



# Sustainability Report 2021



# Management's statement

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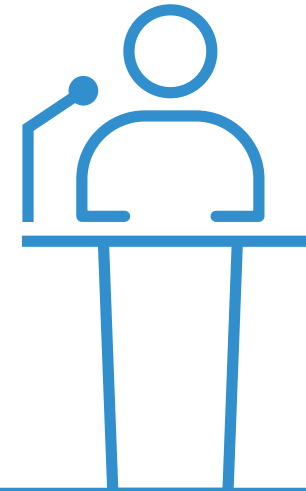
The Sustainability Report 2021 was prepared by SIA "Rīgas ūdens" in accordance with Article 58.1 of the Law "On the governance of capital shares of a public person and capital companies". The report is a non-financial statement published simultaneously with the enterprise's Audited Financial Report 2021 and is available at the website of SIA "Rīgas ūdens" [www.rigasudens.lv](http://www.rigasudens.lv)

SIA "Rīgas ūdens" (hereinafter Rīgas ūdens, Company or enterprise) as one of the largest capital companies of the Riga Municipality whose activities significantly affect both the economy and society as a whole prepared the second non-financial statement - the Sustainability Report 2021 - that provides information about the impact of the enterprise's activities on economic, environmental and social matters.

Rīgas ūdens's Sustainability Report is prepared based on guidelines offered by the internationally recognised GRI Standard and allows identifying an analyse in the long-term the enterprise's impact in a wider context. This report shows and analyses the impact of the enterprise's activities on the economy, society and environment. It offers a review of Rīgas ūdens's business activities and financial parameters, major projects, daily activities as well as social activities.

In 2032 Rīgas ūdens developed and introduced a range of important corporate policies, including the Corporate Social Responsibility and Sustainability Policy that defines principles used by the enterprise in its activities. Rīgas ūdens has undertaken to publish important financial and non-financial and other information in accordance with the requirements of regulations as well as availability and transparency of information as one of its values that serves as a basis for the relations between the Riga Municipality and enterprise with stakeholders and society as a whole. The Sustainability Report supplements the financial statement for 2021 and is made to offer comprehensive information about enterprise's activities to all stakeholders.

An approach developed in the Sustainability Report 2020 is used in the Sustainability Report 2021, the Report 2021 will not be audited. In its activities, Rīgas ūdens uses good corporate governance principles that as an aggregate facilitate achievement of the Company's goals and supervision over its activities and are regarded as a very important good governance tool that Rīgas ūdens is going to further improve.



## Reporting period

01.01.2021. – 31.12.2021.

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## Published in

June 2022

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## Regularity

The report is prepared annually. Rīgas ūdens prepared the first report in 2021 (the report for 2020). In accordance with the requirements of regulations, the Sustainability Report 2021 (a non-financial statement) is prepared simultaneously with the annual report of SIA "Rīgas ūdens".

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## Global reporting Initiative (GRI)

The Sustainability Report 2021 meets the core level requirements of the GRI Standard.

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## Principles underpinning the development of the content of the Report

In development of its first Sustainability Report for 2020, SIA "Rīgas ūdens" considered opinions of stakeholders, including municipal and governmental institutions, non-public sector, customer, partner, representatives of sector representing employees' interests, having surveyed their visions in the most important areas that affect SIA "Rīgas ūdens". The report includes information about the enterprise's activities and covers aspects that are important for its sustainability. In compliance with the core level requirements of the GRI standard, it includes all information on 34 general standard indicators and depending on the importance of an aspect, information on 23 specific standard indicators (see the content of GRI indicators, page 75). The process of preparation of the Report is described in the Principles for Preparation of the Report.

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## Data acquisition method

Information provided by structural units of SIA "Rīgas ūdens", data on enterprise's activities and important reporting aspects were used for the preparation of the Report. Only verified and valid data is used in the Report, and if certain data relating to an important area of enterprise's impact is not collected and analysed, a relevant note is added.

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## Adjustment of information provided in previous reports

N/A

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## Changes in the reporting practice

The Sustainability Report 2021 does not include some information and parameters considered in the Report for 2020.

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## Independent auditor's opinion

The Sustainability Report 2021 was not subject to an independent auditor's opinion provided externally.

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## Format of the Report

The Report is available electronically in Latvian and English (summary) at the home page of SIA "Rīgas ūdens" [www.rigasudens.lv](http://www.rigasudens.lv).

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## Contact details

Email for suggestions and questions about the Sustainability Report: [pr@rigasudens.lv](mailto:pr@rigasudens.lv)

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## Description of the enterprise's activities

Rīgas ūdens is a water management enterprise that is 100% owned by the Riga Municipality and whose task is to provide inhabitants of Riga with quality and safe water management services.

The history of water-supply system in Riga is 400-years' long, however, the enterprise that we know today was established on September 24, 1991. In its turn, on December 16, 2003, the Riga City Council adopted a decision "On reorganisation of the Riga city municipal enterprise "Rīgas ūdens" into a limited liability company "Rīgas ūdens"", determining that the Company is a successor of municipal enterprise "Rīgas ūdens". Since 2000, the name of the enterprise has been SIA "Rīgas ūdens".

Rīgas ūdens operates in a strategically important area, performing the municipality's function in the sector of water supply and sewage, providing public water management services in the administrative territory of the city of Riga and individual municipalities of the Pierīga region.

The Riga Municipality established a strategic goal for Rīgas ūdens: to ensure and provide quality and reliable water management services, to ensure sustainable and safe use of water resources that are important for Riga and management of strategic infrastructure as well as to increase involvement of inhabitants in prevention of water pollution.

Rīgas ūdens provides the following public water management services:

- water extraction, impoundment and preparation
- water supply
- wastewater collection
- wastewater treatment and disposal

On July 24, 2019, Riga Municipality and Rīgas ūdens entered into an agreement for 10 years (until July 23, 2029) on provision of the following public water management services in the administrative territory of Riga City:

- Water extraction, impoundment and preparation for use before the supply to the centralised water-supply system
- Water supply from the place of supply in the centralised water-supply system to the border of belonging
- Wastewater collection in the centralised sewage system from the border of belonging and disposal to the wastewater treatment plant
- Wastewater treatment and disposal particularly at the surface water facilities, except for water collection in storm drain system.

SIA "Rīgas ūdens" ensures provision of public water management services in some parts of Kekava municipality, Ropazi municipality and Adazi municipality.



## Main parameters

In 2021 total 37.0 million m<sup>3</sup> water was delivered to the Riga water-supply system, the volume of sold water supply services - 31.9 million m<sup>3</sup>. Biological treatment plant "Daugavgrīva" treated total 49.3 million m<sup>3</sup> wastewater, including the volume of wastewater received from customers (sewage service) - 36.9 million m<sup>3</sup>.

Rīgas ūdens entered into agreements for use of the municipal water main and sewage with total 20,258 real property owners, water management services are provided to 23,222 facilities. Customer segmentation: 54% - family homes (private houses), 16% - non-residential premises, 30% - multi-apartment house owners, partnerships, cooperatives, etc.

Rīgas ūdens's net turnover totals to EUR 55.8 million, EBITDA (earnings before interest, taxes, depreciation and amortisation) - EUR 20.86 .

In 2021, Rīgas ūdens paid EUR 17.3 million to the state budget as taxes, including mandatory state social insurance contributions totalling to EUR 4.8 million.

## Availability of services

As of 31.12.2021, the centralised sewage services are available to 97.50 % and centralised water supply services to 97.92 % of the inhabitants of the Riga City water management agglomeration territory

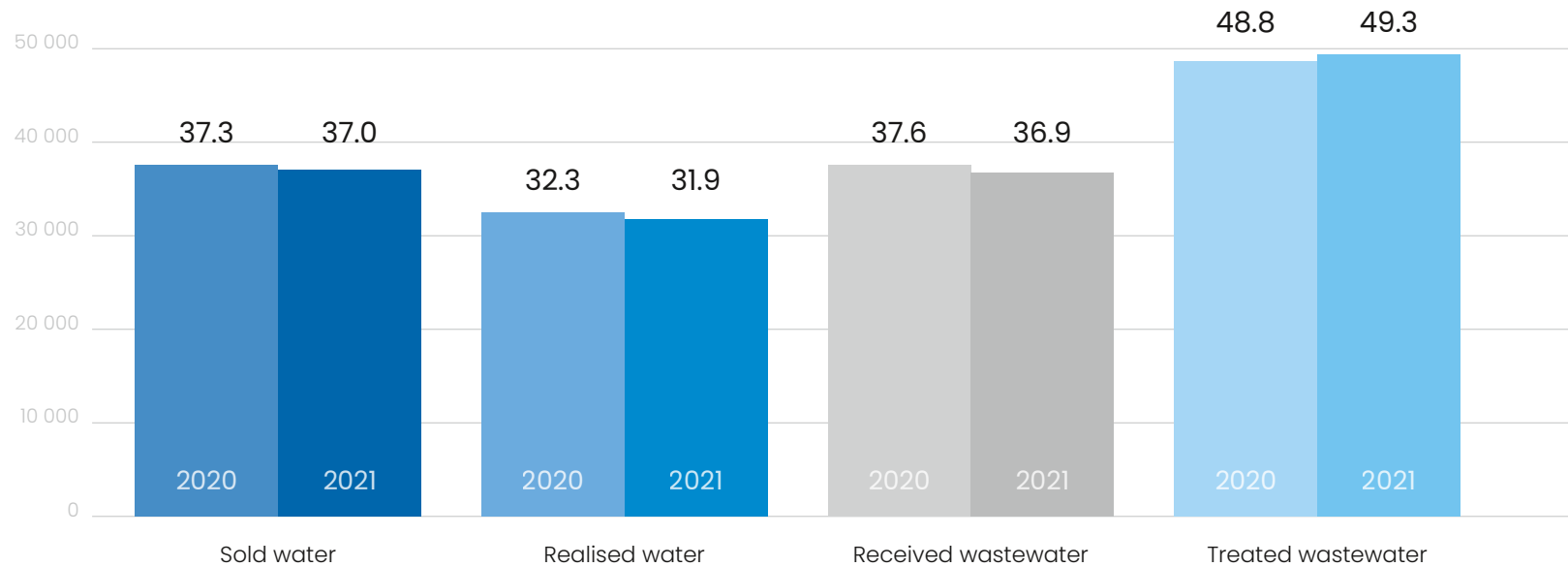
97.50%

centralised sewage services

97.92%

centralised water supply services

### volume of provided services (million m<sup>3</sup>)

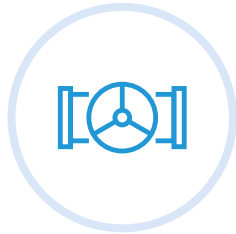


## Water supply

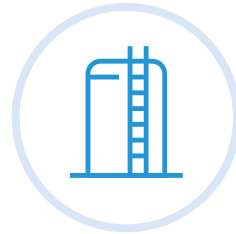
1 486 km water-supply system



6  
sources of water



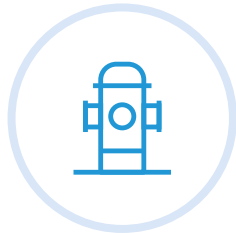
10 941  
shutters



5  
water reservoirs



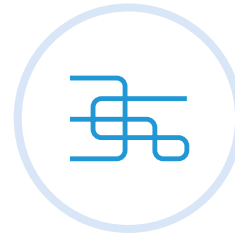
18  
water pressure  
booster pumping  
stations



