to customers an internationally recognised approach to improving energy efficiency;
- support the purchase of energy efficient products and services and, on a case-by-case basis, consider the inclusion of energy efficiency measures in procurement design specifications
- create favourable conditions for attracting financial investment.

The 'Rīgas ūdens' energy management system underwent a certification audit and re-certified in accordance with ISO 50001:2018 in January 2023.

'Rīgas ūdens' uses natural gas or biogas to produce the energy for heating its production processes or buildings. Crude oil products and coal are not used for energy production. The amount of diesel used in the power generation units in the event of a power blackout is minimal compared to the Company's total energy consumption.

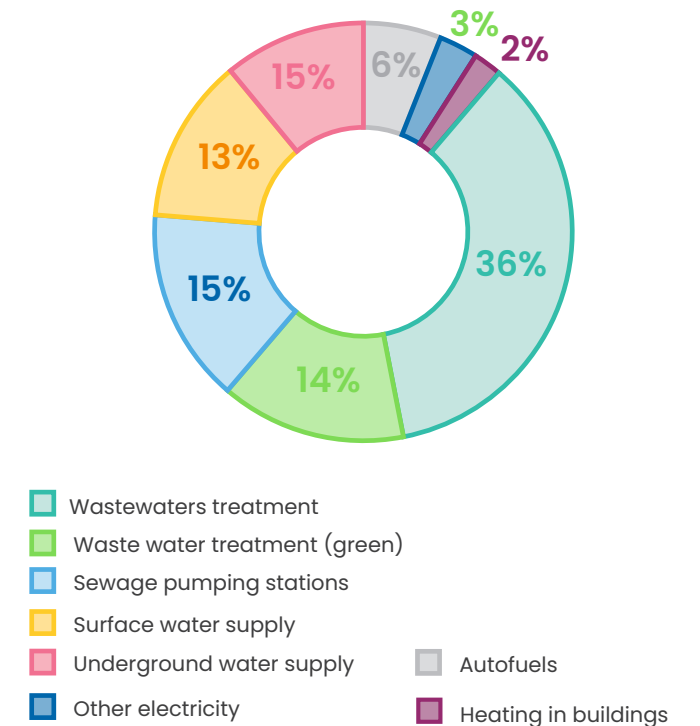


Figure 22. Key areas of energy consumption, average, in 2023



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

**ENVIRONMENTAL ASPECTS**

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## Energy performance indicators

The energy performance indicators for key fields of energy consumption are expressed as the consumption of the respective energy type per quantity of water treated, pumped, or moved into the system. The baseline values for the energy performance indicators are calculated based on 2020 consumption data. Climate correction factors kWh / (m<sup>3</sup>-K) are applied to those parameters whose values are significantly affected by changes in ambient temperature.

The standard deviation percentage is calculated for the monthly values between January 2021 and December 2023. The standard deviation limits for monthly readings are calculated with a 95% probability.

The year-on-year energy savings achieved in 2022 and 2023 are calculated as the change in the energy performance indicator multiplied by the amount of water supplied, pumped, or treated in the system in that year.

Indicator	Baseline (2020, climate-adjusted data), kWh/m <sup>3</sup>	Standard dispersion ±%	Upper threshold (warning for extremely high energy consumption), kWh/m <sup>3</sup>
EnPI.1 - Electricity consumption per unit of water transferred to the network in surface water intakes	0,469	5%	0,507
EnPI.2 - Electricity consumption per unit of water transferred to the network in underground water intakes	0,394	5%	0,429
EnPI.3 - Electricity consumption per unit of sewage wastewater pumped	0,196	2,3%	0,204
EnPI.4 - Electricity consumption per unit of treated wastewater at the biological treatment plant (BAS) "Daugavgrīva"	0,363	5%	0,397
EnPI.5 - Thermal energy consumption per unit of treated wastewater at the BAS "Daugavgrīva"	0,300	9%	0,443

Figure 23. Energy performance indicators with standard deviation upper thresholds.



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## Implementing energy efficiency measures

2020 was taken as the baseline year for cumulative energy savings, and in 2023 the cumulative energy savings of 'Rīgas ūdens' already reached 279.66 MWh. The additional energy savings in 2023 are mainly due to the implementation of energy efficiency measures in the outdoor lighting replacement programme.

In October 2023, the insulation of the attic floor of the workshop and laboratory at the Baltezers water pumping station was completed, expected to generate savings of 26.74 MWh per year according to the ex-ante building energy audit assessment report prepared in 2020. During the new heating period of November 2023 to February 2024, 15.78 MWh was already saved compared to the same period in the previous heating period.

At the end of 2023, the largest sewer pumping station in the Baltics was opened at Daugavgrīvas Street 101 in Riga. This measure is expected to save at least 1000 MWh of electricity per year starting in 2024.

In 2023, the Company carried out its second major building energy efficiency audit and technical inspection assessment, which covered five water pumping stations and five sewer pumping stations, for a total building area of 6877.2 m<sup>2</sup>, with a total average heating energy consumption of 454.6 MWh per year. The energy savings potential of insulating the building and replacing the heat sources is estimated at up to 205 MWh per year.

Between 2024 and 2026, 'Rīgas ūdens' plans to conduct energy efficiency measures and reduce the use of fossil energy sources. The energy savings will be achieved through the upgrading of the outdoor lighting and the heating main of the Daugavgrīva biological treatment plant, with expected savings of 37.3 MWh per year (additional 84.1 MWh per year planned until 2029) and 1429.55 MWh per year, respectively. The projected savings were calculated in 2021 using the scaling approach.

By July 2026, two facilities on the grounds of 'Rīgas ūdens'—a wastewater treatment plant and a drinking water treatment plant—are to be equipped with solar power plants with an installed power generation capacity of some 0.96 and 0.499 MW, which together will produce at least 1.1 MWh of electricity a year, for the internal consumption of 'Rīgas ūdens'. With this major project, 'Rīgas ūdens' will embark on the journey of gradually shift the energy consumption associated with its drinking water and wastewater services to green renewable energy sources.



GRI 302-4



- INTRODUCTION
- INFORMATION ABOUT THE REPORT
- COMPANY PROFILE
- ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS
- STRATEGY AND GOALS
- GOVERNANCE
- REPORT PREPARATION PROCESS
- IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY
- ECONOMIC ASPECTS
- ENVIRONMENTAL ASPECTS**
- SOCIAL ASPECTS
- CUSTOMER SERVICE
- GRI INDICATOR INDEX

### 10.3. Emissions

Identifying and assessing the emissions generated by 'Rīgas ūdens' operations is essential to identify the most CO2-intensive areas in the Company's activities and to plan future actions reducing the impact of the emissions on climate change. 'Rīgas ūdens' calculated its direct and indirect emissions according to Scopes 1 and 2 of the Greenhouse Gas Protocol standards. The calculations included direct and indirect GHG emissions: energy-related emissions from the activities of the companies listed in Scope 2.

Scope 1 Direct GHG emissions	Scope 2 Indirect energy-related GHG emissions
Use of petrol and diesel in the road vehicle fleet, consumption of natural gas for heating	Purchased electricity and heat consumption

Emissions associated with the consumption of externally procured electricity were calculated using the emission factors set in national laws and regulations, which in the context of the GHG Protocol are location-based calculations, and emissions that are set in conjunction with energy suppliers that, in accordance with the GHG Protocol are referred to market-based emissions recalculation factors.

Sources of emission factors used in the calculations:

- The emission factors for petrol, diesel, and natural gas are documented in Annex 1 to Cabinet Regulation 42 'Methodology for the calculation of greenhouse gas emissions' of 23 January 2018;
- The electricity and heat emission factors (location-based) are documented in Annex 6 of Cabinet Regulation 222 'Methods for the calculation of the energy efficiency of a building, and rules for the energy certification of buildings' of 8 April 2021;
- The market-based electricity emission factors correspond to the European Residual Mix electricity data and are published in Association of Issuing Bodies IVZW reports;
- The market-based heat emission factors are in accordance with the AS Rīgas Siltums annual sustainability report for the heating system emission intensity data on the right and left banks of the Daugava;
- Emission factors for refrigerant emissions are documented in DEFRA databases: Department for Environment, Food & Rural Affairs – GOV.UK website.

In performing the water supply and sewer services function delegated by the municipal government, the provision of public water services involves interlinked pro-

cesses handled by a number of the Company's units. The scope of the calculation of 'Rīgas ūdens' CO2 emissions includes all the production and administrative units of the Company:

- a service for the extraction, preparation and supply of groundwater and surface water;
- sewage network pumping station service;
- biological treatment plant "Daugavgrīva";
- administration, customer service centres.

The calculation of the Company emissions CO2 impact is based on shared operational and financial control methods, thus taking into account as many fields of emissions as possible. The calculations include direct GHG emissions created by the Company's operations and emissions in the Company's value chain, i.e. emissions resulting from the Company's activities. In 2023, the methodology for calculating biogenic emissions was investigated, and several sources of these types of emissions were identified at the Company, including emissions from the wastewater treatment process. Such GHG emissions will be calculated in 2024 and reported separately, beyond the Scope 1 and Scope 2 emissions, as they are not related to the use of fossil resources.







INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

**ENVIRONMENTAL ASPECTS**

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

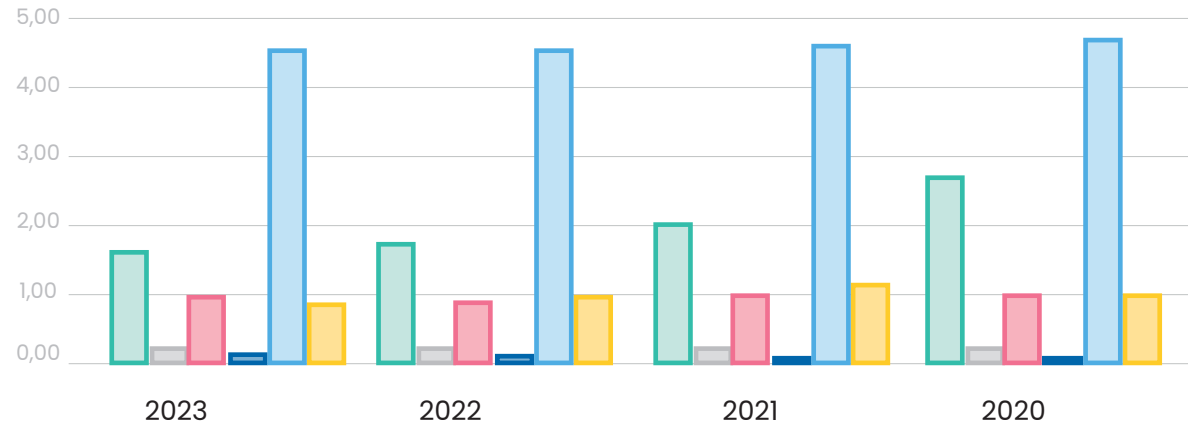
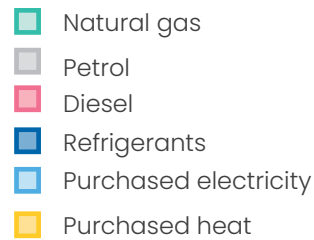


Figure 24. Total Scope 1 and Scope 2 emissions, in tonnes of CO<sub>2</sub>eq



'Rīgas ūdens' Scope 1 and Scope 2 emissions, in tonnes of CO<sub>2</sub>eq

Reference year	2023	2022	2021	2020
<b>Scope 1 (total)</b>	<b>2 793,65</b>	<b>2 679,53</b>	<b>3 170,63</b>	<b>2 962,95</b>
Diesel	1 021,81	913,51	987,89	1 001,02
Petrol	106,32	92,59	93,85	105,76
Natural gas	1 603,86	1 657,66	2 057,56	1 854,09
Refrigerants	61,67	15,77	31,32	2,09
<b>Scope 2 (total)</b>	<b>5 616,20</b>	<b>5 789,70</b>	<b>6 051,52</b>	<b>5 828,45</b>
Emissions from electricity (local-based)	4 717,00	4 759,15	4 817,40	4 819,43
Emissions from electricity (market-based)*	20 076,25	20 255,62	13 372,93	17 358,34
Emissions from thermal energy (local-based)	899,20	1 044,48	1 234,12	1 009,03
Emissions from thermal energy (market-based)*	606,62	674,81	793,12	657,62
<b>Total of Scope 1 and Scope 2</b>	<b>8 409,85</b>	<b>8 469,23</b>	<b>9 222,15</b>	<b>8 791,41</b>

\* is not added to the total value of Scope 1 and Scope 2 GHG emissions.



- INTRODUCTION

---

- INFORMATION ABOUT THE REPORT

---

- COMPANY PROFILE

---

- ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

---

- STRATEGY AND GOALS

---

- GOVERNANCE

---

- REPORT PREPARATION PROCESS

---

- IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

---

- ECONOMIC ASPECTS

---

- ENVIRONMENTAL ASPECTS**

---

- SOCIAL ASPECTS

---

- CUSTOMER SERVICE

---

- GRI INDICATOR INDEX

The largest sources of Scope 1 and Scope 2 emissions in the Company were electricity (52–55%), heat from natural gas (21–22%), and fuel (~11%), and emissions reduction efforts will mainly focus on these areas, while emissions from the refrigerants used have a much smaller impact on the total CO<sub>2</sub>eq emissions.

The market-based emissions associated with the purchase of electricity are influenced by the amount of consumption, the origin of the energy, and the energy mix in the overall grid (European Residual Mix). Since 'Rīgas ūdens' does not currently purchase green electricity, the Company's market-based emissions fluctuate significantly depending on the residual energy distributed in the overall European grid. For this reason, energy saving measures (e.g. process optimisation, lighting optimisation, purchase of energy-efficient equipment) are becoming increasingly important. Certain actions in this area will be assessed as part of the energy audit.

In 2023, 'Rīgas ūdens' began working on the input and output categories of Scope 3 (indirect) GHG emissions. 'Rīgas ūdens' potentially assessed the significance of Scope 3 GHG emissions, which are generated by the Company through the purchase of goods and services, repairs, developing the access and quality of its services via investment projects.

'Rīgas ūdens' assessed the potential for suppliers to provide data on the GHG footprint of their products and services through discussions with its value chain partners and concluded that further dialogue is needed to raise awareness of the partners' climate impact. Currently, only a few of the suppliers of products and services can provide information about the GHG emissions associated with them, including suppliers of chemicals and reagents, waste managers, and energy traders.

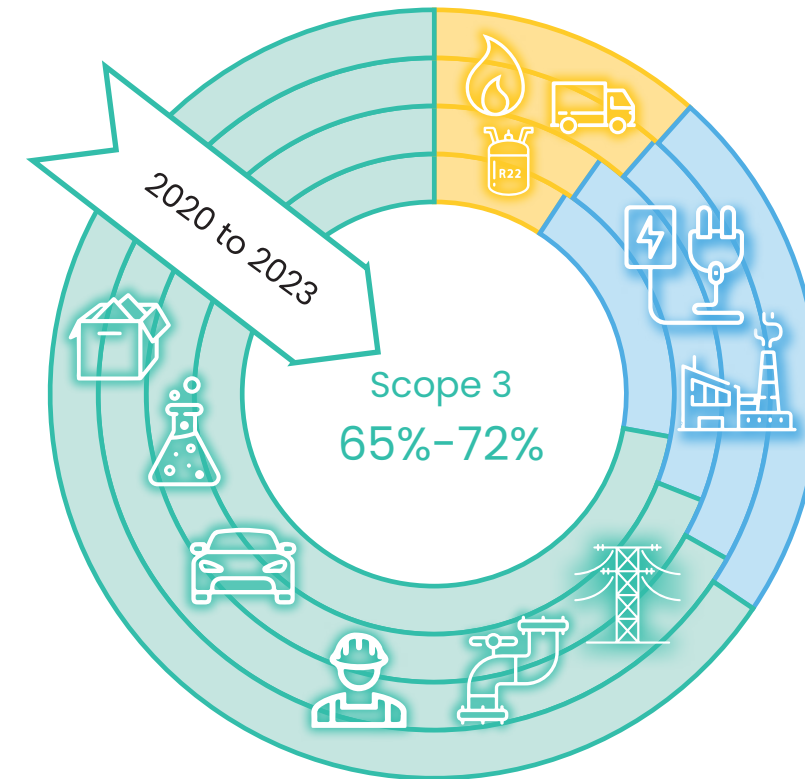


Figure 25. Significance of Scope 3 GHG emissions in the overall GHG emissions framework, %.

■ Scope 1   
 ■ Scope 2   
 ■ Scope 3



- INTRODUCTION
- INFORMATION ABOUT THE REPORT
- COMPANY PROFILE
- ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS
- STRATEGY AND GOALS
- GOVERNANCE
- REPORT PREPARATION PROCESS
- IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY
- ECONOMIC ASPECTS
- ENVIRONMENTAL ASPECTS**
- SOCIAL ASPECTS
- CUSTOMER SERVICE
- GRI INDICATOR INDEX

## Implementing climate neutrality policies and use of renewable energy

In 2023, 'Rīgas ūdens' started developing a sustainability strategy, which will include main targets for climate resilience and climate change mitigation as key goals. Among these will be performance indicators that will be better aligned with future legislation of the European Union and the Republic of Latvia and with current strategic objectives at different levels.

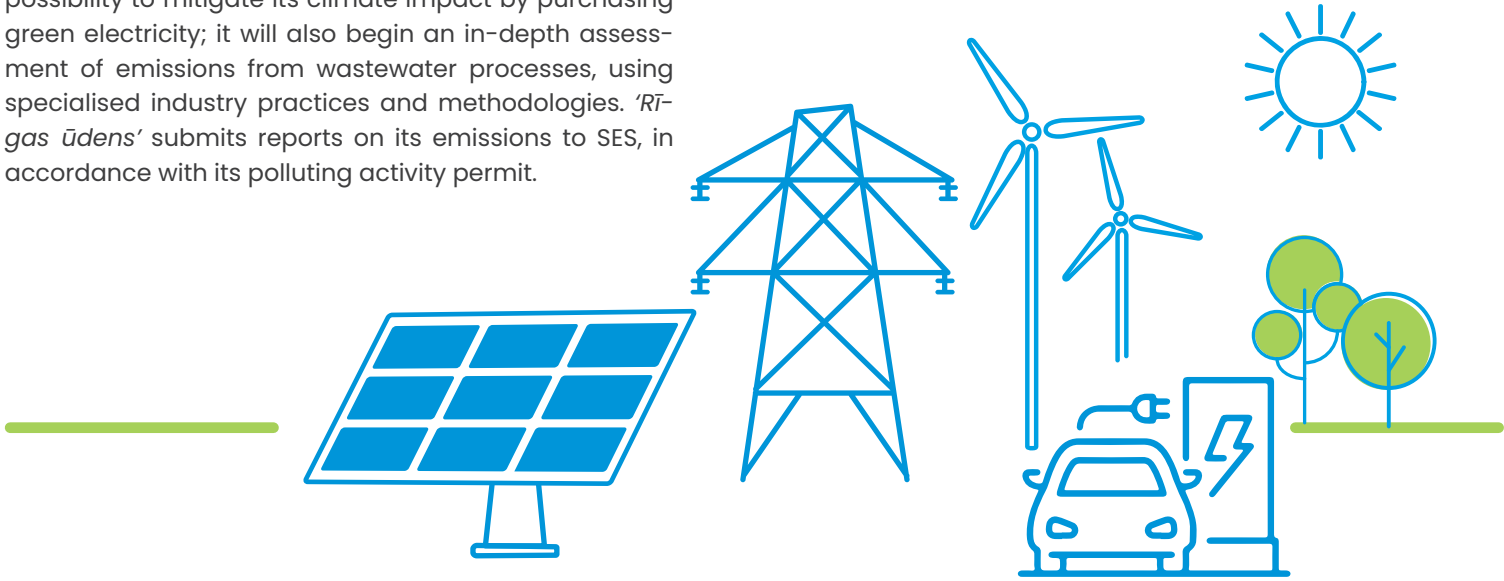
Since 2020, calculations are done of Scope 1 and 2 GHG emissions that are correlated with the energy savings baseline year, and in 2023, 'Rīgas ūdens' achieved a total GHG emissions reduction (non-generated) since 2020 of 30.48 tonnes CO<sub>2</sub>eq, thanks to the implementation of energy efficiency measures.

In addition to the energy efficiency programme, a programme for the implementation and use of renewable energy sources was created, through which it is planned, by autumn 2026, to install two solar power plants with a total capacity of some 1.46 MW and two smaller solar panel plants with a total capacity of up to 0.44 MW at 'Rīgas ūdens' production facilities. The total energy production potential of the solar plant projects, as determined in an energy audit done by LLC (SIA) Efekta in 2021, is up to 1497 MWh/year, and the resulting potential reduction of Scope 2 GHG emissions associated with power consumption is up to 163 tonnes CO<sub>2</sub>eq/year. The Company providing itself with 1497 MWh of solar energy is to account for 3.4% of 'Rīgas ūdens' total gross energy consumption, which is an encouraging step for large

energy consumers to move towards climate neutrality.

The use of diesel and petrol in the Company accounts for some 12% of its emissions, and the reduction measures are related to the upgrading of the road vehicle fleet and special vehicles, with a switch to electric vehicles instead of diesel/petrol. In 2023, 'Rīgas ūdens' introduced seven new electric vehicles, one of which is a cargo vehicle.

Given that 'Rīgas ūdens' has energy-intensive production processes, the Company will further assess the possibility to mitigate its climate impact by purchasing green electricity; it will also begin an in-depth assessment of emissions from wastewater processes, using specialised industry practices and methodologies. 'Rīgas ūdens' submits reports on its emissions to SES, in accordance with its polluting activity permit.





- INTRODUCTION
- INFORMATION ABOUT THE REPORT
- COMPANY PROFILE
- ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS
- STRATEGY AND GOALS
- GOVERNANCE
- REPORT PREPARATION PROCESS
- IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY
- ENVIRONMENTAL ASPECTS**
- SOCIAL ASPECTS
- CUSTOMER SERVICE
- GRI INDICATOR INDEX

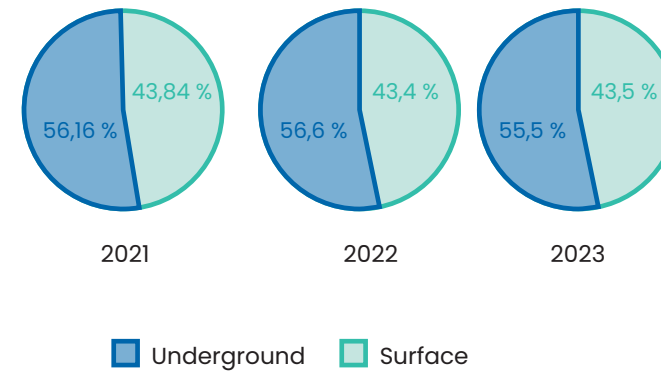
## 10.4. Water supply and water treatment

### Water extraction

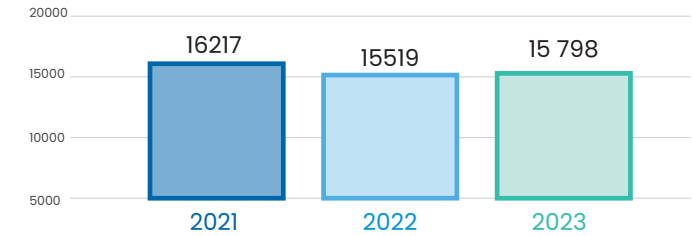
The quantity of water necessary to supply Riga is obtained from six urban water intake sites, which use surface and underground water deposits. Most drinking water consumers on the left bank of the Daugava receive their water from the Daugava river basin, with the intake located at the Riga HPP. The water is drawn from the deeper layers of the river and delivered via pumps to the Daugava water treatment station, where it is processed according to drinking water quality requirements using chemical agents, cleaned, disinfected, settled, and filtered multiple times. Ozone is used to disinfect surface water. The water plant "Daugava" can produce up to 210,000 m<sup>3</sup> of drinking water per day. The quality of the drinking water produced and the safety of the facility meet regulatory requirements.

At Baltezers–Zaķumuiža, the water is extracted via water intakes, with centralised water supply mainly intended for consumers on the right bank of the Daugava in Riga. The Baltezers–Zaķumuiža underground water intake site can produce up to 85,000 cubic metres of drinking water per 24 hours. The quality of the drinking water produced meets the requirements of the binding EU Directive, except for some water intakes that have elevated levels of iron and manganese. The water from those intakes is treated in a deironing plant.

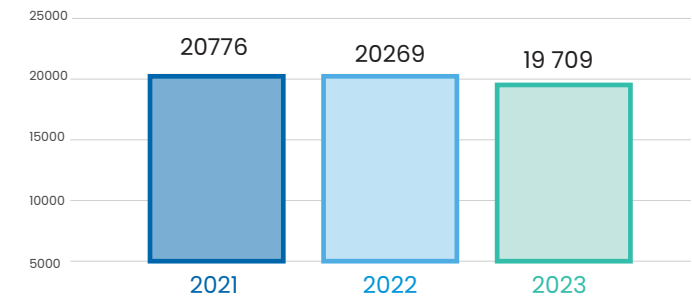
To ensure the conservation and restoration of water resources and to reduce the negative impact of pollution on the quality of the water, a protection zone was established around the underground water intake sites, covering a total area of 83 km<sup>2</sup> in the Ādaži and Ropaži Municipality.



Total amount of extracted water, %



Total surface water extracted, thousand m<sup>3</sup>



Total amount of extracted underground water, thousand m<sup>3</sup>

GRI 303-3





- INTRODUCTION
- INFORMATION ABOUT THE REPORT
- COMPANY PROFILE
- ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS
- STRATEGY AND GOALS
- GOVERNANCE
- REPORT PREPARATION PROCESS
- IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY
- ECONOMIC ASPECTS
- ENVIRONMENTAL ASPECTS**
- SOCIAL ASPECTS
- CUSTOMER SERVICE
- GRI INDICATOR INDEX



## Water delivery

'Rīgas ūdens' provides water supply services not only in the administrative territory of Riga, but also in parts of Ādaži, Ropaži, Ķekava, and Mārupe municipalities. The total length of 'Rīgas ūdens' water supply lines at the end of 2023 was 1518 km.

The water supply lines consist of pipes made of different materials (cast iron, steel, reinforced concrete, etc.) and diameters (from 20 to 1200 mm). In order to improve the quality and safety of water supply, 'Rīgas ūdens' replaces or rebuilds pipelines, hydrants and gate valves every year throughout the territory of Riga city. In 2023, 18 water pressure boosting stations built across the city ensured the availability of water to residents of certain neighbourhoods or groups of buildings in multi-storey buildings, delivering the necessary pipeline pressure (no less than what is required for a five-storey residential building in the Latvian construction standards).