7 427  
hydrants



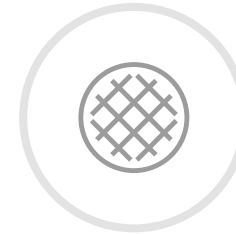
3 859  
hatches



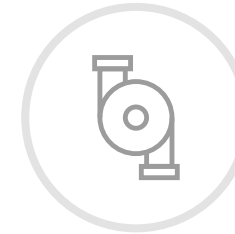
1 486 km  
street pipelines

## Domestic wastewater collection

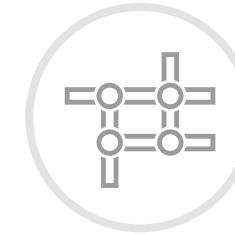
1 205 km sewage system



34 416  
sewer hatches



87  
sewage  
pumping plants



1 205 km  
pressure sewer  
pipes and self-  
flowing collectors



Biological  
treatment plant  
“Daugavgrīva”

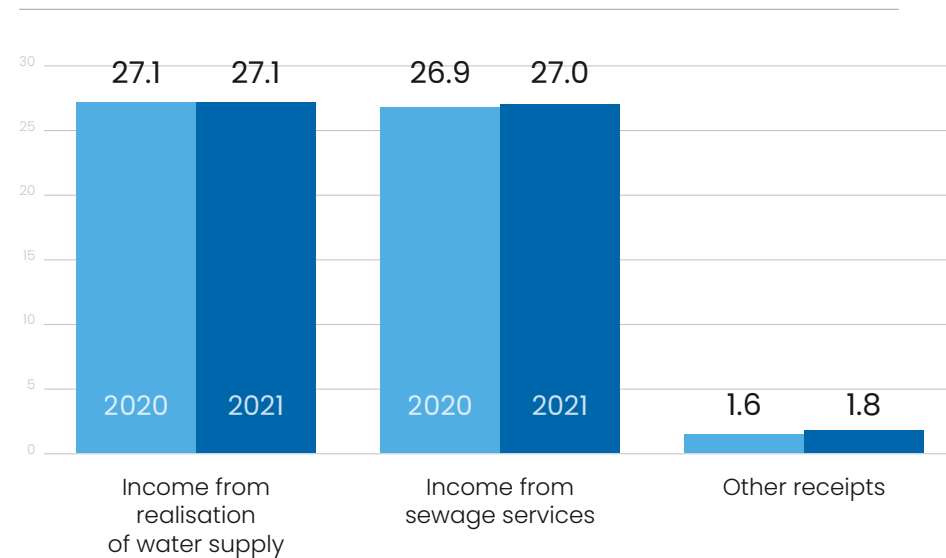
## Structure of receipts and expenses

A considerable part of Rīgas ūdens's receipts are those from provision of public water management services. The rates for water management services were approved by the decision of the Public Utilities Commission No. 48 dated April 26, 2018 "On rates for water management services applicable by Limited Liability Company "Rīgas ūdens"" (effective until 31.05.2022).

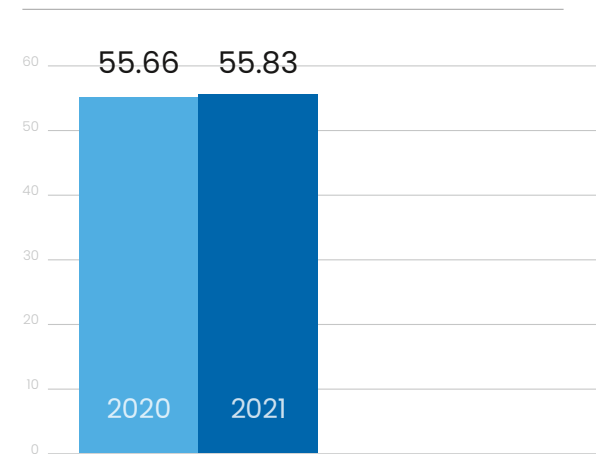
Since June 1, 2018, the following rates for water management services per 1 m<sup>3</sup> (without VAT) were applicable

Water supply	EUR 0.85
Sewage	EUR 0.74
<b>water supply and sewage total</b>	<b>EUR 1.59</b>

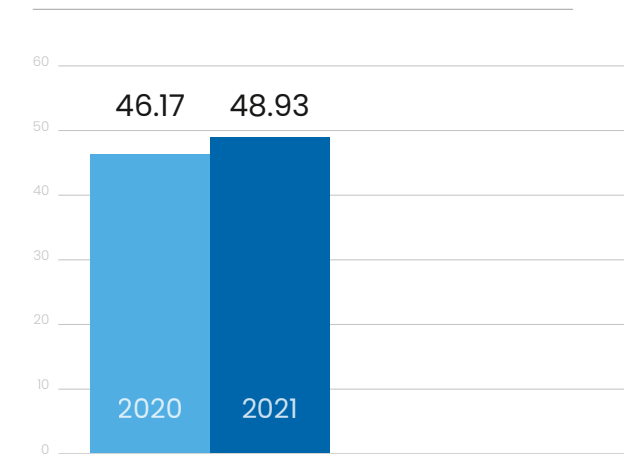
Structure of receipts  
2020 and 2021 (million EUR)



Net turnover  
2020 and 2021 (million EUR)



Expenses for products sold  
in 2020 and 2021 (million EUR)





## Administrative bodies

The Rīgas ūdens's corporate governance model is created based on the good governance practice and corporate governance guidelines. Rīgas ūdens is governed by the Riga City Council, meeting of members whose functions are performed by the representative of its shareholder – Executive Director of Riga City, the Board and Management Board of the Company. Roles, duties and responsibility of the administrative bodies are defined in the statutes of the Company and regulations of administrative bodies published at the enterprise's website and other external and internal documents.

The Management Board is responsible for the operations management in the Company and adopts decisions on all matters relating to Rīgas ūdens's activities, except for the matters Resolved by the Meeting of Members and Board in accordance with the Law "On the governance of capital shares of a public person and capital companies", the Articles of Association of the Company and Internal Regulations No. 4 of the Riga City Council "On the procedure for governance of capital shares and capital companies". Main tasks of the Management Board are to ensure Company's daily commercial activities, a strategic, development plan, achievement of goals and implementation of policies as well as preparation and performance of the budget. The Company's daily activities are managed by three Management Board Members. To ensure the Company's activities and efficient decision-making, the Management Board approved Management Board Members' management areas.

The Management Board consists of three Board Members in whose competence falls internal control and risk management, approval of the internal audit plan, supervision over the whistleblowing system and approval of documents relating to the policy in addition to the functions defined in the Law "On the governance of capital shares of a public person and capital companies".

## Personnel

SIA „Rīgas ūdens” gives men and women equal opportunities to take positions. Considering the area of Rīgas ūdens's activities and the fact that the majority of positions provides for the performance of physical work, usually, men choose the enterprise as their workplace. In 2021, 35% of the workers were female and 65% – male.

As of 31.12.2021, 741 employees were employed by Rīgas ūdens, including 80% production, 11.2% administrative and 8.6% sales personnel. In 2021, the average age of the employees was 49 years.





# Personnel



Personnel distribution

Production	Sales	Administration
<b>594</b>	<b>64</b>	<b>83</b>
80%	8.6%	11.2%
2020-78.8%	2020-8.8%	2020-12.4%



Employed	Employment terminated
<b>54</b>	<b>63</b>
2020-59	2020-73
2019-81	2019-83



Number of employees	Average age
<b>741</b>	<b>49</b>
2020-751	2020-48.9
2019-765	



Men	Women
<b>483</b>	<b>258</b>
65%	35%
2020-65%	2020-35%



Number of training per employee
<b>1.69</b>
+76%
2020-0.96



Age structure (number)					
under 29	<b>37</b>	5.0%	50 to 59	<b>192</b>	25.9%
30 to 39	<b>180</b>	24%	more than 60	<b>169</b>	22.8%
40 to 49	<b>163</b>	22%			



Accidents at work
<b>2</b>
2020-0
2019-1

# Economic, environmental and social principles and initiatives supported by the enterprise

Rīgas ūdens's goal is to ensure and support achievement of the company's strategic goals, implement a responsible and well-balanced approach to the environment, social and economic matters as well as to improve sustainable quality of life and entrepreneurship.

In compliance with the Corporate Social Responsibility and Sustainability Policy, Rīgas ūdens decided to apply the UN sustainable development goals in its work:



Colourful symbols correspond to the initiatives supported by the enterprise



**CLEAN WATER AND SANITATION**  
 o ensure availability of water and sanitation to everyone and sustainable management



**DECENT WORK AND ECONOMIC GROWTH**  
 To ensure robust, inclusive and sustainable economic growth, full and productive employment as well as decent work to everyone



**PRODUCTION, INNOVATIONS AND INFRASTRUCTURE**  
 To create robust infrastructure, stimulate inclusive and sustainable industrialisation and support innovation



**SUSTAINABLE CITIES AND COMMUNITIES**  
 To make cities and populated areas more inclusive, safe, flexible and sustainable



**RESPONSIBLE CONSUMPTION AND PRODUCTION**  
 o ensure long-term consumption habits and production models



**CLIMATE ACTION**  
 Perform urgent activities to fight the climate change and its effect



**LIFE BELOW WATER**  
 To maintain and sustainably use oceans, seas and their resources to ensure sustainable development

## Guiding principles of professional ethics

Guiding principles of professional ethics and behaviour standards for employees are included in the Rīgas ūdens's Code of Ethics. When performing his labour duties as well as in his daily life, an employee adheres the following guiding principles of professional ethics based on Rīgas ūdens's core values:

- **guiding principles of professional ethics;**
- **behaviour and communication standards;**
- **other ethical behaviour standards.**



### Loyalty:

- An employee is loyal to his enterprise, supports and participates in the achievement of goals set by Rīgas ūdens, his attitude to the enterprise is positive and respectful as to an employer;
- An employee acts so that to maintain and nurture customers, business partners' and public loyalty to Rīgas ūdens;
- An employee is responsible for the Rīgas ūdens's public image through his attitude, words and behaviour.

### Professionalism and responsibility

- An employee performs his labour duties professionally and is responsible for the performance of his labour duties in a timely and quality manner in compliance with requirements of regulations and using his knowledge, abilities, skills, work experience while understanding that his work affects the result of the enterprise's operations;
- An employee uses and develops his competences, skills and knowledge needed in his work; regularly supplements his professional knowledge; demonstrates initiative and gives recommendations on how to improve his work;
- Employee's actions, provided information and opinions are well-considered, based on the analysis of a situation, objective facts and data;
- To provide quality services to customers, an Employee promotes an approach suggesting that the enterprise is considered by the customer as integral, working as one team both within the enterprise and in relations with the Riga Municipality, its bodies and other utility owners.

### Reliability and preciseness:

- An employee performs his work in a professional manner, precisely and makes efforts to provide the best possible result to ensure the high performance of the enterprise, provision of quality and reliable public water management services.

### Efficiency:

- An employee works efficiently, making his best efforts to accomplish his work with as minimum resources as possible.
- An employee is determined and target-oriented;
- An employee strives to service customer efficiently so that customers see Rīgas ūdens's willingness to find a solution to any issue that is important to a customer so that customer servicing is focused on provision of quality services to a customer in a friendly environment, respecting his time and needs.

### Honesty

- An employee performs his duties honestly, radically responds in the event of anyone's dishonest actions so that to promote confidence in the enterprise that is based on each employee's self-dependence and decency.

### Integrity

- An employee shall be honest in relations with his employer, customers, business partners as well as restrain from fraudulent and corruptive actions and prevent occurrence of conflicts of interests.



## Core values of the enterprise

The Code of Ethics of Rīgas ūdens sets forth the core values of Rīgas ūdens:



### Sustainability:

- achievement of the strategic goals set by the enterprise and efficient resource management to ensure long-term growth, providing quality and reliable public water management services to inhabitants of Riga and promoting financial sustainability. The capital company is permanently focused on the improvement of its operations, search for new ideas and technologies as well as strives for perfection;

### Responsibility:

- Rīgas ūdens performs its duties in a responsible manner in accordance with the agreement entered into with the Riga Municipality on the provision of public water management services in the administrative territory of Riga City and ensures responsible use of water resources that are important to Riga and management of strategically important infrastructure;

### Safety and environmental impact:

- Rīgas ūdens identifies, evaluates and monitors risks related to its activities, thus guaranteeing safe public water management services. The enterprise complies with the requirements of regulations on environmental protection to decrease its impact on the environment, provide water management services that are safe to inhabitants and environment.