According to the technical guidelines for the water treatment process, the water is treated with the following substances before it is supplied:

- Water from open water bodies: coagulant, flocculant, lime, ozone, chlorine gas;
- Underground water: chlorine gas.

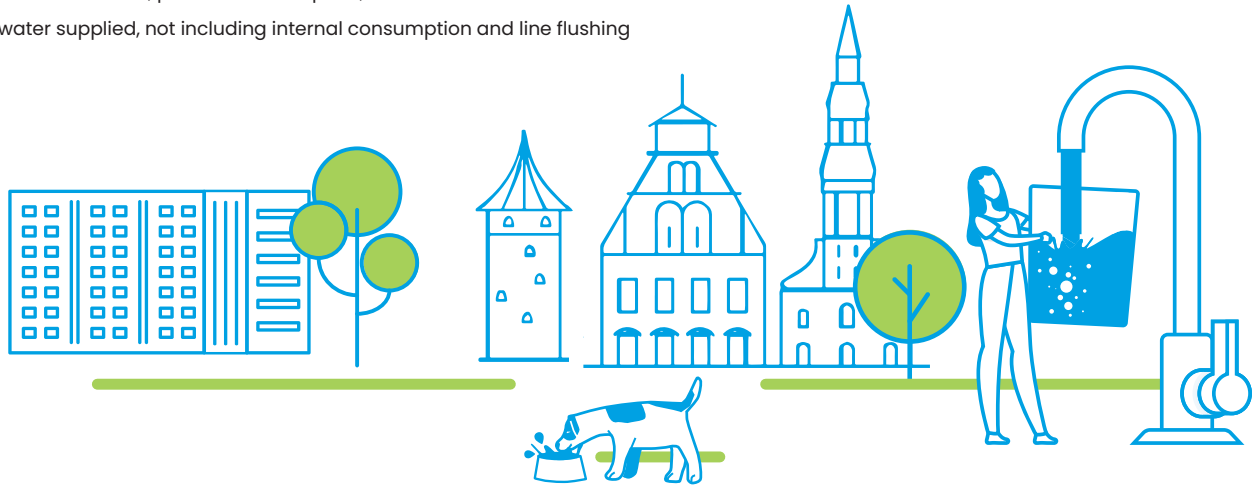
As a result of improvements in the production process, polymer is no longer used in groundwater treatment since 2022. The volumes of substances in the water is monitored via on-line measuring devices. No incidents related to the treatment of water were recorded as part of the water testing carried out by the Joint Water Quality Control Laboratory in 2022. An explanation of the volumes of reagents to be used in 2022 is given in Section 10.6 of the Report.

**Volume, thousand m<sup>3</sup>**

	2021	2022	2023
Water supplied to the city	36 993	35 788	35 507
Underground water	20 776	20 269	19 709
Surface water	16 217	15 519	15 798
Quantity of water sold	31 884	31 067	30 278
Non-revenue water <sup>3</sup>	5 109	4 721	5 228
incl. technological self-consumption	484,1	432	433
incl. flushing of water main networks	283,1	252	170,5
incl. water losses	4 341,7	4 037	4624,6
Water losses <sup>4</sup> (% of the water supplied)	11,7 %	11,3%	13,0%

<sup>3</sup> Total non-revenue water, process consumption, and losses

<sup>4</sup> % of the water supplied, not including internal consumption and line flushing



GRI 303-4



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## Impacts related to wastewaters discharge

The total length of 'Rīgas ūdens' centralised sewer system lines is 1260 km, with 106 sewer pumping stations. Its operating principle is that of a shared sewer system designed to deliver household/industrial wastewater and rainwater through a single pipe, that includes rainwater overflows at watercourses or bodies of water.

In order to minimise the amount of untreated wastewater discharged into the environment, 'Rīgas ūdens' pumps wastewater into the Daugavgrīva biological treatment plant as much as possible, but heavy rainfall and snowmelt, the amount of wastewater entering the centralised sewer system can overload the centralised sewer system and exceed the maximum daily BASD capacity (200 thousand m<sup>3</sup> per 24 hours). Due to the hydraulic load caused by prolonged rain, heavy rainfall, and snowmelt, it may be necessary to use emergency drains to discharge wastewater to the environment to avoid overloading the Daugavgrīva biological plant, which could cause both technical damage and significant disruption to the wastewater treatment processes.

Volume, thousand m <sup>3</sup>	2021	2022	2023
Total volume treated	49 250	48 121	50 477
Sewer services fee	36 903	36 558	36 351
Rain wastewaters	2 001	2 021	2 030

GRI 303-2

## 10.5. Water consumption in company operations

'Rīgas ūdens' uses water resources for the technical needs of its production processes and, to a lesser extent, for supplying its units with water thus covering their operating needs. Water for industrial use is extracted from the Buļļupe River and the Riga HEP reservoir, from the water borehole in Vārnukrogs, and from the centralised water supply system.

According to the category B polluting activity permits issued by the State Environmental Service, 'Rīgas ūdens' uses surface and underground water for industrial needs of the Daugavgrīva biological treatment plant:

- The water extracted from the river is used for technical purposes, as lower-quality rinsing water for the cleaning and maintenance of tanks, for the preparation of polymer solutions for sludge dewatering and other industrial processes.
- Groundwater from the Vārnukrogs water borehole is used for odour reduction in sludge fields, for washing sludge transport machinery, and for other operating needs.

The volume of surface and underground water consumption is set out in the permits for each site.

### Volume, m<sup>3</sup>

Water plant "Daugava"

Underground water intake "Baltezers - Zaķumuiža"

Surface water Buļupe, biological treatment plant "Daugavgrīva"

Water extraction well "Vārnukrogs 2104"

Sewage pumping station at 101 Daugavgrīva Street

Total quantity of water used at other sites

	2021	2022	2023
Water plant "Daugava"	513 684	749 158	351 789
Underground water intake "Baltezers - Zaķumuiža"	179 680	179 780	179 240
Surface water Buļupe, biological treatment plant "Daugavgrīva"	47 296	40 411	6 943
Water extraction well "Vārnukrogs 2104"	4 001	6 834	5 131
Sewage pumping station at 101 Daugavgrīva Street	304 511	293 917	298 197
Total quantity of water used at other sites	179 573	137 813	135 104



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX



Water consumption in company operations:

- flushing of filters and sedimentation tank at the water plant "Daugava";
- flushing of filters at the underground water intake "Baltezers - Zaķumuiža";
- washing (cleaning) of drinking water reservoirs and collecting wells;
- cooling of the generators and compressors of the Ozone circuit of the water plant "Daugava";
- water content of the sludge to be discharged;
- maintenance of hardware and equipment;
- refilling of infiltration basins to maintain and artificially recharge the groundwater level in Lake Small Baltezers;
- for flushing of water main networks, including main water pipelines;
- for washing of the pumps at sewage pumping stations, maintenance of hardware and equipment;
- self-consumption.

According to the World Resource Institute Aqueduct Water Risk Atlas, Latvia is in a low to medium-low water stress zone, so there are no specific restrictions on water consumption. 'Rīgas ūdens' is committed to sustainable consumption patterns and production models, with measures to achieve this goal in its operational strategy. On 24 January 2024, a new sewer pumping plant, the largest in the Baltics, opened at Daugavgrīvas Street 101, resulting in a significant reduction in the use of industrial water, as the new plant does not consume it.

GRI 303-1

## 10.6. Measures to reduce discharges of untreated urban wastewater during heavy rainfall events

Riga has a combination (mixed) sewer system, which consists of a separate system, a partially separate system, and a shared system, which occurs when a part of the populated area has an existing shared system, but as part of its development, a separate or partially separate system is designed. Thus, in some parts of Riga, there is still a shared sewer system, i.e. rainwater also flows into the centralised sewer system.

Despite the regulatory requirements for the design, construction, and operation of centralised sewer systems, the experience of 'Rīgas ūdens' shows that weather conditions have a significant direct effect on the amount of wastewater discharged through emergency drains. Snowmelt and rainwater can overload the system very quickly, i.e. if the amount of snowmelt and rainwater exceeds the capacity of the centralised sewer system, the pumping capacity of the sewer pumping plants (the volume of wastewater that the pumps can pump in a given period), and/or the maximum daily wastewater capacity of 200,000m<sup>3</sup> per 24 hours of the Daugavgrīva biological treatment plant, then the snowmelt and rainwater have to be discharged through emergency drains. This is necessary to prevent possible disruptions in the wastewater treatment process and technical problems at the Daugavgrīva biological treatment plant.

In 2023, 2.31% of the total wastewater or 1,192,605 m<sup>3</sup> of wastewater was discharged into emergency drains. The increase in the amount of wastewater discharged to the environment is due to the fact that the annual rainfall in 2023 (1230.26 mm) was approximately twice of that in 2021 (annual rainfall 587 mm) and 2022 (863.25 mm). For comparison, 674,373 m<sup>3</sup> of wastewater was discharged through emergency drains in 2021, or 1.35% of the total, and 884,477 m<sup>3</sup> in 2022, or 1.80% of the total.

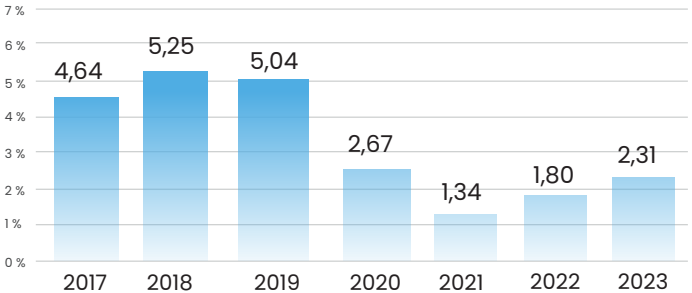


Figure 26. Emergency discharges, % of the total volume of wastewater in 2017 –2023



- INTRODUCTION
- INFORMATION ABOUT THE REPORT
- COMPANY PROFILE
- ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS
- STRATEGY AND GOALS
- GOVERNANCE
- REPORT PREPARATION PROCESS
- IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY
- ECONOMIC ASPECTS
- ENVIRONMENTAL ASPECTS**
- SOCIAL ASPECTS
- CUSTOMER SERVICE
- GRI INDICATOR INDEX

2023 was one of the rainfall-heavy years on record since 2017. Despite the dry weather that began in April and continued into early summer, 2023 saw above-normal rainfall in many areas. High rainfall was observed in autumn. The first days of August saw several times more rainfall than the entirety of June, and one of the worst summer storms in Latvia was recorded on 7 August, which also affected the operation of the 'Rīgas ūdens' centralised sewer system.

In accordance with the conditions of category B polluting activity permit No RI12IB0013 issued by SES, 'Rīgas ūdens' took several measures in recent years to reduce the amount of wastewater discharged through the emergency drains:

- In 2021, 10 precipitation measuring devices were installed at the Company's sewer pumping station service facilities, thus providing accurate data on the amount and intensity of precipitation throughout the city of Riga. There are also plans to further analyse the data from the installed precipitation measuring devices and to explore the possibility of storing more wastewater during rainfall events, for example, in other catchment reservoirs where the impact of rainfall is the lowest;
- The development of a computer model of the sewer system continued. Once the computer model of the sewer system is developed, additional data will be available to analyse the impact of rainwater in the different catchment reservoirs and to improve the performance of KSS.
- In 2023, stage 1 of the sewer monitoring system was implemented, equipping the sewer system with 19 flow/level meters, including for rainwater inflow and infiltration analysis and for the control of rainwater

retention time in the system. The sewer monitoring system is to be expanded and online data transmission is to be set up;

- Technical permits for the construction of new facilities prohibit rainwater from being discharged into the centralised sewer system, thus ensuring that the number of rainwater connections to the sewer is not increased;
- The Company works with the Riga City Municipality Urban Development Department as part of the LIFE programme project LATEST adapt 'Development and demonstration of a portfolio of nature-based and smart solutions to improve urban climate resilience in Latvia and Estonia', providing modelling data and information on the impact of rainwater inflow on the sewer system. The project will result in the development of a Riga greening plan and the implementation of nature-based rainwater management solutions in the pilot area, including the unloading of

the centralised sewer system and the reduction of wastewater spills into bodies of water;

- In 2023, an inventory and inspection of emergency drains was carried out. 11 emergency drains were sealed and three emergency drains were removed. Due to the complex technical design, additional technical solutions and feasibility assessments are required for the removal of the three emergency drains not in use. In the event of heavy rain and snowmelt, five emergency drains are used in a controlled manner if necessary and are equipped with wastewater flow meters and sampling stations in accordance with the SES requirements.

In recent years, improvements have led to a significant reduction in emergency discharges, and 'Rīgas ūdens' continues to take action to improve system infrastructure with the aim of reducing the volume of wastewater discharged into the environment.