### Professionalism and efficiency:

- Rīgas ūdens provides public water management services in a professional manner and works efficiently, striving to organise its work in compliance with economic feasibility or LEAN principles.

### Transparency and integrity:

- Rīgas ūdens publishes important financial and non-financial and other information in accordance with the requirements of regulations as well as ensures availability and transparency of information as one of its values that serves as a basis for the relations between the Riga Municipality and enterprise with stakeholders and society as a whole. Rīgas ūdens provides only accurate a verified information and is honest in relations with employees, customers, business partners and other third parties;

### Stability:

- Rīgas ūdens acts in a strategically important and stable sector and is focused on long-term development, creating for an employee environment associated with work stability and social protection.

## Values of the enterprise



## Strategy and non-financial goals

By decision of the Riga City Council No. 720 dated 07.07.2021 "On direct participation of Riga Municipality in the preservation of SIA "Rīgas ūdens", the following enterprise's strategic goals have been established:

To ensure and provide quality and reliable water management services, to ensure sustainable and safe use of water resources that are important for Riga and management of strategic infrastructure as well as to increase involvement of inhabitants in prevention of water pollution.

By decision No. 938 dated 06.10.2021 "On the establishment of specific non-financial goals for SIA "Rīgas ūdens", the specific non-financial goals were established for SIA "Rīgas ūdens" to implement the policy in the area of centralised water supply and sewage that result from the general strategic goal set by the Company, regulations and policy planning documents and are related to the performance of functions established for the public person, i.e.:

- to develop the use of public water management services, improving their availability and increasing the specific weight of inhabitants' connections, thus ensuring a quality human environment, decreasing environmental pollution and promoting fulfilment of the requirements of the EU directives relating to water management;
- to promote wastewater management sustainability, improving

the quality and efficiency of wastewater treatment, decreasing the impact of the climate change and its negative impact on the environment;

- to provide users of public water management services with flawless and safe services, improving the quality of customer services, balancing the interests relating to the environmental protection, sustainable use of natural resources, public environment and economic interests;
- to improve the management of strategically important water management infrastructure, modernising technological processes and infrastructure if possible, maintaining "green" infrastructure during the time of water management infrastructure rebuilding, improving the efficiency of processes and energy efficiency and contributing to the rational use of natural resources;
- to strengthen its capacity in the area of research, development and digitalisation, including participation in the smart city solution development if possible as well as in the innovative eco-system projects, cooperating with the municipality in the development, implementation of ICT solutions and availability of open data;
- to improve qualification, motivation of employees quality of work environment;
- to raise public awareness about environmental and water management sector, particularly promoting "green" thinking

and environmentally-friendly lifestyle in the area of water management, involving in the environmental problem-solving, supporting and promoting the use of "tap" potable water, raising public awareness about the enterprise's role in the environmental protection.

Rīgas ūdens will achieve the strategic goals in compliance with its medium-term strategy 2022 - 2024 developed by the government and being agreed upon at the moment of preparation of the Report.

## Financial goals

In 2021, Rīgas ūdens also had important medium-term financial goals to achieve to promote its financial sustainability and long-term increase in the value of the Company:

- financial stability, maintaining relevant liquidity parameters. To ensure that the equity is not less than 35% of the total value of assets;
- return on assets, ensuring stable annual profit. During the rate period, the average net return on assets to be not less than 5.8%;
- the average total investments are to exceed total depreciation;
- more efficient collection of account receivables, bad and doubtful account receivable ratio to net turnover not to exceed 3.0%.

Achievement of strategic goals

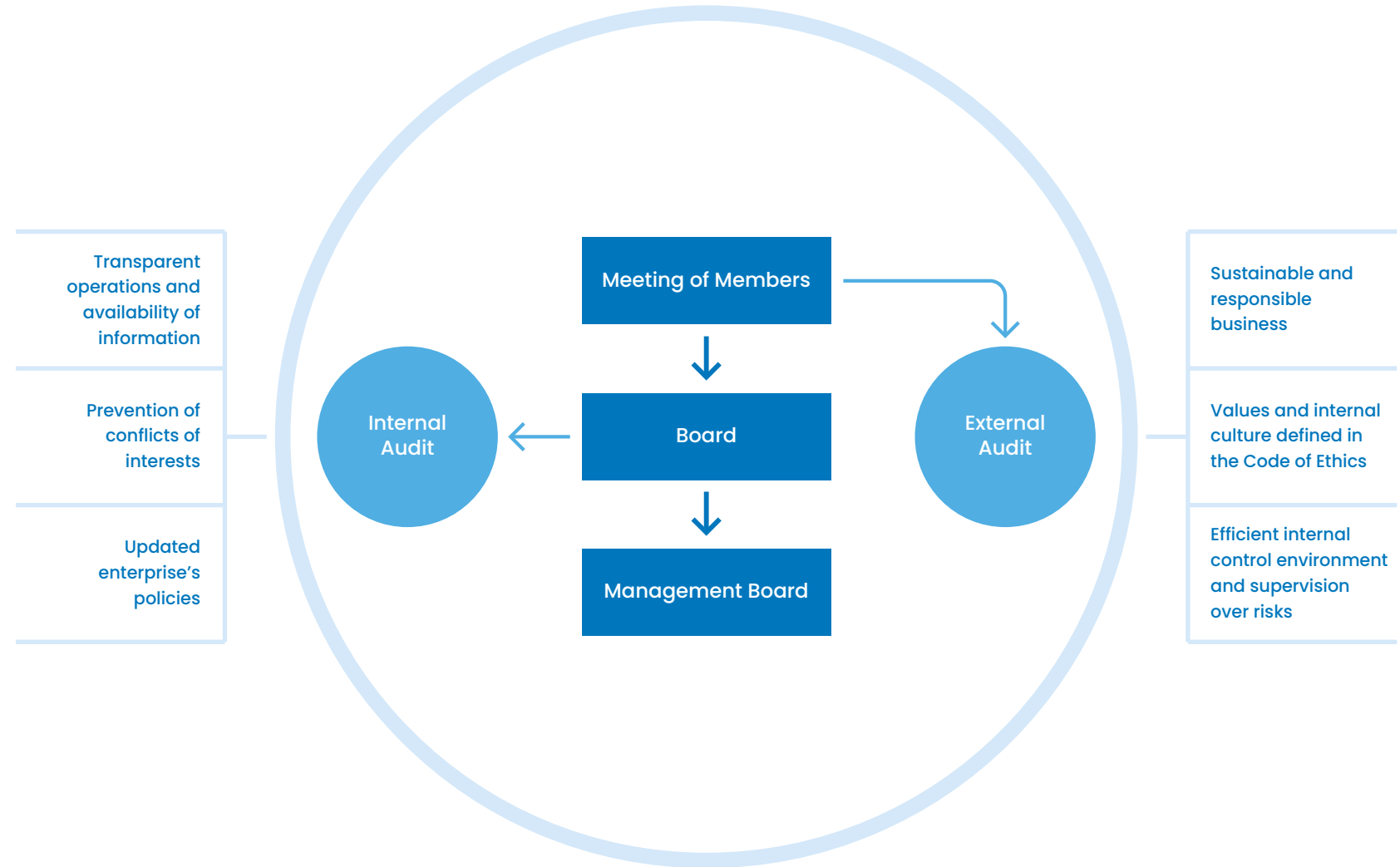




## Management model

Rīgas ūdens is an enterprise that belongs to Riga Capital City Municipality, being the holder of 100% of its capital shares. Decisions that fall within the competence of the Meeting of Members are adopted by a representative of the shareholder whose powers are exercised by Executive Director of Riga City. Draft decisions on company's plans concerning municipal interests in terms of environmental and social aspects are considered by the Riga City Council's Housing and Environmental Committee, and the decisions are adopted at the meeting of the Riga City Council by a majority vote of deputies.

The Rīgas ūdens' governance model is created in compliance with the good practice of corporate governance, distinguishing strategic and operative management. The enterprise is managed by the Meeting of Members, Board and Management Board. In accordance with the statutes of Rīgas ūdens, the Management Board consists of three members, the Board consists of three members as well.



## Prudent approach and principles used by the enterprise

The Risk Management Policy approved by Rīgas ūdens stipulates that if the enterprise is exposed to a possible risk, it has to act prudently as causes and consequences of the treat initially cannot be determined precisely. The capital company may take risks only in previously known areas, restraining from excessive risks in any of them. If the risk is high, immediate measures are taken to mitigate the risk, limitation are set or a risky action is not taken.

## Risk management

The risk management system is an important integral part of the strategic and operations management of the Company that unites all existing risk management components, starting with strategic planning to daily processes. As part of risk management, coordinated actions are taken to identify existing and possible risks, their development scenarios, causes of risks, probability analysis of impact and occurrence, determination and implementation of controls needed to mitigate the risks. Risks are analysed by all structural units of Rīgas ūdens, considering the goals and tasks in the strategic goal achievement. The Company's Management Board is involved in the determination of measures for material risk mitigation. At least once a year, a report on risk monitoring is submitted to the Board.

## Capital company's risks

Strategic risks	Environmental risks	Operational risks	Financial risks	Legislative risks
Risks that threaten the achievement of the Capital Company's strategic goals due to the impact of various external factors (political, demographical, social, technological and macroeconomic risks).	Risks associated with the achievement by the Capital Company of its non-financial goals relating to the environmental protection and impact of its activities on the environment (risks associated with technological processes affecting the environment, risks associated with changes in environmental regulations and development, risks associated with energy efficiency and notification on environmental issues).	Risks associated with non-compliant or incomplete internal processes, human or system activities or impact of external circumstances on service provision (risks associated with management, technological processes, information systems and resource safety, personnel, process management, going concern, corruption and conflict of interests, data protection, reputation and internal work environment).	Risks associated with financial planning and management as well as possible changes in the financial area that may cause significant differences between planned and actual expenses (risks associated with financial receipts, expenses, cash flow and credit risks).	Risks associated with possible changes in regulations that govern Capital Company's activities (except for the risks associated with changes in the Environmental Regulations).
Main risk management tools				
Awareness of changes in external factors and development trends and their analysis when planning the strategy for Capital Company, providing for possible action models.	An implemented hydraulic parameter monitoring system that allows to objectively determine significant water leakages and to warn on emergencies in the water-supply systems automatically. Sewage system and choke monitoring. Planned infrastructure renovation. Rain monitoring system to decrease the emergency sewage discharges. Noise and smell monitoring at Biological Treatment Plant "Daugavgrīva". Introduced automatic electricity consumption monitoring system for major energy resource consumers.	Implemented corporate governance principles in all areas and at all structural organisation levels. Precisely defined roles, powers and responsibilities. Implemented internal control system that covers company's process management, risk management, system for preventing corruption and conflicts of interests, organisation of data protection system and work protection.	An existing procedure for the preparation of budget, including a reserve for unexpected expenses. The deviation of the volume of actually sold services from the volume planned in the budget is constantly monitored. To ensure successful use of investments, a procedure for strategic project management is developed. A procedure for debtor monitoring is developed. Financial planning is ensured to ensure that current assets to current accounts payable ratio is not less than 1 as well as a liquidity control takes place each month. The lending market as well as political situations that may affect the borrowing opportunities of capital companies of Riga Municipality are constantly monitored.	Regular monitoring of legislative trends and changes in the legislation affecting the Capital Company's activities is regularly monitored ensuring that the necessary data is entered. Participation in the working groups that develop binding regulations providing necessary information and recommendations.