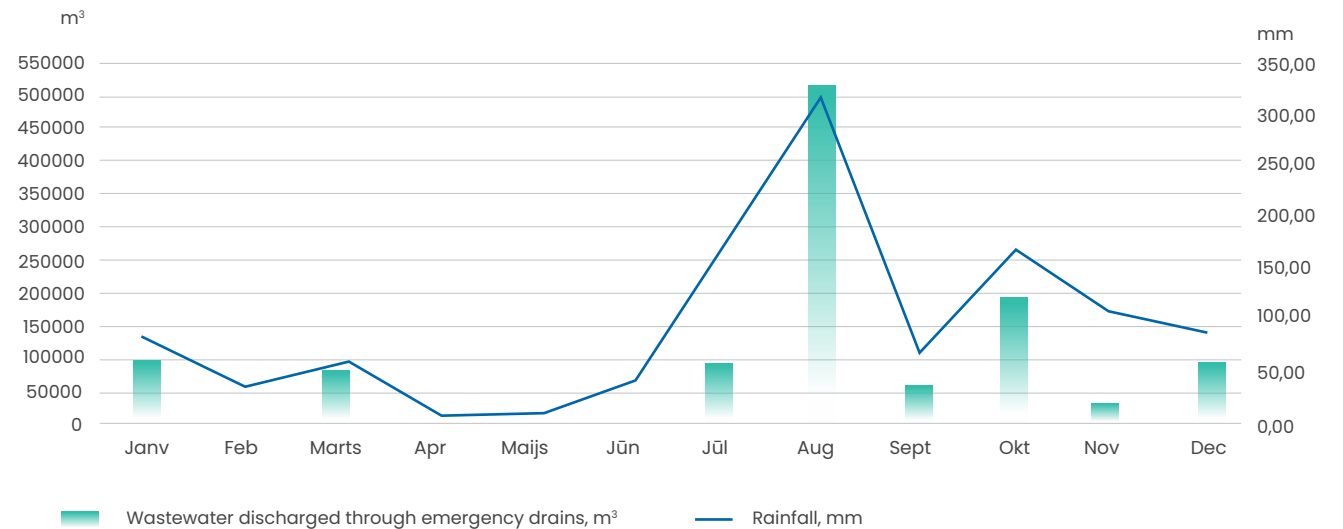


Figure 27. Volume of wastewater (m³) and rainfall (mm) discharged through emergency drains in 2023.





INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## 10.7. Emergency response efficiency and management

'Rīgas ūdens' manages main water supply lines, distribution water lines, building feeding connections up to the boundary of responsibility, water supply line fittings and pumping stations, as well as sewer lines and structures for the collection and discharge of domestic and commercial wastewater to the Daugavgrīva biological treatment plant.

In 2023, water lines were repaired at 3003 addresses, while sewer lines were repaired (including the removal of blockages) at 2931 addresses. In 2023, active replacement of ageing and damaged gate valves and hydrants continued, providing the following benefits to how quickly failures were repaired:

- reduced emergency response times;
- reduced duration of water supply interruptions.

Number of staff directly or indirectly involved in accident prevention - 132

Average duration of water supply interruptions in 2023: 4.55 hours

**Average duration of water supply interruptions, hours**

	2021	2022	2023
Average duration of water supply interruptions, hours	4,62	4,49	4,55

### Repairs in water main network and emergency responses

	2021	2022	2023
Emergency in street water mains (locations)	330	252	273
Water main supply connections repaired	782	756	782
Fire hydrants replaced	332	329	429
Gate valves replaced $\geq\varnothing 100$	359	372	330
Flushed water main networks, km	157	169	165
Water consumption meters replaced, pcs.	3359	5945	6127

### Repairs in sewage network and emergency responses

	2021	2022	2023
Emergency calls and blockages cleared	1440	1494	1551
Manholes repaired (pcs)	1046	1099	1068
Sewage pipeline accidents (locations)	133	107	136

To improve the efficiency and management of its emergency response, 'Rīgas ūdens' is planning to:

- To reduce the duration of water supply interruptions to consumers during emergency response by continuing to replace outdated valves in water supply networks in accordance with a plan;
- To save resources and reduce environmental impact by using trenchless technology in emergency response;
- ensure more rapid emergency management through a single dispatch service and improved communication between dispatch operators and emergency clean-up managers;
- reduce the time and labour required for emergency clean-up, including the use of a vacuum excavator to protect tree roots when digging for pipelines in hard-to-reach areas.



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

**ENVIRONMENTAL ASPECTS**

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## 10.8. Materials used

The provision of high-quality and safe water management services mainly relies on chemicals for the preparation of drinking water and the treatment of wastewater. The volume of reagents used varies from year to year, depending on air temperature, drinking water consumption and precipitation. The volume of materials used in the repairs of water supply and sewer lines and structures is also influenced by the Riga street repairs plans of the Riga City Council Outdoor and Mobility Department for the year.

### Volume of reagents used for water preparation

Name	Unit	2021	2022	2023
Aluminium sulphate	tons	2199	2049	1 933
Flocculant	tons	12	11	11
Calcium hydroxide	tons	109	124	134
Liquefied chlorine	tons	38	28	29
Polymer	kg	260	0	0

### Volume of chemicals used in wastewater treatment

Name	Unit	2021	2022	2023
Iron sulphate	tons	4142	3863	4052
Foam extinguisher	tons	9	3	9
Flocculant	tons	93	89	88
Methanol	m <sup>3</sup>	890	448	735

Pipes, gates, hydrants, manhole covers, and many other materials are used in repairing and maintaining water and sewer lines and structures. A list of the main materials used and their quantities, mostly for repairs, is presented in Section 10.7 (Emergency response efficiency and management) of this Report.

Every year, in accordance with Category B Polluting Activity Permits No RII21B0013 and No RII91B0008 and Waste Management Permit No AP22AA0031 issued by the State Environmental Service Riga Metropolitan Area Environmental Authority, the Company submits to SLLC (SIA) 'Latvijas Vides, ģeoloģijas un meteoroloģijas centrs' a report using official environmental statistics form No 3 'Waste. Waste report', which provides information about all the types of waste generated by the Company during the year, their quantities and subsequent management.

The Company's operations generate various types of waste, including hazardous waste (used car tyres, fluorescent lamps, laboratory chemicals residue, etc.). The Company hands over the household and hazardous waste it produces to waste management companies that have the relevant waste management permits.

According to Cabinet Regulation 983 'Regulations on the recovery rate, registration and reporting procedure for used packaging, and definitions of packaging for examples of the application of the criteria' of 19 October 2010, 'Rīgas ūdens' had to pay natural resources tax for product packaging used in 2023, and to provide information about the quantity of used product packaging disposed of during that period. In July 2023, 'Rīgas ūdens' joined the producer responsibility system, signing an agreement on participation in that system with LLC (SIA) 'Zaļā josta', as part of which 'Rīgas ūdens' can get an exemption from paying natural resources tax over packaging waste and disposable tableware and cutlery. Participation in the producer responsibility system contributes to the efficient management of goods and packaging waste and helps achieve the packaging and goods recovery targets set at European Union level.



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

### Information about the amount of packaging waste generated in 2021, 2022, and the first six months of 2023, kg

	2021	2022	2023 first six months
Glass	0	0	0
Plastics	212,10	154,00	448,73
Paper, cardboard or other natural fibres	489,08	408,81	238,73
Metal	0	0	254,40
Wood	6047,83	4526,00	2626,85
<b>TOTAL</b>	<b>6749,01</b>	<b>5088,81</b>	<b>3568,71</b>

The wastewater treatment process produces biological sludge. To prevent it from entering the Baltic Sea, it is separated in the wastewater treatment process and disposed of. The sludge processed in the Vārnukroga sludge field is stored in 6 sludge pits and in sludge storage tank No 061. All the sludge pits were fully reconstructed in 2006 and meet all mandatory operational requirements. According to Category B Polluting Activity Permit No RI19B0008 issued by SES, untreated sludge is to be discharged to sludge storage reservoir No 061 until the new methane tanks at the Daugavgrīva biological treatment plant are built. Treated sludge is transferred to traders who further manage the treated sludge for agriculture and composting.

GRI 303-1

### Sludge production summary for 2021, 2022, and 2023, tonnes

	2021	2022	2023
Total produced	38 820,85	34 743,45	38 238,39
Untreated sludge	11 824,15	8 717,56	9 064,04
Treated sludge	26 996,70	26 025,89	29 174,35
Balance of treated sludge from the previous year	1 700	7 715,24	7 185,13
Treated sludge transferred to traders:			
For agriculture	17 212,18	26 556,00	15 960,49
For composting	3 769,28	0	0
Balance of treated sludge in sludge fields as of 31 December of the reporting year	7 715,24	7 185,13	20 398,99

Over the last three years, 'Rīgas ūdens' significantly reduced the amount of paper used in its offices, which is primarily due to the transition to digital documents. This trend will continue to contribute not only to climate goals and saving of resources, but also to the practical reduction of the number of documents to be archived.

	2019	2020	2021	2022	2023
Office paper, kg	5486	4532	3663	3208	3035



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX



## 10.9. Projects co-financed by the EU Cohesion projects

Since 2004, 'Rīgas ūdens' has been implementing the environmental project 'Water management system development in Riga' co-financed by the European Union Cohesion Fund, constructing new centralised water supply and sewer systems in several neighbourhoods in Riga. The main goal of the project is to ensure the availability of water supply and sewer systems within the Riga wastewater agglomeration area. The project objective is in line with the UN Sustainability Goal 6, as well as Sub-objective 7.2. Safe use of water resources, reducing wasteful consumption and Sub-objective 7.3. Improving the status of surface waters and the marine environment of the Environmental Policy Guidelines of the Republic of Latvia for 2021–2027.

### Key public benefits related to implementation of the projects co-financed by EU CF:

- **access to and quality of water management services;**
- **sustainable use of water management services;**
- **quality living environment;**
- **reduced environmental pollution and eutrophication of water bodies.**

In 2023, the quality and efficiency of wastewater treatment was improved for 1293 residents living across the project area co-financed by EU CF, with an additional ~47,474 m<sup>3</sup> of wastewater collected by the centralised sewer system per year, based on 2023 per capita wastewater averages. The infrastructure construction for the 'Water management development in Riga, Stage 4' project was completed by 2016. As a result, 'Rīgas ūdens' provided centralised water supply services to an additional 4200 residents and

sewer services to 6000 residents in the Mārupe, Katlakalns, and Bolderāja neighbourhoods within the administrative territory of Riga. The process of establishing connections continues in 2024.

The construction of infrastructure for the project 'Water management development in Riga, Stage 5' was completed in 2022, providing centralised system access to 2959 residents in the Berģi, Imanta, and Beberbeķi neighbourhoods within the administrative territory of Riga, with the construction of connections started and to continue in 2024.

As part of the project 'Water management development in Riga, Stage 6', the construction of centralised system line in the Teika neighbourhood, Nīcas Street and Vārves Street was completed in 2023. In the Ziepniekkalns neighbourhood and Imantas līnija streets, the construction of centralised system lines continues. In May 2023, the construction of connections began in Teika, and at the end of the year in the Nīcas and Vārves Street areas. The construction of the centralised system lines and the construction of connections in Imantas līnija streets and Ziepniekkalns will continue in 2024. The project will provide sewer access to 900 residents in the Teika, Imanta, and Ziepniekkalns neighbourhoods.

In 2023, working towards connecting local residents to the utility system lines constructed within the projects co-financed by EU CF and achieving the goals set in the projects in terms of the number of actually connected local residents, 'Rīgas ūdens':

- conducted a sociological survey to determine the awareness of the owners of residential buildings about the construction of sewer and/or water supply connections, availability of municipal co-financing, and possibility of paying for construction work in instalments, and to determine the main reasons that discourage them from connecting to the municipal utility lines;

- organised information campaigns promoting the advantages, financial benefits, and environmental aspects of using centralised water supply and sewer services;
- prepared information materials (leaflets, infographics) to provide local residents with detailed but easy-to-understand information about connection opportunities and how to receive financial support;
- information was more broadly circulated in conjunction with Riga neighbourhood resident centres and neighbourhood associations and information posters were placed at public transport stops in the neighbourhoods;
- held meetings with Berģi, Imanta, and Teika residents, where experts provided advice on the construction process, the building of connections and the possibility of getting co-financing from the municipal government.
- On weekday evenings, the Company's employees held in-person meetings with local residents who were owners of properties, for which connections to the centralised systems were not built or the process for their construction was not initiated, informing them about connections and the process of setting them up, about co-financing and the benefits of a connection;
- in conjunction with the Housing and Environment Department of Riga City Council, conducted regular inspections of local sewer systems, informing the owners of residential buildings about the possibilities of connecting to the system.

'Rīgas ūdens' specialists, along construction merchant, provide design and construction services for building connections to facilitate the implementation of the municipal government's co-financing programme, under which local residents can to receive financial support for building a connection, with the support reaching 100% for certain groups of residents.





INTRODUCTION

INFORMATION ABOUT  
THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES  
IN THE COMPANY'S  
OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION  
PROCESSIDENTIFICATION  
OF KEY AREAS OF  
SUSTAINABILITY

ECONOMIC ASPECTS

**ENVIRONMENTAL  
ASPECTS**

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## 10.10. Biodiversity

The State Environmental Service issued to the Company water resource use permit No RI19DU0006, category B polluting activity permits No RI19IB0008, No RI12IB0013, category C polluting activity certificates No RI20IC0034, RI20IC0036, and waste management permit No AP22AA0031.

In issuing its permits and certificates for polluting activities, SES assessed the Company's impact on nature and the environment. The conditions set for the extraction and use of water resources, as well as for polluting activities, are based on the requirements of the laws and regulations governing environmental protection and are specified in the permits and certificates.