## Internal control system

SIA "Rīgas ūdens" has a developed internal control system (considering the COSO standards). Three main internal system goals are: Efficiency of Rīgas ūdens's working processes, reliability of provided information, compliance of its activities with regulations. To achieve the above goals both at the corporate and functional level, internal control system components: control environment, risk assessment, control measures, information provision and communication as well as monitoring, are continuously improved.

### Control environment

Rīgas ūdens promotes business based on principles of good faith, compliant with ethical standards as well as takes necessary actions to eliminate the risks associated with fraud and corruption and ensure improvement of the control environment. The enterprise's organisational structure is created so that to facilitate achievement of the goals and fulfilment of tasks, ensuring an efficient decision-making process, delegation of responsibility and a clear process for submitting performance reports on the achievement of planned results of activities.

### Notification

includes both internal and external notifications on financial and non-financial activities. Internal notifications contain precise and complete information for the Rīgas ūdens's management to make decisions and to monitor activities. In their turn, external notifications notify the member and other stakeholders on enterprise's financial status and results of its activities.

### Compliance

Rīgas ūdens operates in compliance with external and internal regulations. Internal regulations and their compliance with the external regulations are regularly reviewed, possible risks are identified and evaluated and relevant additional controls are developed.

### Risk assessment

Rīgas ūdens regularly considers possible risks and continuously improves the process of risk management and monitoring, risk assessment is integrated in all processes relating to the governance of the enterprise. Risks are regularly identified, assessed, responded to, and risk management process is continuously monitored and subject to reporting.

### Control measures

Rīgas ūdens introduces such control measures that ensure fulfilment of tasks and management's orders and compliance with the requirements of regulations at all organisational levels and functions. Rīgas ūdens has developed and complies with the Policy for Preventing Corruption and Conflicts of Interests that serves a basis for the risk control environment at the enterprise.

### Exchange of information and communication

The internal information circulation and control systems ensure verified and precise information for both internal communication and external users. Rīgas ūdens ensures reliable, relevant, timely, updated, precise, documented and available information. The internal information circulation and communication system ensures notification of employees at Rīgas ūdens of goals to achieve, internal regulations, ethical principles of Rīgas ūdens.

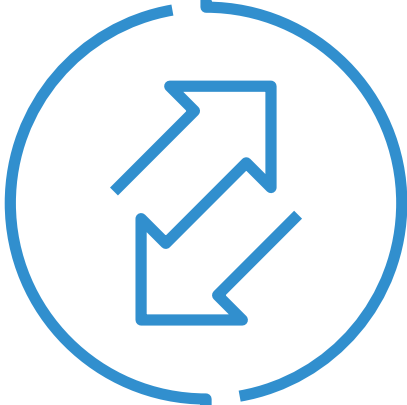
### Supervision

The enterprise's management is responsible for regular control assessment and improvement, in its turn, the management's activities are supervised by the Board. During the internal audit the efficiency of control is examined and assessed, an external auditor provides his opinion on the accuracy and compliance of financial reports. All supervisory bodies act independently.

### Internal Audit

Since 2020, the Company has involved a qualified external service provider to perform the internal audit function. The Company has also developed a strategic plan for the internal audit for 2020 – 2024. The internal audit reports to the Board.





## Engagement of stakeholders

Rīgas ūdens performs functions in the area of water supply and sewage delegated by the municipality, and the enterprise's activities involve four main functional processes for the provision of services:

- **Water extraction, impoundment and preparation before the supply to the centralised water-supply system;**
- **Water supply from the place of supply in the centralised water-supply system to the border of belonging;**
- **wastewater collection in the centralised sewage system (except for water collection in storm drain system) from the border of belonging to the wastewater treatment facilities;**
- **wastewater treatment and disposal to the environment, including the surface water bodies.**

In each of the above processes stakeholders are identified, and this process took place in 2021, when Rīgas ūdens developed its first sustainability report.

The internal stakeholders are employees, the Management Board and Board as well as the shareholder and its representative.

The external stakeholders can be divided into four groups:

1. Suppliers, service providers
2. Customers
3. Regulatory and supervisory bodies
4. Business partners

Cooperation with the stakeholders takes place at various levels:

**consultations** – clarification of important issues;

**conversations** – collective discussion;

**involvement** – exchange of opinions without joint decision-making and cooperation;

**partnership** – joint decision-making and cooperation. The Shareholder, Board, Management Board are at the partnership level; the Employee are at the communication and consultation level.

The cooperation with the external parties is mostly at the involvement level. The external stakeholders and their involvement in main processes (Rīgas ūdens's value chain):

Regulatory and supervisory bodies	C
Suppliers of goods and services	A1
Water-supply and sewage system services	A2, A3
Design service providers	A4
Customers	B
Sludge disposal companies	A5
Educational institution, research institutes	D1
NGO	D2
Other infrastructural enterprises	D3

## Identified sustainable areas, their description

<b>A</b>	<p>Employees' satisfaction and development</p> <p>Inclusive and non-discriminative work environment, including relevant wages. Improvement of Employees' competences, career development and knowledge continuity is ensured.</p>
<b>B</b>	<p>Employees' occupational health and labour safety</p> <p>Registration, analysis of accidents and occupational diseases, preventive measures for their elimination or mitigation of consequences, including health insurance. Compliance with the requirements of regulations in the area of labour protection;</p>
<b>C</b>	<p>Fair and ethical business</p> <p>in accordance with the requirements of the regulations of the Republic of Latvia, particularly transparent and fair involvement of stakeholders, communication and cooperation. The enterprise's activities and cooperation with stakeholders take place in compliance with the requirements to ethical behaviour, fair entrepreneurship and regulations, preventing internal collusions, misuse of market conditions, conflicts of interests and other unfair activities. Preventive measures are taken (particularly policies and procedures are developed) to eliminate these risks.</p>
<b>D</b>	<p>Information and data protection</p> <p>The enterprise has introduced and complies with information principles, using relevant systems, defined procedures and policies.</p>
<b>E</b>	<p>Quality services</p> <p>The services provided by the enterprise are quality, timely and reliable. The services correspond to customers' needs, are safe and do not negatively affect customers' health.</p>
<b>F</b>	<p>Availability of water and sewage services</p> <p>Enterprise's services are available to all who wish to receive those within the territory managed by Rīgas ūdens. Economic availability means that the price of services (rates), including expenses relating to the connection corresponds to the inhabitants' ability to buy such services.</p>
<b>G</b>	<p>Water supply and treatment process efficiency.</p> <p>The processes are organised highly efficiently, i.e. with as minimum energy and resource consumption as possible. Process optimisation, authorisation and digitalisation measures are taken.</p>
<b>H</b>	<p>Contribution to the country's economy</p> <p>Enterprise's profitability, contribution to the country's economy in a form of taxes, dividends, workplaces, investments.</p>

<b>I</b>	<p>Consumption of resources and energy</p> <p>The enterprise systematically monitors the volume of resources and energy used as part of its activities, alternative solutions for decreasing the impact on the environment (in addition to requirements to external regulations) are searched for.</p>
<b>J</b>	<p>Correspondence to the requirements to environmental protection</p> <p>The company complies with the requirements to environmental protection defined in the regulations, however, additional measures are not taken to decrease the negative impact on the environment.</p>
<b>K</b>	<p>The pollution resulting from the operations (water, noise, emissions)</p> <p>The enterprise accounts for the impact on the environment resulting from its activities and purposefully takes measures to decrease this impact (in addition to the requirements of regulations).</p>
<b>L</b>	<p>Involvement in the sectoral policy-making - active civil involvement</p> <p>The enterprise is actively involved in the sectoral policy-making, giving recommendations to public governance institutions and protecting its interests. Active participation in the business and sectoral associations.</p>
<b>M</b>	<p>Support of the local community</p> <p>The enterprise takes measures, by contributing its time, money or knowledge (unrelated or indirectly related with its business needs) to improve the environment in Riga or its surroundings, support public activities.</p>
<b>N</b>	<p>Contribution to the development of infrastructure</p> <p>The enterprise regularly and purposefully makes contributions to renovate and modernise obsolete infrastructure and expand the existing network.</p>
<b>O</b>	<p>Promotion of sustainable and green thinking</p> <p>The enterprise takes measures to raise public awareness, to promote sustainability and introduction of environmentally-friendly habits in the public daily life.</p>
<b>P</b>	<p>Customers' satisfaction with the provided services</p> <p>It is important for the enterprise to receive feedback and satisfy customers' needs. Quality customer service is ensured, including responsive personnel and handling received applications in a timely manner.</p>
<b>R</b>	<p>Efficient decision-making and management in case of an accident</p> <p>Timely and efficient communication in relation to accidents; timely decision-making in case of accidents.</p>

## The result of involvement of internal and external stakeholders – important sustainability areas

As a result of involvement of stakeholders and formation of an importance matrix, areas located outside the mean influence line have been excluded from the initial list, the less important areas included contribution to the country's economy (H) and support of the local community (M).

Therefore, for the development of Rīgas ūdens's sustainability report, 15 important sustainability areas have been determined, including aspects relating to the enterprise's economic responsibility, environmental and social impact (including those relating to employees and work environment, public and responsibility for the services).

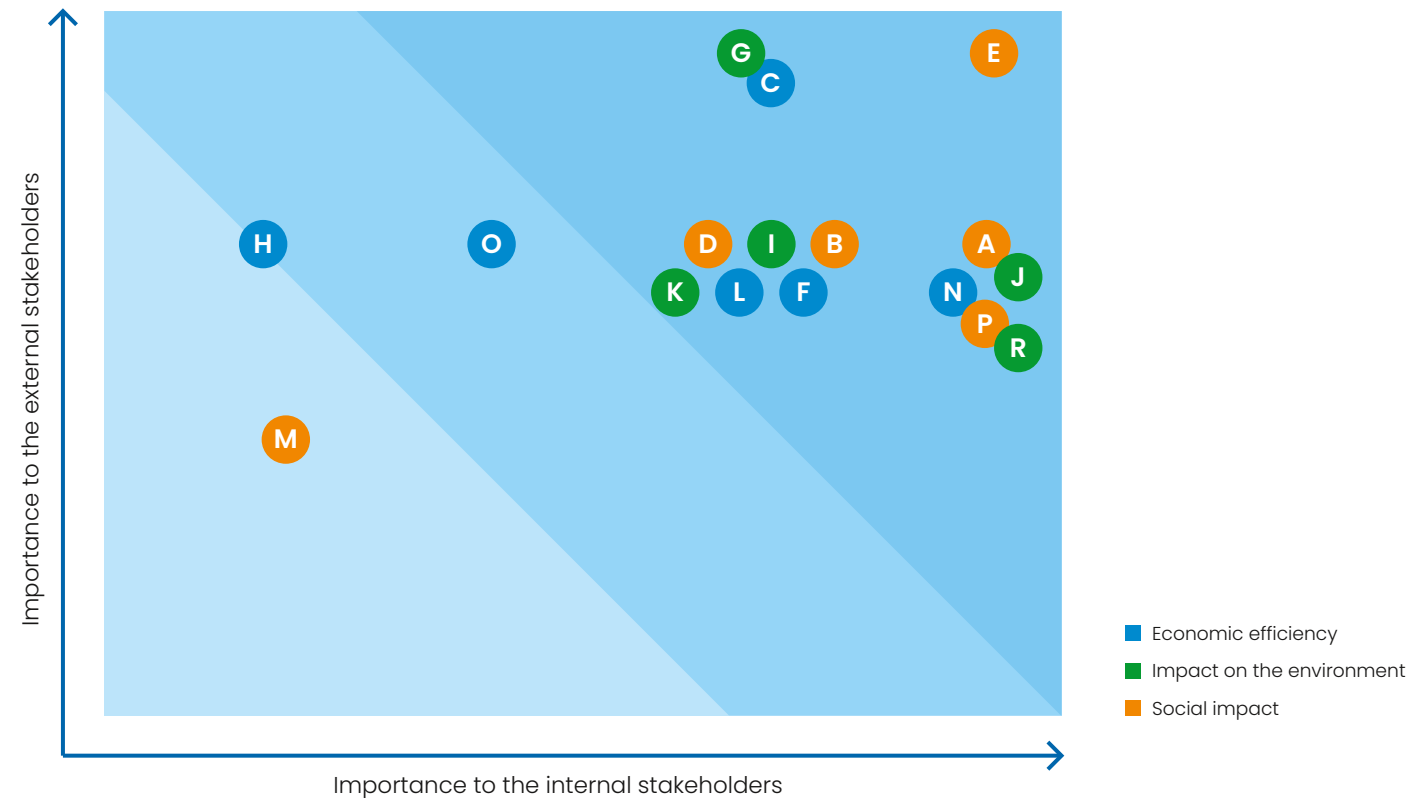
Simultaneously, it was established that additional sustainability areas that can be included in the sustainability report and established goals and that do not directly included in any UN goals are:

- Customers' satisfaction with the provided services;
- Efficient decision-making and management in case of an accident;
- Information and data protection.

Rīgas ūdens reports about the above areas using indicators RŪ-1, RŪ-2 and RŪ-3.

Rīgas ūdens includes the above areas in the sustainability report too as decision-making in case of an accident is important considering both environmental aspects and overall impact on customers' satisfaction with the services provided by the enterprise.

Stakeholder involvement and importance matrix



## Management's approach

Created and distributed economic value

Rīgas ūdens plans and implements such a business model and approach to the provision of services that allows to achieve its goals related to the renovation of the water management infrastructure, technological development and implementation of modernisation projects as well as to the quality of water management services. The society is to achieve growth in the number of inhabitants served by the centralised system, by increasing the number of connections to both centralised water-supply system and central sewage system. The need in higher potable water quality standards and compliance of treated wastewater with the environmental requirements will be balanced by water management service costs, implementing a socially responsible policy. Fulfilling the tasks provided for by the Rīgas ūdens's medium-term strategy for 2022-2024, efficient management of the enterprise will be ensured, by making technologically and economically viable changes in the rates in the next few years, which is necessary for efficient water management service provision.

In the area of water management, the priority is to supply inhabitants of Riga with high quality potable water, taking measures to improve the quality.

intensifying the water-supply system renovation and water-supply system purging; a sustainable model for future development of sources of water and water-supply system in Riga will also be developed and works on its implementation will be commenced.

## Economic parameters

In 2021, Rīgas ūdens ensured the provision of water management services defined in the Public Service Agreements and took a range of measures relating to the infrastructural, technological, customer services and service provision development and improvement of their efficiency.

In 2021, the receipts from water management and sewage services increased by 0.02% amounting to EUR 54.06 million of total receipts as compared to 2020. In 2021, the net turnover increased by 0.32% amounting to EUR 55.83 million of total receipts as compared to 2020.

In 2021, the cost of production increased by 5.98% amounting to EUR 48.93 million of total receipts as compared to 2020.

In December 2021, Rīgas ūdens submitted to the Public Utilities Commission new rates for the Water Managing Services, planning - their 22.64% growth. Before the new rates come into force, the rates for water management services approved by the decision No. 48 dated April 26, 2018 of the Public Utilities Commission will be applied:

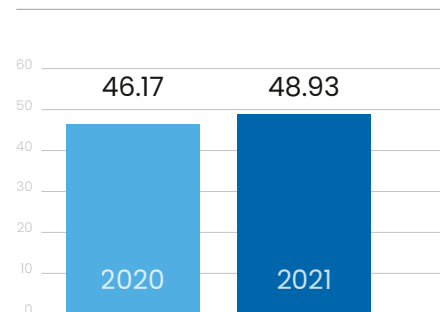
- water supply service rate of 0.85 EUR/m<sup>3</sup>, including:
- water production 0.27 EUR/m<sup>3</sup>;
- sewage service rate of 0.74 EUR/m<sup>3</sup>,
- including wastewater treatment 0.33 EUR/m<sup>3</sup>;
- water supply and sewage total (without VAT): 1.59 EUR/m<sup>3</sup>

## Tax payments

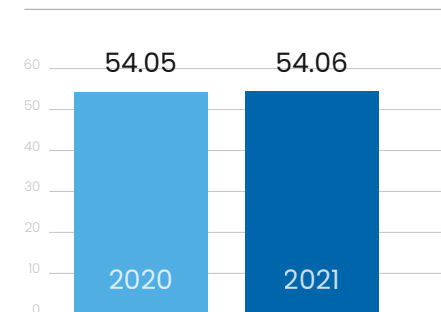
Rīgas ūdens is one of the major taxpayers in Latvia, in 2021, payments to the Latvian state and municipal budgets totalled to EUR 17.34.

In 2021, Rīgas ūdens did not pay dividends, as according to the decision made by the Meeting of Members dated 03.06.2021 on the evaluation of results of the enterprise's operations in 2020 and approval of the report, in 2020, the Rīgas ūdens's profit totalling to EUR 8,097,791 was retained and spent on provision of public water management services and business development.

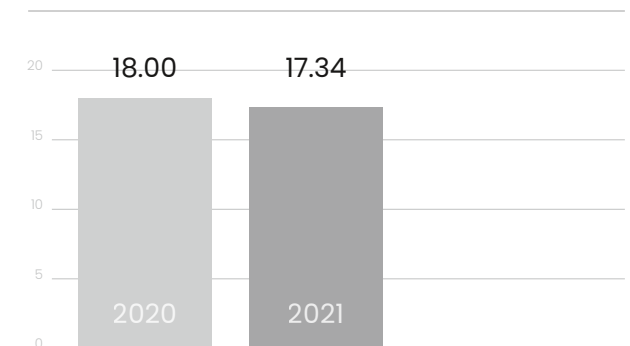
Costs for production of the sold products 2020 and 2021 (million EUR)



Receipts from water supply and sewage services in 2020 and 2021 (million EUR)



Taxes paid to the state budget in 2020 and 2021 (million EUR)



## Impact of procurement Enterprise's value chain

To support its economic activities, Rīgas ūdens buys electricity, energy resources as well as various construction works, goods and services. For the most part, Rīgas ūdens buys the needed products from Latvian supplier and service providers. The enterprise arranges open procedures for procurement in accordance with the requirements of regulations of the European Union and Republic of Latvia, and any candidate that meets the established requirements and is able to deliver the subject matter of a procurement contract (construction works, services or goods) may participate.

### Major suppliers:

- providers of energy resources;
- providers that deliver materials for the construction and repair of the system.
- service providers that perform repair of the system
- maintenance and repair of various installations.

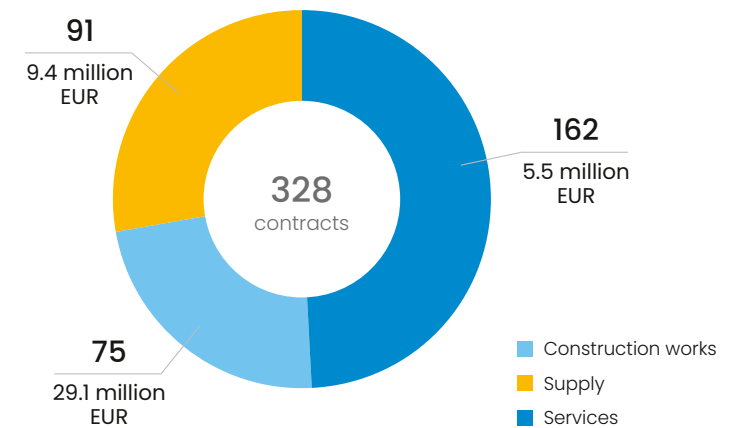
In the process of procurement, Rīgas ūdens complies with the Law "On the procurement of public service providers", and if the planned contractual price is below the threshold provided by the Cabinet of Ministers for the application of the Law "On the procurement of public service providers", procurement principles established by the Law "On the procurement of public service providers" are applicable. Law, guidelines provided by the Procurement Monitoring Bureau resulting from the Directives

2014/24/EU and 2014/25/EU of the European Parliament and of the Council as well as the Rīgas ūdens's procedure for procurement developed in accordance with the principles and requirements of the above external regulations. The above unified guiding principles for the procurement promote the enterprise' sustainable growth and the most efficient use of funds and also stimulate competition among suppliers and compliance with the principle of transparency and equality.

Simultaneously, the enterprise digitalises the process of procurement, all documents related to the procedure for procurement, including commission's minutes and lists are maintained only electronically, therefore, ensuring a more efficient process and environmentally-friendly approach. Similarly, in accordance with the provisions of the Law "On the procurement of public service providers", Rīgas ūdens applies so called "green" procurement to individual procurements, making efforts to purchase goods and services having as minimum impact on the environment as possible considering the life cycle expenses for products or services with the same primary function. The capital company has not developed additional criteria to the external regulations to evaluate suppliers' sustainable impact, i.e. social impact and impact on the environment.

In 2021, as a result of procurement 328 contracts were made totalling to more than EUR 44 million (without VAT). For the most part, these expenses include investments in the renovation of water-supply and sewage system and sewage pumping station and wastewater treatment.

The areas in which the contracts were made and scope in EUR





## Corruption prevention

Rīgas ūdens is for lawful, faithful, open and transparent operations, ensuring employees' rights to free expression of their opinions and suspicions with regard to illegal or unethical actions and protecting their rights not to be persecuted in this case.

Rīgas ūdens understands the danger of corruption and takes various measures to prevent cases of corruption.

Rīgas ūdens's anti-corruption management provides for five anti-corruption measures:

- identification risks associated with corruption;
- development of an anti-corruption measurement plan and control over performance;
- employee training in the area of anti-corruption measures;
- identification of positions that are exposed to higher risks associated with corruption and implementation of additional controls;
- creation of a whistleblowing system for the possible cases of corruption.



For the corruption risks not to result in corruption, Rīgas ūdens has developed the plan for anti-corruption measures. The plan covers possible corruption risks, their assessment, measures for the limitation of corruption risks, persons responsible for taking measures and deadlines for taking measures.

Rīgas ūdens organises regular employee training in the area of anti-corruption measures as well as arranges examinations to test their knowledge to the extent of the results of training.

In 2021, Rīgas ūdens arranged a range of trainings in the area anti-corruption measures, differentiating various topics and content for different groups of employees. As the enterprise improved the internal communication website ZINI, the employees were able to listen to the lecture on anti-corruption measures and to pass the final test remotely by using the offered opportunities. The test was successfully passed by 675 employees, while 37 did not participate in the examination due to viable reasons (long-term absence, maternity leave, illness).

Rīgas ūdens pays special attention to the positions exposed to high corruption risks, assessing those by using the existing methods, as well as paying attention to individual circumstances and functions where the corruption risk is the most possible. Special practical training for employees whose responsibilities are related to the organisation of the procurement process. Rīgas ūdens created a whistleblowing system for the cases of occurring corruption risks.

## Management's approach

### Environmental protection

Sustainable management of water resources, guaranteeing quality water to consumers and ensuring treatment of wastewater, has always been one of the most important principles of Rīgas ūdens's activities. In the course of provision of water supply services, the greatest challenge is service provision in an environmentally-friendly and socially responsible manner, simultaneously achieving economic growth as a result of activities.

Rīgas ūdens's priorities in the area of environmental protection is rational and efficient use of natural resources, movement towards wider use of renewable resources while maintaining biological diversity, which corresponds to the UN sustainable development measures. Rīgas ūdens's operations are governed by a range of regulations resulting from the EU Directives that define actions in the area of water resource policy, requirements to the quality of potable water, conditions for treatment wastewaters and allowable standards for disposal to the environment.