### 'Rīgas ūdens' took various measures to preserve biodiversity:

- fish protection grates were installed on existing water pumps in surface bodies of water;
- Odour monitoring equipment has been installed at the sludge fields in Vārnukrogs;
- April to October, a deodorant agent is sprayed over sludge tank 061 and during the unloading of untreated sludge;

- once a year, the microbiological quality of seawater is inspected at the wastewater discharge and at various points within a 500-metre radius around it;
- the upgrading of sewer pumping stations and process improvements (installation of rainfall measuring equipment in sewer pumping stations, Voleri automated emergency sewage discharge chamber) significantly reduced the need to discharge untreated sewage into emergency drains.

In 2023, the amount of wastewater discharged to the environment increased, because the annual rainfall in 2023 (1230.26 mm) was approximately twice of that in 2021 (annual rainfall 587 mm) and 2022 (863.25 mm). For comparison, 2.31% or 1,192,605 m<sup>3</sup> of wastewater was discharged through emergency drains in 2023, while in 2022, it was 1.80% and 884,477 m<sup>3</sup>, and in 2021, 1.35% and 674,373 m<sup>3</sup>.

Wastewater discharged to emergency drains, m<sup>3</sup>

% of total waste water

The odour control system installed in the sludge fields at Vārnukrogs makes it possible to continuously and accurately record increases in odour, and thus to react promptly by taking the necessary actions to reduce the odour. The single system also provides online access to representatives of SES.

In 2023, 'Rīgas ūdens', in cooperation with RTU, participated in a study on the creation of a water quality monitoring system in the Riga water supply system, which is important for the water management industry. It is planned to carry out a supply risk assessment of Riga's centralised water supply system, to conduct a study of the introduction of an online drinking water quality monitoring system in Riga's centralised water supply system, to reassess the Company's current drinking water quality monitoring programme, and to make proposals for its improvement.

	2021	2022	2023
Wastewater discharged to emergency drains, m <sup>3</sup>	674 373	884 477	1 192 605
% of total waste water	1,35	1,80	2,31

GRI-305



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

**ENVIRONMENTAL ASPECTS**

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

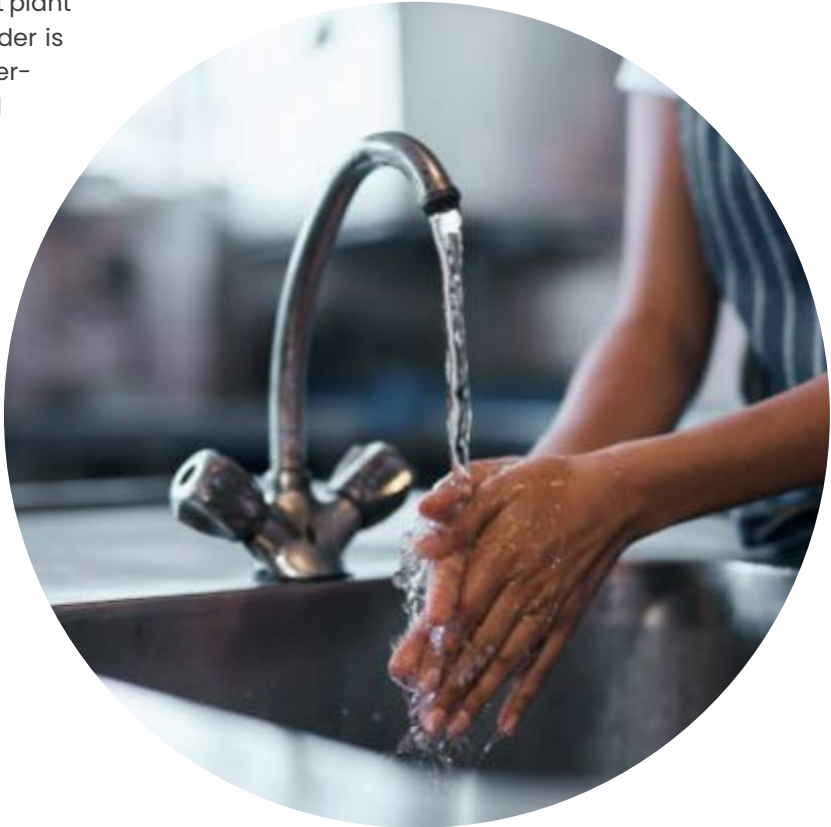
## 10.11. Noise

In providing public water management services, 'Rīgas ūdens' operates at a number of sites throughout the administrative territory of the city of Riga. In accordance with SES permit No RII21B0013 for category B polluting activity, 'Rīgas ūdens' has identified the sources of noise in the Daugavgrīva biological treatment plant, with noise level measurements carried out at multiple locations, and the results of the noise level measurements evaluated.

The Daugavgrīva biological treatment plant generates noise in the surrounding areas via its air supply and transmission systems. The main noise producers are the air blowers and the air ducts between the air blower building and the aeration tanks. In September 2022, LLC (SIA) LAKALME developed the project 'On the development of a technical solution for air compressor and air duct noise reduction at the Daugavgrīva biological treatment plant'. As part of the project, 3 noise reduction solutions were developed to reduce noise levels from equipment and structures, namely:

- (1) rebuilding and insulation of the compensation assemblies,
- (2) insulation of the ducts, and
- (3) sealing of the air blower room windows.

In 2023, 'Rīgas ūdens' launched the open tender 'Sound insulation at the Daugavgrīva biological treatment plant air exhaust ducts and their branch lines'. The tender is cover the construction of sound insulation for overhead ducts with a diameter (D) of 1700 mm and 800 mm, sound insulation for compressor compensation assemblies with a diameter (D) of 330 mm, and the sealing of the compressor room window glazing with solar heat and radiation-resistant (reflective) adhesive tape. The work is expected to be completed in June 2024.



GRI-305



INTRODUCTION

INFORMATION ABOUT  
THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES  
IN THE COMPANY'S  
OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION  
PROCESS

IDENTIFICATION  
OF KEY AREAS OF  
SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL  
ASPECTS

**SOCIAL ASPECTS**

CUSTOMER SERVICE

GRI INDICATOR INDEX

11

# SOCIAL ASPECTS







INTRODUCTION

INFORMATION ABOUT  
THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES  
IN THE COMPANY'S  
OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION  
PROCESSIDENTIFICATION  
OF KEY AREAS OF  
SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL  
ASPECTS**SOCIAL ASPECTS**

CUSTOMER SERVICE

GRI INDICATOR INDEX

## 11.1. Management approach

### Employee engagement, satisfaction and development

One of 'Rīgas ūdens' priorities is to promote the commitment, motivation, and growth among its employees. Professional, motivated, loyal, and satisfied employees are essential for the pursuit of the Company's strategy and its sustainable development.

The HR policy of 'Rīgas ūdens' sets the following HR management goals:

- pursue a consistent, modern, and efficient human resources management approach to ensure operational efficiency, aiming at improving the organisation of work;
- provide a safe, stable, and innovative working environment that helps employees discover their talents and abilities, and encourages them to strive to new achievements and challenges;
- establish uniform and fair principles within the Company enabling to attract, develop and retain professional, motivated and loyal employees

In all areas of its activities, 'Rīgas ūdens' respects fundamental human rights as required in laws and international treaties. 'Rīgas ūdens' regularly conducts employee commitment and satisfaction surveys, which

gauge the views of its employees on various work-related matters. Assessing the results of the study, the Company looks for solutions to address its weaknesses and focuses on justified measures to improve employee satisfaction.

'Rīgas ūdens' pursues systematic change management in order to be able to operate successfully and adapt to continuous changes in the working environment and the job market, including the employee succession planning process, which makes it possible to uphold the stability of the Company's operations and the generational transfer of knowledge, experience, and skills.

### Labour safety

Providing a safe working environment is a priority at 'Rīgas ūdens', and it includes activities for continuous monitoring and improvements aimed at meeting the working environment quality requirements and improving on them, at the safe application of work methods, and at meeting the conditions for a maintaining healthy and comfortable working environment.

## 11.2. Employees' engagement, satisfaction and development

### Employment

As of 31 December 2023, 'Rīgas ūdens' legally employed 758 persons, of which 78% were production staff, 12.8% administrative staff, and 9.2% sales staff.

Typical for the water management sector is a high number of engineering workers and physical labourers, resulting in a relatively higher share of men in the staff: 65% of employees were men and 35% were women in 2023.

In 2023, the average age of employees was 49.6 years, indicating that over the last two years, the employees of 'Rīgas ūdens' became less than a year older on average.

Most employment contracts were for full-time employment and open-ended. Only seven employees worked part-time in 2023. To ensure the continuity of 'Rīgas ūdens' operations on weekends, after normal working hours, and at night, summative working hours accounting was done for 423 employees, or 56% of the total number of the Company's employees. 'Rīgas ūdens' does not provide seasonal jobs.

In 2023, employment was terminated with 68 employees, of which 31 were men and 37, women. The overall staff turnover in 2023 was 8.91%.

66 new employees were recruited in 2023, of whom 40 or 60.61% were men and 26 or 39.39% women.

GRI 402-1

GRI 102-40

GRI 405

GRI 406

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INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

6 employees went on parental leave in 2023, and 12 employees, including 1 man, returned from parental leave, while 9 male employees of 'Rīgas ūdens' took paternity leave.

In order to implement a common approach to distance working introduced during COVID-19, in 2023, 'Rīgas ūdens' concluded agreements on distance working with employees whose skills and competences and the nature of whose work allowed distance working, in accordance with the amendments to the internal regulations and the collective bargaining agreement.

As part of improving the induction and adaptation process for new employees, 'Rīgas ūdens':

- implements information measures and expands the availability of information available via the online knowledge base at zini.rigasudens.lv and via the company's intranet, helping new employees better understand 'Rīgas ūdens' operations;
- develops a mentoring process to help new employees adapt to the new environment, to integrate them into the team, and make it possible for them to perform their duties independently in the shortest possible time.

In 2023, 34 mentors from staff were appointed to train new employees.

In order to build the Company's image as a socially responsible one while improving the perceptions and attractiveness of the water management sector as a whole, a number of measures to promote employment were implemented in 2023, with a focus on recruiting new employees in the future:

- 15 students of secondary vocational and higher edu-

cation study programmes were provided with internships in various 'Rīgas ūdens' units;

- as a result of cooperation with the Riga Technical University Development Fund and its paid internship competition, six higher education students were provided with internships and a chance to improve their practical knowledge in the water management industry;
- in order to make young people and others interested individuals interested in internship and job opportunities at 'Rīgas ūdens', the Company participated in the Riga Technical University Career Day event and the Visiem job opportunity festival that took place in Vērmanes Garden;
- as a new activity, the Company participated in the State Employment Agency's activity 'Summer break employment measures for persons studying in comprehensive, special, or vocational education institutions' making it possible for 31 children 'Rīgas ūdens' employees who were students at such institutions to gain their first work experience and earn an income;
- continuing its work with RTU as part of the Demola Latvia student innovation grant sub-project, solutions for two 'Rīgas ūdens' problems were developed:
  - Improvements in the dewatering of sludge arising from the treatment of drinking water;
  - Improvements in the use of sludge arising from the treatment of drinking water;
- conducting of further in-depth research with the aim of finding innovative ideas and solutions for the water treatment and recycling process at the Daugava water plant.

## Support for employees

Since the permanent unit of the trade union, 'Arodbiedrības LAKRS LLC (SIA) "Rīgas ūdens" aroorganizācija', does not represent at least 50% of 'Rīgas ūdens' employees, the new version of the collective bargaining agreement between 'Rīgas ūdens' and of that unit was approved at the 26 June 2023 conference of 'Rīgas ūdens' worker representatives. Thus, in 2023, 'Rīgas ūdens' employees were actively involved in the drafting of the new version of the collective bargaining agreement, offering proposals and suggestions.

It provides all the Company's employees with better labour and social security benefits, in addition to those required in the Labour Law. The provisions of the collective bargaining agreement do not apply to employees on initial probation period.

'Rīgas ūdens' participating in this initiative contributes to the development of a workplace culture that focuses on care towards employees, on promoting humanity and empathy skills, and on pursuing the implementation of family-friendly employment principles.

Before the Company got the status of a 'Family-friendly workplace', the working environment of 'Rīgas ūdens', including the terms of the collective bargaining agreement, was assessed as part of a programme established by the Society Integration Foundation. The Company upholding this status for two calendar years demonstrates that 'Rīgas ūdens' has implemented good practices in creating a family-friendly workplace environment, based not only on compliance with the requirements related to families with children set by law, but also on additional initiatives and activities that enable employees to manage their work-life balance.

GRI 402-1



- INTRODUCTION
- INFORMATION ABOUT THE REPORT
- COMPANY PROFILE
- ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS
- STRATEGY AND GOALS
- GOVERNANCE
- REPORT PREPARATION PROCESS
- IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY
- ECONOMIC ASPECTS
- ENVIRONMENTAL ASPECTS
- SOCIAL ASPECTS**
- CUSTOMER SERVICE
- GRI INDICATOR INDEX

### Key social guarantees and benefits

'Rīgas ūdens' guarantees and benefits under the collective bargaining agreement:

- 'Rīgas ūdens' provides health insurance for its employees, choosing the specific health insurance package and conditions based on employee preferences and expert advice, taking into account the Company's financial capabilities;
- additional leave in accordance with length of service is provided;
- award of a childbirth benefit, a once-a-year allowance for large families, an allowance for children taking their first year of school, a benefit covering summer camp costs for children, and reimbursement of pre-school catering fees;
- a benefit for a disabled or special-needs child, plus once a year, for the rehabilitation expenses of such children;
- if the employment is terminated by mutual agreement between the parties, the employee may be paid a severance benefit depending on seniority, up to a maximum of four months' average earnings or salary;
- in celebration of the World Water Day, 'Rīgas ūdens' pays a cash benefit to long-term employees who have worked for the Company for 15 years or more;
- a cash benefit may be paid on the occasion of an employee's major birthday;

- benefits are paid to employees in the event of the death of a family member, and to the employee's family members in the event of the death of an employee;
- all occupational health and safety organising costs are borne by the employer, including the training of supervisors.