To meet requirements provided for by environmental regulations, Rīgas ūdens actively cooperates with state environmental authorities, fulfilling conditions of permits for polluting activities, providing information relating to the environmental protection, organising assessment of impact on the environment as well as consulting on environmental protection issues.

Rīgas ūdens's policy includes the principles of compliance and internal control for the enterprise's activities to be performed in compliance with the requirements to the environmental protection. As soon as in 2020, the development of the general risk management system covering management of all risks in the area of enterprise's activities, including understood and identified environmental risks, was commenced. In this case, the environmental risks are risks associated with the achievement of non-financial goals and

mitigation of impact on the environment (risks associated with technological processes that affect the environment, changes in the environmental regulations and compliance, risks associated with energy efficiency and environmental issue communication). To improve the approach to the environmental protection and resource preservation issues applied by the enterprise, in 2021, by decision of the management of Rīgas ūdens movement towards the implementation of ISO 14 001 was commenced.

Thanks to the responsible approach to the resolution of environmental issues and modernisation of the sewage pumping station, since 2020, Rīgas ūdens has managed to significantly decrease the volume of wastewater discharged through its so called emergency outfalls.

When determining Rīgas ūdens's significant areas of sustainability that cover economic responsibility, environmental and social impact aspects (particularly in relation to employees and work environment, society and responsibility for the service), it was established that stakeholders deem that additional areas of sustainability that are not directly included in the UN goals and do not have a relevant GRI indicator are important:

- customers' satisfaction with the provided services (indicator RŪ-1);
- efficient decision-making and management in case of an accident (indicator RŪ-2);
- information and data protection (indicator RŪ-3).

Rīgas ūdens includes the above areas in the Sustainability Report and explains the approach to and results of decision-making in case of an accident in the Environmental Aspect Section as decision-making in case of an accident is important considering both environmental aspects and overall impact on customers' satisfaction with the services provided by the enterprise.

### Energy consumption by the enterprise

The Law "On energy efficiency" stipulates that Rīgas ūdens's responsibility is to ensure continuous energy consumption assessment process to control and decrease the energy consumption, covering at least 90% of the major enterprise's total energy end-consumption, as well as to annually report to the responsible authority on measures taken to improve the energy efficiency and resulting energy savings. To meet requirements of the Law "On energy efficiency", to achieve the energy efficiency goals and plans, in 2017, Rīgas ūdens implemented a certified energy management system.

### GHG emissions

To estimate Rīgas ūdens's GHG emissions, regulations of the Cabinet of Ministers No. 42 "Method for estimation of greenhouse gas emissions" and regulations of the Cabinet of Ministers No. 222 "Methods for estimation of energy efficiency of buildings and regulations for energy certification of buildings" as well as the methodological approach described in the Corporative Standard of the Greenhouse Gas Protocol are applied adjusting to the enterprise's operation. Annual estimation covers the emissions occurring in the course of enterprise's economic activities and measures to further decrease the volume of GHG emissions are defined.

### Projects co-financed by the EU Cohesion Fund

Since 2004, Rīgas ūdens implements the following projects "Water management development in Riga" co-financed by the EU Cohesion Fund, constructing new centralised water-supply and sewage systems in a range of neighbourhoods of Riga. As the main goal of the project is to construct the water-supply and sewage system in the greater wastewater agglomeration territory of Riga City and it considerably affects the environment, Rīgas ūdens reports on the course of the project co-financed by the EU Cohesion Fund.

## Energy consumption

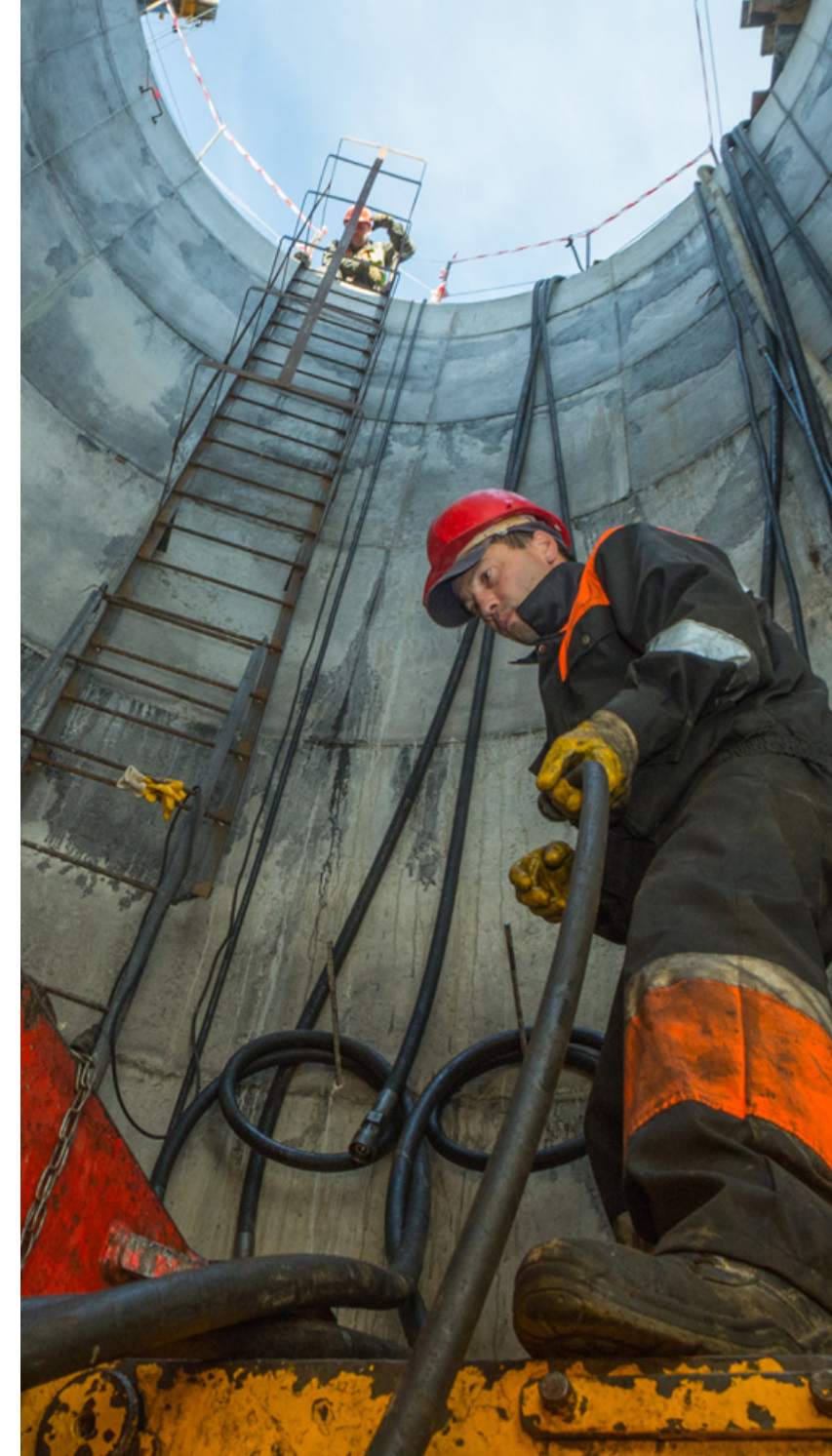
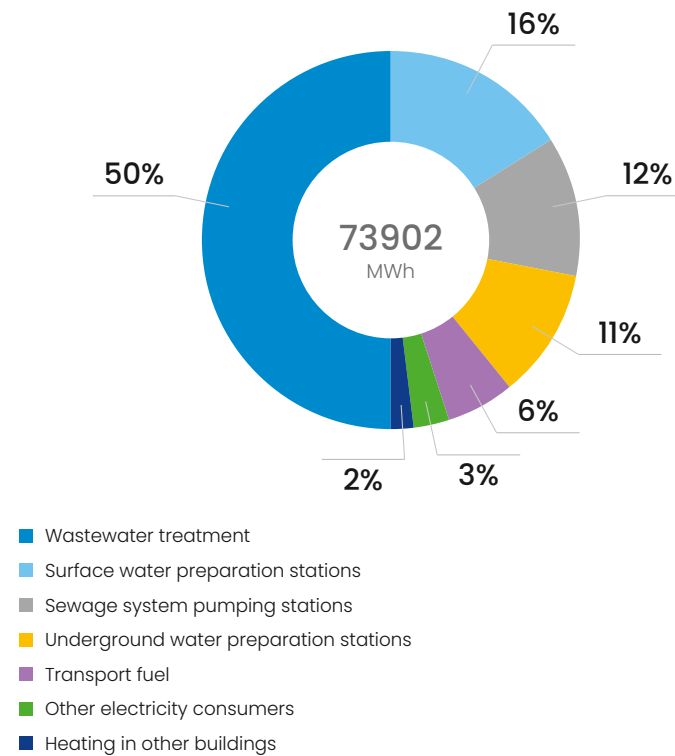
To meet requirements of the Law "On energy efficiency", to achieve the energy efficiency goals and plans, in 2017, Rīgas ūdens implemented a certified energy management system compliant with ISO 50001.

The goal for the implementation of the energy management system is:

- to ensure compliance of the energy management system with the regulatory requirements;
- to achieve the goals in the area of energy efficiency defined in the Rīgas ūdens's medium-term strategy for 2019 - 2022;
- to create, implement and independently develop an efficient energy management system and to optimise use of energy in the production and self-consumption areas;
- to show customers an internationally recognised approach in the energy efficiency improvement area;
- to support procurement of energy efficient products and services and in some cases, to consider an opportunity to include measures for improvement of energy performance in the terms of reference relating to design procurement.
- to create favourable pre-conditions for attraction of financial investments.

In December 2021, Rīgas ūdens conducted the second monitoring audit of the energy management audit in accordance with the requirements of ISO 50001:2018.

Areas of significant energy consumption on average in 2020-2021



## Emissions

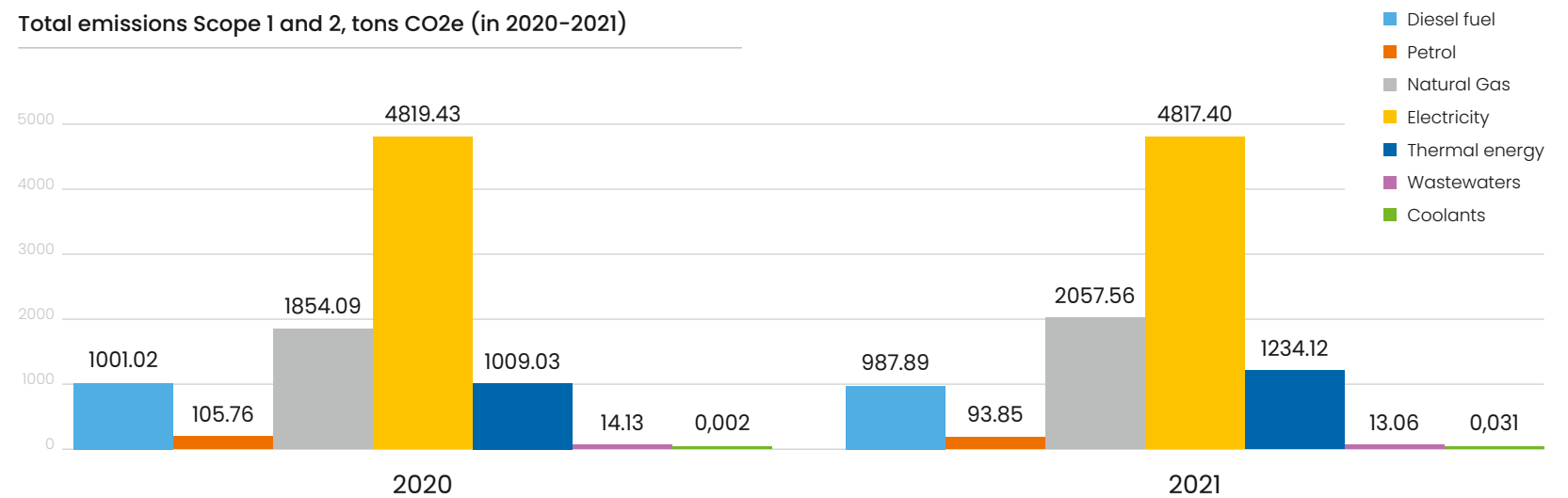
Understanding and evaluation of emissions resulting from Rīgas ūdens's is very important to identify the enterprise's most CO2 intensive activities and to plan further activities, to decrease the impact of the emissions on the climate change. Rīgas ūdens estimated the volume of direct and indirect emissions corresponding to the Scope 1 and 2 of the Greenhouse Gas Protocol.