Type of benefit/gift (people)	2021	2022	2023
Childbirth allowance	20	14	11
Allowance for large families	22	24	20
Preschool catering benefit	25	26	27
Benefit for children starting first year at school	19	23	24
Benefits for children's summer camps	-	-	29
Disabled child benefit	-	-	5
Benefits in cases of death of relatives and staff	33	26	26
Gratuity in relation to a milestone birthday	60	58	76
Gratuities for long-term employees on the Water Day	43	41	40
Severance pay	32	30	21
<b>Total</b>	<b>254</b>	<b>242</b>	<b>279</b>

Figure 28. Number of staff members who received benefits and cash awards in 2021 –2023.



- INTRODUCTION

---

- INFORMATION ABOUT THE REPORT

---

- COMPANY PROFILE

---

- ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

---

- STRATEGY AND GOALS

---

- GOVERNANCE

---

- REPORT PREPARATION PROCESS

---

- IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

---

- ECONOMIC ASPECTS

---

- ENVIRONMENTAL ASPECTS

---

- SOCIAL ASPECTS**

---

- CUSTOMER SERVICE

---

- GRI INDICATOR INDEX

## Employees and management

'Rīgas ūdens' notifies its employees of organisational changes, termination of employment, and changes in internal regulations that the employees must follow in their duties, in accordance with the procedures and within the deadlines set in the Labour Law, the collective bargaining agreement, and the rules of procedure of the Company.

Rīgas ūdens regularly informs its employees and their trade union about the latest events in its operations through a variety of internal communication channels and by organising online and face-to-face meetings.

In its relations with employees, 'Rīgas ūdens' follows the following principles based on the Company's core values:

- **equal treatment of employees:** all employees are provided with equal opportunities to achieve their potential and are treated equally regardless of their gender, race, ethnic or national origin, age, disability, religious, political or other beliefs, social origin, property, marital status, sexual orientation, or other status;
- **rational and efficient use of the workforce,** improving the skills of employees and fostering their professional growth: the Company supports organising its work in a way that maximises the creative potential of its employees in performing their jobs more effectively, based on LEAN principles;

- **ethical interactions within the Company:** the Company supports and promotes respect, trust, and business-minded conduct among employees, regardless of their position; the Company also provides an ethical business environment;
- **internal culture:** the Company promotes an internal environment that contributes to the development of an employee culture in terms of behavioural standards, mentality and traditions, strengthening the sense of belonging and motivation, thus building a cohesive work team for achieving success for the Company;
- **a safe and comfortable working environment:** the Company ensures and improves occupational health and safety;
- **protection of privacy:** the Company does not disclose its employees' personal data; it respects its employees' privacy and does not restrict their private activities outside working hours, provided such activities do not have a negative impact on the Company's reputation and image;
- **prohibition of conflict of interest:** the Company does not tolerate conflict of interest;
- **prohibition of corrupt practices and fraud:** the Company builds a responsible business environ-

ment and manages and organises its employees in a way that eliminates the possibility or need for them to engage in corrupt practices.

In the 2023 employee engagement and satisfaction study, the employees of 'Rīgas ūdens' reported that 'Rīgas ūdens' treated employees gender-equally in terms of career growth, without any direct or indirect discrimination (82 points), and ensured the protection of personal data (91 points). The 'Rīgas ūdens' staff remuneration and selection policy defines the selection methods to be used in recruitment, emphasising the importance of recruiting internally and thus encouraging the growth of talented employees.

'Rīgas ūdens' uses the following principles in the selection of its employees:

- compliance with employment regulations
- gradual approach, hereby the selection process takes place in stages: planning, organising, employee induction;
- prioritising of internal over external recruitment
- confidentiality.



- INTRODUCTION
- INFORMATION ABOUT THE REPORT
- COMPANY PROFILE
- ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS
- STRATEGY AND GOALS
- GOVERNANCE
- REPORT PREPARATION PROCESS
- IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY
- ECONOMIC ASPECTS
- ENVIRONMENTAL ASPECTS
- SOCIAL ASPECTS**
- CUSTOMER SERVICE
- GRI INDICATOR INDEX

**Management recruitment statistics in 2023**  
(information about the selection methods used for recruiting managers)\*

No.	Position name	Position quantity	Recruitment method used	Notes
1.	Management board member	1	Nomination takes place in accordance with Cabinet Regulation 20 'Procedure for nominating management board and supervisory board members in companies that the state or a derivative public entity holds shares' of 7 January 2020.	The nomination process ended in August 2023.
2.	Head of Infrastructure Management Division	1	Competition of applicants by announcing open application for the vacancy in accordance with the competition procedures.	The competition ended in November 2023
3.	Head of the Finance Department Accounting Unit	1	Internal recruitment - as a result of organisational changes, offering a staff member a contract amendment to maintain the employment relations in an equivalent position	The selection ended in August 2023

\* Section 84.7 of Riga City Council Internal Regulation 4 'Procedure for the management of shares and companies owned by Riga City Municipality' of 21.08.2020.

**Communication and liaison with staff**

The Company improved its internal information network (intranet) in 2023, accessible to all its employees and persons with special access. The intranet is used to store and regularly publish up-to-date and relevant information about the Company's activities.

The intranet functions include the following options: publishing of various types of news, storing useful information, providing a knowledge base, creating links with

the Company's internal information systems, various online communication and entertainment tools, access to and sharing of files and documents.

- **News:** this section contains up-to-date information (news), media overviews, events calendar, photos and videos, forum, etc.;
- **HR:** this section is used to publish information relevant to employees, such as training, job openings, contact details, information for new employees, etc.;

- **Security:** this section contains material on security – whistleblowing, anti-corruption activity management, IT security, personal data protection, etc.;
- **Documents:** this section includes the most important documents for the company, its strategy, policies, Code of Ethics, information materials, etc.;
- **Contacts:** this section provides a link to the contact details section of the Visma HoP information system;
- **Trade union:** this section is used to publish information relevant to trade union members and other employees of the company, such as the collective bargaining agreement, application forms for various situations, news about events, etc.





INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## 11.3. Labour safety and occupational health system

'Rīgas ūdens' has implemented and operates an occupational health and safety system in compliance with the requirements of the Labour Law, the Labour Protection Law and the Cabinet Regulations associated with these Laws. All of the Company's employees must comply with the OHS system. The 'Organising of occupational safety at LLC (SIA) "Rīgas ūdens"' procedure was developed for the creation and maintenance of the system.

The OHS system is integrated into the Company's single risk management system and into all the governance processes of the Company.

The OHS system is maintained by 'Rīgas ūdens' employees without the use of external service providers. The only process that needs to be outsourced is the measurements of the workplace environment.

'Rīgas ūdens' provides services for the health and safety of its employees through its own and outsourced facilities. 'Rīgas ūdens' pays particular attention to occupational safety and consistently supervises it. The workplace environment is monitored by the Human Resources Division in conjunction with heads of Company units. The supervisory duties and measures are specified in job descriptions, Company management orders, and 'Rīgas ūdens' internal occupational safety supervision plans. Every year, occupational safety plans are prepared, and working environment assessments are

performed for the Company's units, in line with laws and regulations.

### Key activities and measures of 'Rīgas ūdens' included in its occupational safety system:

- technical supervision of hazardous installations;
- handling chemicals and biological substances and process monitoring
- support for and monitoring of the process of mandatory medical examinations;
- planning, assessment, and implementation of workplace risk processes, organising of workplace measurements;
- planning and organisation of labour protection training, including briefings;
- consultation, information and involvement of employees in labour protection processes;
- determining of requirements and standards for and regular assurance of the use of personal and collective protective equipment, including work clothing and footwear;
- investigation and registration of accidents at work, as well as information of workers about their causes;
- drafting and updating of internal regulations governing occupational safety;
- audits and surveys at sites and workplaces;
- supervision of hazardous works;
- organising and supervision of measures to prevent explosive atmosphere risks;

- organising of measures for the safe use of work equipment;
- organising and arrangement of hygiene and vaccination measures.

'Rīgas ūdens' continues to digitise its safety processes and create visualisations of safety information. In order to facilitate the familiarisation of new employees with the occupational safety system at 'Rīgas ūdens' and the company as a whole, an 'Occupational safety induction' video was produced in 2023.

### Internal monitoring of the working environment

The internal monitoring of the workplace environment ensures that the prescribed and planned occupational safety measures are implemented, monitored and corrective, and that preventive action is taken immediately in the cases of breaches of occupational safety due to changes in the nature of the work or ineffectiveness of the occupational safety measures taken. In order to avoid harmful working conditions, internal monitoring of the working environment (IMWE) consists of several steps: IMWE planning, assessment of workplace risks, IMWE implementation, inspections, and improvements. IMWE is implemented by the HR Department in cooperation with the person of trust or employed delegated representative, involving the staff.



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

'Rīgas ūdens' provides the necessary resources (personnel, financial, technical) for IMWE. The Company's workplace safety instructions specify how to report harmful working conditions. Information on how to avoid harmful working conditions is provided within the framework of the labour protection briefings. Accidents investigations take place in accordance with the applicable laws and regulations and with the 'Organising of occupational safety at LLC (SIA) "Rīgas ūdens"' procedure.

The Human Resources Division makes it possible for employees and trusted representatives to participate in discussions on occupational health and safety and to make suggestions for improving their working conditions. The employees participate in the development of the occupational health and safety management system and in the assessment of risks.

In August 2023, 'Rīgas ūdens' joined the 'Misija nulle' ('Mission Zero') social initiative that makes it possible to get information field experts and helps address everyday health and safety challenges in the working environment, to implement the concept of an accident-free working day, and to build the confidence that all employees return home to their families safe and healthy.

In the 2023 employee engagement and satisfaction survey, the employees of 'Rīgas ūdens' indicated that they were informed about the topic and knew what to do if an accident happened (97 points) and how to follow the set occupational safety measures (97 points).

## 11.4. Employee health and training

### Employee health

In 2023, 'Rīgas ūdens' conducted the following health improvement measures to ensure the health of its employees:

- the employees who had completed their initial probation period were provided with health insurance that included dental care, specialist services, rehabilitation, and mandatory medical examinations appropriate to their profession;
- vaccinations (against tick-borne encephalitis, hepatitis, pneumococcal, and flu) were offered and provided;
- in-house training for emotional and mental health was performed;
- free hot drinks from vending machines once a day;
- insect repellents were given to staff working in green areas.

In 2023, there was one minor accident at 'Rīgas ūdens' that resulted in injury-related disability with a total duration of 28 calendar days. After the accident, occupational safety measures were put in place to reduce the reoccurrence of such accidents. The minimal number of accidents indicates that compliance with occupational health and safety requirements in 'Rīgas ūdens' is at a high level.

In 2023, 'Rīgas ūdens' became the 80th member of Mission Zero. The Mission Zero initiative aims to make health and safety priority values for businesses, in every aspect of their operations and in their interactions with the public, reducing the number of fatalities at work and due to related external circumstances, significantly reducing workplace accidents, and introducing preventive measures to protect worker health. The long-term goal of the initiative is to grow into a movement that brings together companies that employ at least 50% of Latvia's workforce, or some 400,000 people, and that take measures to comply with the principles enshrined in the charter.

### Training and education

**As part of its commitment to employee growth and upskilling, 'Rīgas ūdens' provides:**

- upskilling, vocational and motivational training, in line with the annual training plan, including internal training;
- occupational health and safety training in accordance with the annual plan prepared based on the need for and frequency of such training set in laws and regulations.

For every training course, there are clear goals defined that the Company seeks to achieve. The planning of training planning depends on changes in regulatory requirements, proposals by heads of units, discussions with employees, employee performance reviews and growth plans, and the need for the succession of skills.

GRI 102-40

GRI 405

GRI 406

CSDR-S.1.4.



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX



In line with the Company's training plans, internal and external training courses took place regularly in 2023. For a number of years, special focus was put on improving the digital skills of employees, boosting their knowledge of IT solutions and their productivity in distance working.

One of the priorities of the organising of training at 'Rīgas ūdens' is to encourage the in-house provision of training, which makes it possible to share the knowledge, experience, and achievements of the professionals working at the Company in supporting and improving the Company's operations. In-house training accounted for 35% of the total training provided in 2023. In 2023, increased attention was paid to encouraging the use of the online employee training and survey tool zini.rīgasudens.lv among the Company's employees.

In 2023, there were 3.87 training courses (including occupational safety training) provided per employee, an increase of 59.3% year-on-year (2.43 in 2022). 'Rīgas ūdens' employees completed at total of 11,029 hours of training in 2023, or 2 working days or 14.7 hours per year per employee.

### Staff evaluation

'Rīgas ūdens' conducts systematic and regular employee performance reviews, enabling employees to be clearly aware of their weaknesses and successes, and for assessing their suitability for the job in question. 'Rīgas ūdens' supports the involvement of employees in shaping the Company's development processes that drives performance and results. Employee performance assessments are associated with the employee bonus system.

GRI 415

## 11.5. Involvement in shaping sectoral policy

Aware of the influence of 'Rīgas ūdens' as the largest water management company in Latvia on the overall policy and development in the industry, the Company has participated in the working groups of MEPRD, handling water management affairs, and has been involved in the development of sectoral policies:

- developing a national position on draft EU legislation on urban wastewater treatment;
- preparing a position statement on a strategy for managing sludge in Latvia;
- preparing an opinion on the implementation of the requirements of the Directive on the quality of water intended for human consumption in the laws and regulations of the Republic of Latvia;
- reviewing and providing opinions on various issues associated with EU legislation and policy planning documents in the water management sector and their implementation in Latvia, as well as the development of the water management sector in the country.

As representatives of LŪKA, we work in the EurEau working groups of the European Union of Water Management Associations and ensure the sharing of relevant information, documents, and opinions with LŪKA and MEPRD during the approval of EU directives and regulations. 'Rīgas ūdens' has also been actively involved in the preparation of planning documents important for the development of Riga and for environmental sustainability, and in projects related to the development and accessibility of Riga's public outdoor spaces.

## 11.6. Promoting sustainable development and "green" thinking

'Rīgas ūdens' views it as its duty to promote public participation in accordance with the principles of sustainable growth, to stimulate saving-focused and efficient management of water resources, and to make environmentally friendly decisions in its day-to-day work that align with the EU Green Deal. In order to achieve this goal, the Company sets key sustainable development criteria for specific situations:

- the idea of sustainable and environmentally friendly development is linked to rational use of water resources;
- every individual is asked to carefully assess the biodiversity impact of human activities, including by taking a responsible approach to preventing the contamination of water resources;
- attention is focused on the need for environmentally friendly wastewater treatment systems;
- information about the efficient use of natural resources is analysed; green mentality and its prestige is built up among the general public, both directly and indirectly.

Every year, in order to accomplish its commitment to be more environmentally friendly in its day-to-day business, 'Rīgas ūdens' promotes World Water Day activities aimed at encouraging the conservation and recovery of water resources. Every year on this day, various educational and awareness-raising events take place around the world, aimed to draw every person's attention to the important role water plays in our lives. The World Water



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX



Day raises awareness of the UN's topic for the year. In Latvia, this day has been officially celebrated since 1996.

Educating the public on sustainable consumption of drinking water and protection of the environment is one of the corporate social responsibility priorities of 'Rīgas ūdens'. Although Riga and Latvia have a sufficient quantity of high-quality drinking water, 'Rīgas ūdens' provides information about the prevention of water pollution and environmental protection, about the reduction of plastic bottle waste and promotion of the use of tap water for drinking.

### Feature of the year: public-access water taps

During the reporting year, 'Rīgas ūdens' continued to perform the non-financial task assigned to it by Riga City Council: to improve the awareness of environmental protection among the public and to promote the use of tap water in Riga. In 2023, we installed 10 new public-access taps in Riga's urban environment, and in addition to the existing public-access taps, there were 24 public-access drinking water stations in Riga by the time the summer season closed, including the restoration of the historic water tap house at Raiņa Boulevard. In addition to these facilities, specialists of 'Rīgas ūdens' demonstrated their innovative approach with eight mobile drinking water stations, built by 'Rīgas ūdens' and deployed across the city, with an additional 64 water stations during the Song Festival.

Continuing the public education activities, a new information space was launched this year on the 'Rīgas ūdens' website: ŪDENS SKOLA ('Water school'), making

GRI 415

it possible for any member of the public to learn more about the production, supply, and use of water, and the treatment of wastewater. The first face-to-face 'Ūdens akadēmija' ('Water academy') seminar about water for schoolchildren took place, along with the necessary urban-area social design campaigns about free water access points and the first interactive map with the exact addresses of free water access points and mobile water stations.

## 11.7. Customer health and safety

'Rīgas ūdens' has a duty to provide consumers with quality drinking water and with wastewater treatment services. These processes are monitored by the 'Rīgas ūdens' Joint Water Quality Control Laboratory (AŪKKL), which is accredited by the Latvian National Accreditation Bureau. In 2023, AŪKKL introduced and included in its scope of accreditation two methods testing for mercury and *Legionella pneumophila*.

The laboratory surveys drinking water processed at the treatment plants and drinking water in the centralised water supply system of Riga. To ensure an uninterrupted supply of drinking water, the laboratory continuously monitors the water treatment process, and samples and tests the city's water supply system every working day, according to a plan set by the Health Inspectorate. The total number of tests carried out as part of continuous quality control in the water treatment process in 2023 is 27,821.

The number of tests carried out on the water distribution system in 2023 is 33,266. The Health Inspectorate also tests the quality of drinking water, monitoring it from the point of extraction to the consumer's water tap, which enables it to supervise the work of 'Rīgas ūdens'.

In 2017, to ensure that the drinking water produced at the Baltezers-Zaķumuiža underground water intake complies with the quality standards, 'Rīgas ūdens' implemented the project 'Construction of a water treatment plant in Baltezers' within the project 'Development of the Water Management System in Riga, Phase 4' co-financed by the Cohesion Fund. The new deironing and demanganisation system makes it possible to extract drinking water that meets all the quality requirements set by the European Union.

One of the tasks of 'Rīgas ūdens' is to supervise service users who discharge industrial wastewater into the centralised sewer system. In accordance with Cabinet Regulation 174 'Regulations on the provision and use of public water management services' of 22 March 2016, wastewater may be discharged into the centralised sewer system if it meets the wastewater composition requirements set in the binding municipal regulations governing the operation, use, and protection of the centralised sewer system. The requirements for the composition of wastewater discharged into the city sewer system are set by Riga City Council Binding Regulations 17 'Binding regulations for the operation, use and protection of the centralised water supply and sewer systems of Riga' of 15 December 2017.

In 2023, a total of 714 inspections were carried out, of which 85% (604) checked the composition of wastewater





INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

discharged by service users. The rest (110) were inspections of 'Rīgas ūdens' facilities and inspections based on request for discharging groundwater as well as alcoholic and non-alcoholic beverages into the centralised sewer system. 69 service users (199 total violations in 2023) were found to have exceeded the maximum permissible concentrations of pollutants in wastewater discharged into the centralised sewer system. In accordance with laws and regulations, service users are sanctioned in the event of infringements by calculating the compensation payable for the damage.

The external web platform [www.rigasudens.lv](http://www.rigasudens.lv) is used for various forms of public information and work with the media (publications, interviews, etc.), as well as public education activities, explaining:

- the need for preventive disinfection (chlorination) of water pipes and their safety from a health perspective;
- the need to conduct maintenance of indoor utilities in buildings (to limit the spread of legionella) and good examples of the proper use of household sewer systems (urging people to refrain from or at least reduce the dumping of various foreign objects into the treatment facilities);
- the work on reducing and preventing emergency discharges of wastewater into the Daugava River;
- the specific nature of the work of the drinking water quality control laboratory and the procedures for testing drinking water (including by explaining these processes person, for example by delivering a tank of drinking water to Positivus Festival, a popular event gathering young people);

- the prospects for the future development of the municipal sewer network in Riga and its surroundings (including meetings with local residents, e.g. in Čiekurkalns).

Several educational publicity campaigns were carried out in cooperation with the Delfi portal:

- encouraging people to get involved in protection of groundwaters;
- calling to stop polluting Riga's bodies of water with inappropriate decentralised sewer system solutions;
- promoting tap water use;
- educating people about tap water quality tests;
- informing about new developments in wastewater treatment in Riga.

## 11.8. Information and data protection

'Rīgas ūdens' takes a responsible approach to meeting information and personal data protection requirements, maintaining an internal data protection system and, whenever necessary, conducting internal and external analyses of compliance with the General Data Protection Regulation. Personal data are processed and stored in accordance with the requirements of national and European Union laws and regulations, as well as the Company's internal regulations. They define the purposes and areas of personal data processing, the basic principles, the rights, duties and responsibilities of staff and the organisation of data processing.

Since May 2018, the Company has a privacy policy in place. Its main purpose is to explain to data subjects (customers, guests, business partners, etc.) in a clear and relatively simple way what personal data the Company processes and on what legal grounds, what security measures are taken for protecting the data, what the rights of the data subject are, etc. The privacy policy can be found on the Company's website, at [www.rigasudens.lv](http://www.rigasudens.lv).

GRI 416-2

RŪ-3 GRI 418



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX



# 12

## CUSTOMER SERVICE





INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX



In determining the fields of sustainability for 'Rīgas ūdens', its stakeholders also identified the following important areas:

- Customer satisfaction with provided services;
- Efficiency and management of emergency response;
- Information and data protection.

These fields are also included in the 'Rīgas ūdens' Sustainability Report, as they are important in terms of environmental and responsible business practices aspects, and have an overall impact on the satisfaction of the Company's customers with its services.

The Company's corporate social responsibility and sustainability policy states that the company voluntarily pursues social and environmental goals, taking into account human rights (UN Universal Declaration of Human Rights, European Convention on Human Rights and Charter of Fundamental Rights of the European Union).

In accordance with the 'Rīgas ūdens' Code of Ethics, when dealing with customers and partners, employees must follow the Company's customer service standard: treat all customers with respect, professionalism, equal courtesy and tolerance, respecting everyone's legitimate interests [...].

## 12.1. Customer division

The customers of 'Rīgas ūdens' are users of water services, with which a service contract has been concluded. 25,056 contracts were concluded in 2023. In order to facilitate more effective communication and work with its customers, the Company has segmented them according to the following common features (see Figure 26):

- detached houses;
- owners and managers of apartment buildings;
- non-residential premises: businesses, institutions, etc.

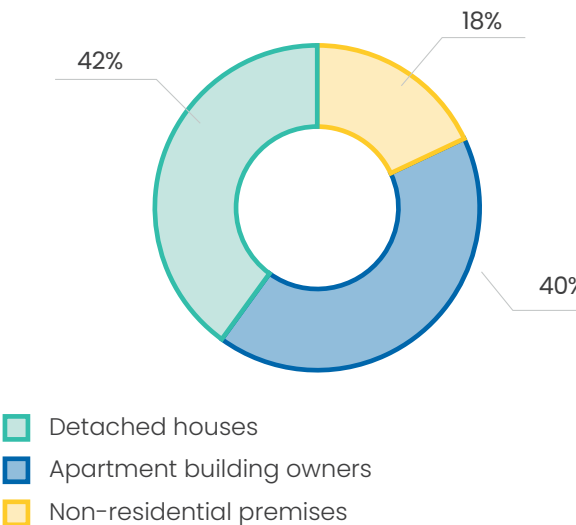


Figure 29. Water service user segment breakdown in 2023.

Separately considered are companies providing a decentralised wastewater collection service and those that produce pollution in quantities exceeding standard values. In total, the number of service users receiving water management services provided by 'Rīgas ūdens' is more than 620,000 residents of Riga and its metropolitan area.

The main benefit of customer segmentation is to improve efficiency, adapting customer service processes to the preferences and needs of the customer segment. This includes using the communication channels that are best for each segment, improving the customer experience.

In providing local residents with uninterrupted and reliable services, it is important for the Company to have successful partnerships with the parties involved in construction processes. These include property developers, surveyors, designers, building contractors, and other parties involved in construction processes. Close cooperation and effective communication with stakeholders contributes to the successful development of construction designs and the installation and rebuilding of water management utilities. In 2023, the Company organised face-to-face information and education meetings with various group segments, neighbourhood residents, and stakeholders:

- customer Day 2023 events with non-residential real estate managers and decentralised service providers;
- Development Conference 2023 with builders, designers, sustainability and financial experts, and other stakeholders;





INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

- Educational seminars with biggest apartment building managers and their specialists;
- Individual meetings with neighbourhood residents in Beberbeķi, Berģi, Imanta, Teika, Mārupe, Bolderāja, and Katlakalns.

In-person meetings with customers and stakeholders are valuable for both sides. They make it possible to listen to customers more directly, to discuss current issues and major challenges, and to make improvements accordingly. This results in more effective cooperation with them. Such events also help understanding stakeholder needs and provide insights into the Company's operations, enabling us to share our knowledge on sustainable water management.

## 12.2. Communication with customers

In order to build trust and cooperation, and in compliance with the principles of corporate governance, 'Rīgas ūdens' works to maintain effective communication with its customers, service users, stakeholders, and the general public.

The purpose of external communication is to provide information about the Company's activities, to educate the public about the topics of environmental and water resource protection, to raise the Company's profile, and to receive feedback. This communication takes place through a variety of channels, determining the channel

that is best for the message to reach the target audience as precisely as possible. The Company uses the following communication channels and activities for its external communication and customer service:

- [www.rigasudens.lv](http://www.rigasudens.lv) website;
- customer self-service portal <https://portals.rigasudens.lv/>
- free 24-hour line 80002122;
- e-mails [klienti@rigasudens.lv](mailto:klienti@rigasudens.lv) and [pr@rigasudens.lv](mailto:pr@rigasudens.lv);
- Customer Service Centre at 49/53 Brīvības Street;
- social media accounts on Twitter, Facebook, Instagram, LinkedIn, YouTube;
- media events and press releases, posting of educational publications in the media, and Company publicity events;
- customer day events;
- activities aimed at promoting system connections in line with Stages 4, 5, and 6 of the EU Cohesion Fund project;
- educational activities for schoolchildren, and educational posters in all schools in Riga;
- outdoor advertising in the city.