In performance of its function in the area of water-supply and sewage services delegated by the municipality, provision of public water managements services involves interrelated processes ensured by a range of the enterprise's structural units. The scope of estimation of CO2 emission by Rīgas ūdens includes all production and administrative structural units:

- Underground and surface water extraction, preparation and supply service
- Sewage system pumping station service
- Biological treatment plant "Daugavgrīva"
- Administration, customer support centres

Consolidation criteria for the evaluation of impact of CO2 emissions at the level of enterprise is financial control and performance control. The results are consolidated corresponding to the performance control at the level of enterprise, thus considering 100% of emissions. The estimation includes direct and indirect GHG emissions, i.e. emissions related to energy generated as a result of enterprise's activities and process emissions (wastewaters).

Total emissions Scope 1 and 2, tons CO2e (in 2020-2021)



Total emissions Scope 1 and 2, tons CO2e

	Emissions in 2020, t CO2e	Emissions in 2021, t CO2e
Diesel fuel	1001,02	987,89
Petrol	105,76	93,85
Natural gas	1854,09	2057,56
Emissions from electricity	<b>4819,43</b>	<b>4817,40</b>
Emissions from thermal energy	<b>1009,03</b>	<b>1234,12</b>
Process emissions (wastewaters)	14,13	13,06
Coolants	0,002	0,031
<b>TOTAL</b>	<b>8803,46</b>	<b>9203,92</b>

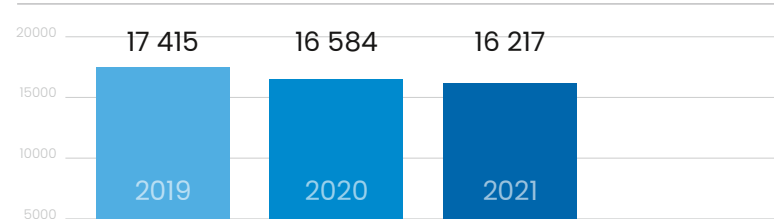


# Water supply and treatment process

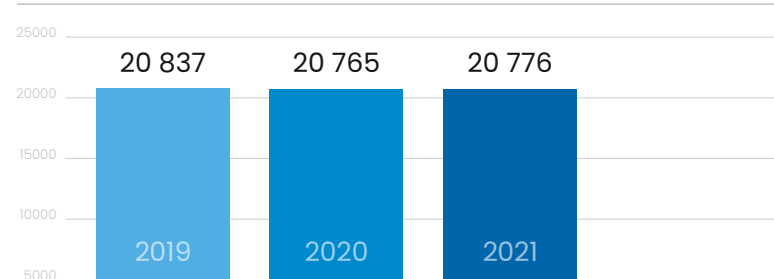
## Water extraction

The volume of water needed for the water supply is obtained in six municipal sources of water used as surface and underground water storages. The majority of potable water consumers from the left bank of the Daugava river get water from the Daugava river in the area of Riga's HPP. The deepest waters of the river are taken and delivered through pipelines by using a pump to the "Daugava" water station where it is prepared in compliance with the requirements to quality of potable water with the use of chemicals, purified, disinfected, settled and filtered several times. Ozone is used to disinfect the water. The capacity of the "Daugava" water station is 210 thousand m<sup>3</sup> daily

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



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



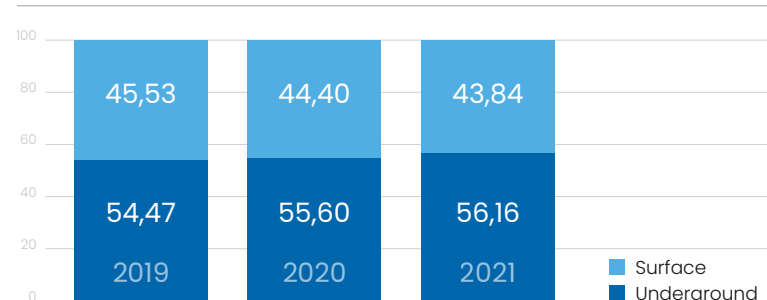
potable water. The quality of prepared water and safety of the station correspond to the requirements of regulations.

The underground source of water "Baltezers-Zakumuiza" is used for centralised water supply to consumers who live on the right embankment of the Daugava river. The water is extracted from five municipal sources of water. The capacity of the underground source of water "Baltezers-Zakumuiza" is 85 thousand m<sup>3</sup> of potable water daily. The quality of the extracted potable water meets the requirements of the binding EU Directive, except for some sources of waters where the level of iron and manganese exceeds the standard. To ensure protection and renewal of the sources of water as well as to decrease the negative impact of pollution on the quality of extracted water, a protection zone around water extraction places covering a 83 km<sup>2</sup> territory in Adazi and Ropazi municipalities is established.

## Water supply

Rīgas ūdens provides water management services not only in the administrative territory of Riga, but also in some parts of Adazi, Ropazi, Kekava and Marupe municipalities. In 2021, the total length of water-supply system in Riga City was 1,486 km. Pipes of the water-supply systems are made of different materials (cast iron, steel, reinforced concrete, etc.) and their diameter may also vary (from

Total extracted water, %



20 to 1,200mm). To improve the quality and safety of water supply in the territory of Riga City, Rīgas ūdens each year replaces or rebuilds pipelines, hydrants and shutters. Water was supplied to inhabitants of some districts of Riga or groups of buildings in multi-storey houses with necessary pressure in pipelines (not less than provided for the five-storey residential development in accordance with the Latvian building standards) in the entire territory of the city in 2021 by 18 water pressure booster stations.

In accordance with the technical guidelines for water preparation, before the supply, water is treated with the use of the following agents:

- Water from open water bodies: coagulant, flocculant, lime, ozone, chlorine
- Underground water: chlorine, polymer

The volume of agents in the water is controlled by using online measuring tools. According to the results of test conducted by the united water quality control laboratory, no incidents relating to the water treatment were registered in 2021.

Volume thousand m <sup>3</sup>	2019	2020	2021
Water supplied to the city	38 252	37 349	36 993
underground water	20 837	20 765	20 776
surface water	17 415	16 584	16 217
Realised volume of water	33 661	32 393	31 884
Non-realised volume of water <sup>[3]</sup>	4 592	4 956	5 109
including technological self-consumption	450,9	514,2	484,1
including purging the water-supply system	159,3	233,4	283,1
Including the loss of water	3 981,6	4 208,3	4 341,7
Loss of water <sup>[4]</sup> (% of the supplied water)	10,4 %	11,3 %	11,7 %

[3] Non-revenue water, technological consumption and losses total.  
[4] % of the supplied water without self-consumption.



### Impact associated with the disposal of wastewater

The total length of the Rīgas ūdens's centralised sewage system is 1,205 km, its operation is ensured by 85 sewage pumping plants. The principle of its operation is an integral system provided for the disposal of domestic/industrial wastewater and run-off rain water through one pipe on which a spillway at watercourses or bodies of water is installed.

In case of strong storms, wastewaters are disposed to the environment through so called emergency outfalls to avoid overloading Biological treatment plant "Daugavgrīva" which could considerably distract the process of wastewater treatment process and result in damage of technical nature.

Volume thousand m³	2019	2020	2021
Total treated volume	49 697	48 882	49 250
Volume of sewage services	38 725	37 629	36 903
Storm waters	1 864	1 971	2 001

The difference between the total volume of treated wastewater and total volume of sewage services is the volume of infiltrating surface waters from streets and squares, subsoil water.

Modernisation and implementation of modern technology is crucial for decreasing impact on climate change. Since, 1991, Biological treatment plant "Daugavgrīva" ensures domestic wastewater treatment in Riga City as well as in some municipalities of Pierīga region and some parts of Jūrmala. Its daily capacity is limited to 200,000 cubic meters.

By decision of the meeting of heads of delegations of the Baltic Marine Environment Protection Commission (HELCOM) made in 2021, the status of a contaminant assigned to the Riga City wastewater treatment plant almost 30 years ago was cancelled, and Riga was excluded from the HELCOM's so called "hot spot" list. Since the beginning of modernisation of treatment processes in 1991, Riga has managed to achieve 98% water treatment efficiency.



## Efficient decision-making and management in case of an accident

When determining Rīgas ūdens's significant areas of sustainability that cover economic responsibility, environmental and social impact aspects (particularly in relation to employees and work environment, society and responsibility for the service), it was established that stakeholders deem that additional areas of sustainability that are not directly included in the goals and do not have a relevant GRI indicator are important:

- customers' satisfaction with the provided services;
- efficient decision-making and management in case of an accident;
- information and data protection.

Rīgas ūdens includes the above areas in the sustainability report too as decision-making in case of an accident is important considering both environmental aspects and overall impact on customers' satisfaction with the services provided by the enterprise. Each subject of the report is clarified based on its indicator: RŪ-1, RŪ-2, RŪ-3.

Rīgas ūdens ensures main, distribution water-supply system, water supply to buildings within the border of belonging, management of fixtures of water-supply system and pumping plants as well as management of sewage systems and buildings for collection of domestic wastewater and its supply to BTP „Daugavgrīva”.

In 2021, water-supply system was repaired at 2,843 addresses, in its turn, the sewage system was repaired at 2,083, including works on liquidation of blockages.

In 2021, intensive replacement of obsolete and damaged shutters and hydrants continues, ensuring the following benefits from operative troubleshooting:

- shorter accident localisation time
- shorter time of forced water supply interruption.

The number of employees directly or indirectly involved in the elimination of accidents totals to 132. The average time of water supply interruption in 2021 was 4.62 hours.

### Repair and liquidation of accidents in the water-supply system

	2019	2020	2021
Street pipeline accidents (places)	304	230	330
Repaired water-pipe branches	703	630	782
Replaced fire hydrants	390	316	332
Replaced shutters ≥Ø100	613	369	359
Purged water-supply system km	129	181	157
Replaced water consumption meters, pcs.	5 682	5 440	3 359

### Kanalizācijas tīklā veiktie remontu un avāriju likvidācijas

	2019	2020	2021
Repair and liquidation of accidents in the sewage system	841	795	848
Remontētas skatakas (gab.)	1 125	1 089	1 046
Avārijas kanalizācijas cauruļvados (vietas)	140	121	133

## Used materials

To provide quality and safe water management services, usually reagents are used for preparation of potable water and wastewater treatment. The volume of used reagents may be different each year depending on the air temperature, volume of consumed potable water and precipitation.

In its turn, the volume of materials used in water-supply and sewage systems depends on the plan for repair of streets in Riga made by the Transport Department of the Riga City Council for a relevant year.