For customers with a service contract, notifications on planned repairs are delivered by e-mail. In 2023, SMS notifications were also introduced, enabling customers to receive information about repairs even more quickly. The SMS notifications have the added advantage of reaching not only the overall group of users, but also

those customers who have limited access to information online. The Company ensures the effectiveness of the communication received by diversifying the channels it uses to send the notifications.

In 2024, the Company plans to automate the notification process for scheduled and emergency repairs for an even notification process using the communication channels most convenient to its customers.

In 2023, there was customer service activity across all communication channels. The high level of activity was due to increased interest in the services and processes where the Company consistently pursued changes and improvements during the year:

- connections to the centralised sewer system;
- municipal co-financing options;
- changes in the billing process;
- changes in the readings submission process.

	2021	2022	2023
Calls received	115 614	70 205	71 336
E-mails received	30 224	28 899	31 441
Applications for contracts received	1967	2231	2421
Customers served at the Customer Service Centre	1984	3101	3527





- INTRODUCTION
- INFORMATION ABOUT THE REPORT
- COMPANY PROFILE
- ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS
- STRATEGY AND GOALS
- GOVERNANCE
- REPORT PREPARATION PROCESS
- IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY
- ECONOMIC ASPECTS
- ENVIRONMENTAL ASPECTS
- SOCIAL ASPECTS
- CUSTOMER SERVICE**
- GRI INDICATOR INDEX

In 2023, the number of applications for contracts rose 9%, thanks to the new water supply and sewer lines in Berģi, Imanta, Beberbeķi, and Teika, as well as better options for municipal co-financing. On 8 July 2023, Riga City Council Binding Regulation No RD-23-207-sn 'On Riga City Council co-financing for compensating the construction costs of connecting residential buildings to the central sewer system' proposed by 'Rīgas ūdens' took effect. The new rules allow residents from all neighbourhoods of Riga to apply for municipal co-financing, making the construction of the city's sewer system more affordable to a wider range of residents.

In order to promote a more sustainable use of resources and the transition to digital communication channels, the Company began streamlining the meter readings submission and billing processes as early as the end of 2022. In 2023, this work continued, and customers were encouraged to choose to get and submit information about the services through the routine use of the customer self-service portal. In order to motivate customers to use digital solutions more and to reduce the circulation of printed paper, a fee for water bills sent by post was introduced on 1 August. As a result, we became more environmentally friendly, reducing our negative impact. We are proud that our consistent engagement with customers, encouraging them to change their habits in how they request services or receive information has resulted in a rapid increase in users of the customer self-service portal. Overall, 79% of all customers were registered in the customer self-service portal in 2023 (an increase of 28%). This set of measures has contributed to customer independence in the use

of digital services, and enabled significant savings in internal resources.

As part of the concluding contracts, customers are encouraged to primarily sign documents electronically, thus improving the speed and efficiency of the Company's document flow and related processes. In 2023, 58% of all the contracts concluded were signed electronically. In its interactions with customers, the Company always complies with confidentiality requirements and ensures the security of the personal data the Company keeps. 'Rīgas ūdens' is a socially responsible company, it makes sure that the data of its customers are processed fairly, transparently, and lawfully, in accordance with the external laws and regulations and the company's privacy policy.

### 12.3. Customer satisfaction

In autumn 2024, in conjunction with the research firm LLC (SIA) RAIT Custom Research Baltic, the Company conducted a customer satisfaction study for a fourth year in a row. The study measured overall customer satisfaction and loyalty in different segments, as well as customer satisfaction in different aspects of cooperation. According to the survey, a total of 87% of customers said they were satisfied with the Company's services. 30% said they were very or fully satisfied working with the Company (19% in 2020). LLC (SIA) RAIT Custom Research Baltic analysts pointed out that compared to other util-

ity service providers, 'Rīgas ūdens' shows significantly above-average performance.

Looking at various aspects of cooperation, the most favourable aspects of cooperation were the billing and payment procedures, with 92% of the respondents satisfied with this aspect of cooperation (59% of the respondents stated that they even were very satisfied). Other aspects of the cooperation, such as the continuity of the water and sewer services received, the convenience of submitting meter readings, and the sufficiency of the water pressure provided, also got high ratings in the study.

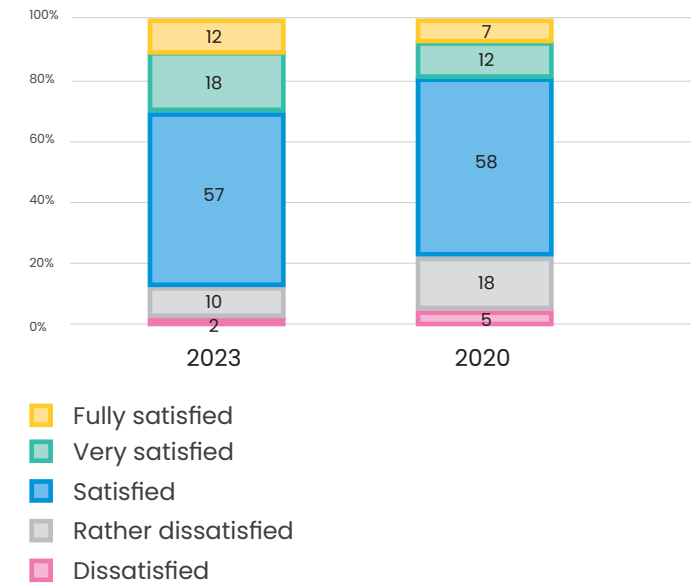


Figure 29. Customer satisfaction in 2020 and 2023.



INTRODUCTION

INFORMATION ABOUT THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION PROCESS

IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

Each year, the Company reviews the assessments of the aspects of cooperation in the survey and the answers provided to open-ended questions, preparing a plan of action for the year, improving customer satisfaction with the services provided. The lowest-rated aspects of cooperation are analysed as a priority, and changes are proposed to improve the customer experience. A comparison of the study results over four years shows that the satisfaction trends in all areas of cooperation were positive across the four years, even for those aspects that were rated lower. We are also glad that according to the sociological survey by the SKDS research centre, in evaluating the work of Riga City Council, Riga's citizens expressed their satisfaction with the provision of water supply and sewer services.

In 2024, the Company will continue its efforts to become more digitally accessible and customer-centric by introducing 'customer pulse' surveys, automating customer service processes, and implementing artificial intelligence solutions.

Complaints received are reviewed promptly, within 15 calendar days after they are received. In 2023, the average time taken to review a complaint and reply to it was 9 calendar days. A detailed review of the number of complaints received and the respective solutions is available in the 2023 report on the Contract for the Provision of Public Water Management Services published on the Company's website, at [www.rigasudens.lv](http://www.rigasudens.lv).

No complaints of discrimination were received last year. We accept complaints both in verbal form and in writ-

ing, through all communication channels available to our customers. In situations where the customer has not been provided with quality services and has suffered harm, we take a responsible approach and assess the amount of compensation to be paid on a case-by-case basis. Compensation is paid in the following cases:

- Poor water supply – adjusting the amount of consumption without having to pay for the period when the service was poor;
- Indoor water mains failures and water spills – recalculation of the sewer service, reducing the sewer bill if the water spill was within the area of responsibility of the customer;
- Faulty meter – recalculation of the water service provided;
- Other losses caused by the Company's acts or omissions – compensation, based on an assessment of the Company's liability and the extent of the loss.

The Company highly appreciates customer feedback, suggestions, and assessments, seeking solutions to improve its existing processes and aspects of cooperation, and to make them more customer friendly.





INTRODUCTION

INFORMATION ABOUT  
THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES  
IN THE COMPANY'S  
OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION  
PROCESSIDENTIFICATION  
OF KEY AREAS OF  
SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL  
ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## Abbreviation

Abbreviation	Skaidrojums
<b>JWQCL</b>	Joint Water Quality Control Laboratory
<b>BTPD</b>	Biologic treatment plant "Daugavgrīva"
<b>CFLA</b>	Central Finance and Contracts Agency
<b>DVIU</b>	Internal monitoring of the working environment
<b>EU KF 4K</b>	European Union Cohesion Fund project "Development of Water Management in Riga, Phase 4"
<b>EU KF 5K</b>	European Union Cohesion Fund project "Development of Water Management in Riga, Phase 5"
<b>EU KF 6K</b>	European Union Cohesion Fund project "Development of Water Management in Riga, Phase 6"
<b>GIS</b>	Geographical information systems
<b>HELCOM</b>	Baltic Marine Environment Protection Commission

<b>LEAN</b>	Techniques for economic thinking
<b>LR</b>	Republic of Latvia
<b>LŪKA</b>	Latvian Association of Water Supply and Sewer Companies.
<b>RTU</b>	Riga Technical University
<b>PUC</b>	Public Utilities Commission
<b>SELP</b>	Draft odour emission limits
<b>MEPRD</b>	Ministry of Environmental Protection and Regional Development
<b>SFRS</b>	State Fire and Rescue Service
<b>SES</b>	State Environmental Service
<b>SLS</b>	State Land Service



INTRODUCTION

INFORMATION ABOUT  
THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES  
IN THE COMPANY'S  
OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION  
PROCESS

IDENTIFICATION  
OF KEY AREAS OF  
SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL  
ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

# 13

## GRI INDICATOR INDEX







## INTRODUCTION

## INFORMATION ABOUT THE REPORT

## COMPANY PROFILE

## ETHICAL PRINCIPLES IN THE COMPANY'S OPERATIONS

## STRATEGY AND GOALS

## GOVERNANCE

## REPORT PREPARATION PROCESS

## IDENTIFICATION OF KEY AREAS OF SUSTAINABILITY

## ECONOMIC ASPECTS

## ENVIRONMENTAL ASPECTS

## SOCIAL ASPECTS

## CUSTOMER SERVICE

## GRI INDICATOR INDEX

## General standards information

GRI	INDICATOR	PAGE
	<b>Company profile</b>	
102-1	Company name	4
102-2	Company business description	11-13, 15-18
102-3	Location of headquarters	14
102-4	Places of operation	14
102-5	Ownership and legal status of the company	33, 41
102-6	Operating markets	11
102-7	Scale of the company	11
102-8	Employees and other workers	22
102-9	Company supply chain	60, 61
102-10	Key changes in company structure and supply chain	60
102-11	Precautionary approach and principles used in the Company, e.g. risk management, protection levels.	38-40
102-12	External initiatives	24
102-13	Company membership of associations and organisations	24
	<b>Strategy</b>	
102-14	Management address	5, 6, 7
102-15	Description of the Company's values, principles, standards	23, 25, 29-31
	<b>Ethics and integrity</b>	
102-16	Values, principles, standards and norms of behaviour	23, 26, 27

	<b>Governance</b>	
102-18	Governance structure	20, 21, 33-37, 41
	<b>Stakeholder involvement</b>	
102-40	List of stakeholder groups	53
102-41	Employee involvement, collective agreement	54
102-42	Identification and selection of stakeholders	47, 53, 62
102-43	Approach to work with stakeholders	45, 52
102-44	Key lessons learned from involving stakeholders	
	<b>Reporting practices</b>	
102-46	Determining the content and essential aspects of the report	49
102-47	List of key sustainability areas	50, 51
102-48	Repetition of information	9
102-49	Changes in the reports	9
102-50	Information on the reporting period	9
102-51	Date of the last report	9
102-52	Financial period	9
102-53	Contact details for questions about the report	4, 9
102-54	Reference to reporting according to GRI standards	4, 47
102-55	GRI Table of Contents	103
102-56	Certification by the auditor	-
103	Management approach	33, 41

RŪ-2



INTRODUCTION

INFORMATION ABOUT  
THE REPORT

COMPANY PROFILE

ETHICAL PRINCIPLES  
IN THE COMPANY'S  
OPERATIONS

STRATEGY AND GOALS

GOVERNANCE

REPORT PREPARATION  
PROCESSIDENTIFICATION  
OF KEY AREAS OF  
SUSTAINABILITY

ECONOMIC ASPECTS

ENVIRONMENTAL  
ASPECTS

SOCIAL ASPECTS

CUSTOMER SERVICE

GRI INDICATOR INDEX

## Specific standards information

GRI	INDICATOR	lpp
<b>200</b>	<b>Economics</b>	
103	Management approach	56
201-1	Direct economic value created and disseminated	16-19, 56
201-4	Financial assistance from the government	-
203	Indirect economic impact	57, 58, 59
204	Impact of procurements	60, 62
205-1	Anti-corruption	63, 64
<b>300</b>	<b>Environment</b>	
103	Management approach	66, 73, 82
301	Materials	80, 81
302	Energy	67, 68, 69, 73
303	Water and wastewaters	74-79
304	Biodiversity	83

305	Emissions	70-72, 84
306	Wastewaters and waste	77-79
<b>400</b>	<b>Social area</b>	
103	Management approach	86
401	Employment	86
402	Labour-management relations	86-90
403	Occupational health and safety	91
404	Training and education	92
405	Diversity and equal opportunities	88
406	Non-discrimination	92
415	Public policy	93
416	Customer health and safety	79, 82, 94, 95, 97
418	Customer confidentiality	98, 99, 100

RŪ-2