### The volume of reagents used to prepare the water

Name	Unit	2020	2021
Aluminium sulphate	tons	2 282	2 199
Flocculant	tons	14	12
Calcium dihydroxide	tons	63	109
Liquefied chlorine	tons	35	38
Polymer	kg	245	260

### The volume of reagents used to treat wastewaters

Name	Unit	2020	2021
Iron sulphate	841	4 448	4 142
Foam breaker	1125	3	9
Flocculant	140	112	93
Methanol	m <sup>3</sup>	550	890

## Projects co-financed by the EU Cohesion Fund

Since 2004, Rīgas ūdens implements the following projects “Water management development in Riga” co-financed by the EU Cohesion Fund, constructing new centralised water-supply and sewage systems in a range of neighbourhoods of Riga. The main goal of the project is the construction of the water-supply and sewage system in the greater wastewater agglomeration territory of Riga City. Considering the goal of the project of the EU Cohesion Fund and its considerable impact on the environment, Rīgas ūdens regularly reports on the course of the project co-financed by the EU Cohesion Fund.

The main public benefit from the implementation of the project of the EU Cohesion Fund is:

- development of the use of public water management service;
- more available water management services and improvement of their quality;
- quality living environment;
- decreased pollution and eutrophication of bodies of water.

The implementation of the project ensures compliance of the water-supply system of Riga City to the national and EU requirements to the preparation of quality potable water and wastewater treatment as well as availability of water management services in the territories where water management services are unavailable or are available only in part.

The works on infrastructure construction under the project “Water management development in Riga, Stage 4” were completed by 2016. As a result, Rīgas ūdens gave 4,200 more inhabitants an opportunity to receive centralised water-supply services and sewage services to 6,000 inhabitants of the administrative

In 2021, active work at the stage 5 and 6 of construction planning works continued.

	Project Water Management Development in Riga, stage 5	Project Water Management Development in Riga, stage 6
Availability of sewage services after the construction	2,959 inhabitants in the neighbourhoods of Bergi, Imanta and Beberbeki	900 inhabitants in the neighbourhoods of Teika, Imanta and Ziepniekkalns
The length of the constructed new sewage system	~ 34,59 km.	~ 7,7 km.
Number of constructed pumping stations	18	5
Length of planned construction of external centralised water supply utilities	24,73 km.	2,7 km.
Planned deadline for beginning of connection	Q2 2022	Q4 2022

territory of Riga Capital City in the neighbourhoods of Marupe, Katlakalns and Bolderaja.

Rīgas ūdens organises awareness raising campaigns using various communication channels to inform inhabitants on the benefits of centralised water supply and sewage systems, financial advantages and compliance with the environmental requirements.

To facilitate connection of inhabitants to the project co-financed by the EU Cohesion Fund and achieve the parameters relating to actual number of connected inhabitants provided for in the projects, Rīgas ūdens provides design and connection construction services along with other building entrepreneurs.

To decrease the financial load resulting from the construction expenses incurred by inhabitants, the enterprise also implements a municipal co-financing program that provides that individual groups of inhabitants may obtain co-financing totalling to up to 100% of the design and construction expenses. It is important for Rīgas ūdens to generate solutions for financing when inhabitants find it difficult to cover the connection fees uncovered by the co-financing in a short-term. Therefore, each customer is offered an individual solution with an opportunity to agree upon payment of the construction works over a longer period - up to 10 years.

## Management's approach

### Employees' involvement, satisfaction and development

Promotion of employees' involvement, motivation and development is one of Rīgas ūdens's priorities. Professional, motivated, loyal employees satisfied with their work environment is an important pre-condition for the implementation of the enterprise's strategy and long-term development.

In 2021, Rīgas ūdens approved the Professional Policy that defines the goals of professional management:

- to implement unified, modern and efficient personal management to ensure efficient performance of the enterprise aimed at the improvement of the organisation of work;
- to ensure safe, stable and innovative work environment to help employee to discover their talents, abilities, competences and encourage them to achieve new goals and to overcome challenges;
- to establish unified and fair principles at the enterprise that allow to attract, to develop and to keep (to retain) professionals, motivated and loyal employees who are committed to the above priorities.

In all areas of its activities, Rīgas ūdens respects fundamental human rights defined in regulations and international agreements. Rīgas ūdens regularly conducts surveys of involvement and satisfaction of its employees to find out employees' opinion in various work-related matter. After having evaluated the results, we search for solutions to address weaknesses and focus attention on reasonable actions to increase the employees' satisfaction.

Rīgas ūdens is a socially responsible employer acts in a strategically important and stable sector and is focused on long-term development, creating for an employee environment associated with work stability and social protection.

Rīgas ūdens implements systematic change management to be able to successfully operate in and adjust to constant changes in work environment and labour market particularly to ensure an employee a succession planning process, thus maintaining stability of capital company's activities, continuity of knowledge, experience and skills.

### Labour safety

A safe work environment is one of Rīgas ūdens's priorities and includes actions for its constant monitoring and improvement aimed at compliance with and improvement of the requirements to work environment, safe use of applicable technologies, creating comfortable work environment that is not damaging to health.

## Employees' involvement, satisfaction and development

### Employment

Considering the epidemiological safety measures applied due to the spread of Covid-19, in 2021, it was particularly important to give employees an opportunity to work remotely, to use their working hours in a flexible way, to organise safe working process on-site, ensuring continuity of enterprise's activities as a whole.

As of 31.12.2021, labour relations were established by Rīgas ūdens with 741 persons, including 80.0% production, 11.2% administrative and 8.6% sales personnel.

The water management sector is characterised by a great number of engineers and blue collar workers, thus, men considerably prevail in the employee structure - in 2021 65% of employees were male and 35% - female.

In 2021, the average age of employees was 49 that has not significantly changed over the last two years.

Labour agreements are usually entered into for the full-time work and for an unlimited period. Only seven employees worked part-time in 2021. To ensure Rīgas ūdens's work even on weekends and holidays and after the end of normal working hours, working hours of 423 employees, i.e. 56.3% of the total number of employees were summed-up. Rīgas ūdens does not provide seasonal places.

In 2021, labour relations were terminated with 63 employees, including 38 men and 25 women. The total labour turnover in 2021 was 8.45% which is by 1.26% or 11 persons less than in 2020 (9.71%).

In 2021, labour relations were established with 54 new employees, including 32 or 59.3% of men and, correspondingly, 22 or 40.7% of women.

Rīgas ūdens implement a range of activities to support new employees, including:

- appointment of an experienced employee - mentor who shares his knowledge, skills and experience and provides support to an employee in the course of work;
- direct negotiations between a line manager and employee to find out his opinion about the organisation of work at the new place, using the feedback to improve the efficiency in the future and organise training relating to the matters directly concerning performance of labour duties and capital company's activities.

In 2021, 23 mentors were appointed from among the employees to train new employees.



## Employees and management

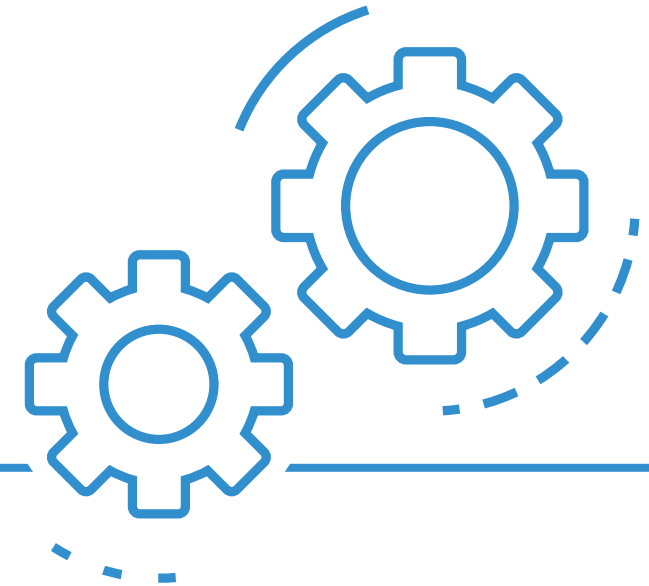
Rīgas ūdens notifies employees on organisational changes, termination of labour relations and changes in regulations on performance of labour duties by the employee in compliance with the procedure and terms provided for by the Labour Law, collective labour agreement and internal regulations.

Rīgas ūdens regularly updates employees and trade unions on its activities, using various internal communication channels and organising both remote and on-site meetings.

In its labour relations with employees, Rīgas ūdens implements the following guiding principles based on the enterprise's core values:

- **equal attitude to employees:**  
all employees have the same opportunities to realise his potential and equal attitude regardless of gender, race, ethnic origin or nationality, age, disability, religious, political or other beliefs, social origin, property or family status, sexual orientation or other circumstances;
- **rational and efficient use of labour:**  
skill development and professional growth:  
the enterprise supports such an organisation of work that allows an employee to use its creative potential as much as possible for efficient performance of labour duties based on economically viable LEAN principles;
- **ethical communication:**  
the enterprise supports and promotes respect, faithfulness and behaviour in a business-like manner in relations between employees regardless of their positions and ensures ethical business environment;

- **internal culture:**  
the enterprise promotes internal environmental factors that affect formation of employees' culture with regard to standards of behaviour, thinking and traditions, strengthening employees' sense of involvement and promoting motivation, thus achieving a united work team which is crucial for enterprise's successful performance;
- **safe and comfortable work environment:**  
the enterprise ensures and improves work safety and health protection at work;
- **confidentiality:**  
the enterprise does not disclose employees' personal data as it respects employees' confidentiality and does not restrict employees' private affairs outside working hours if those do not negatively affect the name and image of the enterprise;
- **conflicts of interests are prohibited:**  
the capital company prevents conflicts of interests;
- **corruption and fraudulent activities are prohibited:**  
the enterprise creates responsible business environment and ensures such human resource management and organisation of work that an employee does not have an opportunity or need in corrupt activities.





## Involvement in the formation of a sectorial policy

Recognising that Rīgas ūdens as one of the major water management enterprises impacts the overall sectorial policy and development, the enterprise participates in and cooperates with working groups of the Ministry of Environmental Protection and Regional Development (VARAM) for the resolution of issues relating to water management, including:

- developing the national position on draft EU regulations in the area of management and use of wastewaters and wastewater sludge;
- considering and agreeing upon information on various matters relating to the EU regulations and policy planning documents in the area of water management and their implementation in Latvia;
- preparing joint position on matters concerning Latvian water management sector development;
- considering other documents that are important for the development of the Latvian water management sector and giving its opinion.

Rīgas ūdens is actively engaged in the development of Riga City and preparation of documents that are important for environmental sustainability.

## Promotion of sustainable development and “green” thinking

Rīgas ūdens believes that to promote public participation in compliance with the guiding principles of the sustainable development of environment, to promote economical and efficient management of water resources as well as to make favourable decisions contributing to green thinking is one of its responsibilities. For the achievement of this goal, the sustainable development criteria that are most important in the given situation are clarified:

- sustainable and environmentally-friendly development concepts are tied-up with the rational use of water resources;
- each individual is invited to attentively evaluate the impact of human economic activities on biological diversity particularly considering responsible approach to keeping water resources clean;
- attention is drawn to the need in management of environmentally friendly wastewater treatment systems;
- information on efficient use of natural resources is analysed;
- Overall “green consciousness” is formed in the society directly and indirectly, maintaining its prestige.

To demonstrate its commitment to daily acting in an environmentally-friendly manner, each year, Rīgas ūdens popularises activities devoted to the World Water Day aimed at preservation and development of resources. On this day each year, various educational and informative activities are organised globally to focus each person’s attention on the important role of water in our lives. On the World Water Day, the awareness is raised on the global water crisis and the need in achievement of UN sustainable development goals is stressed, and particularly the need the availability of water that is prepared in accordance with the hygiene standards in the entire world by 2030. Latvia has officially celebrated this date since 1996.



Identifying the areas of sustainability for Rīgas ūdens, stakeholders recognise that the most important are areas that are not directly included in any of the UN goals and that do not have a relevant GRI indicator. That is to say:

- customers' satisfaction with the provided services;
- efficient decision-making and management in case of an accident;
- information and data protection.

Rīgas ūdens includes the above areas in the sustainability report too those are important considering environmental aspects and overall impact on customers' satisfaction with the services provided by the enterprise.

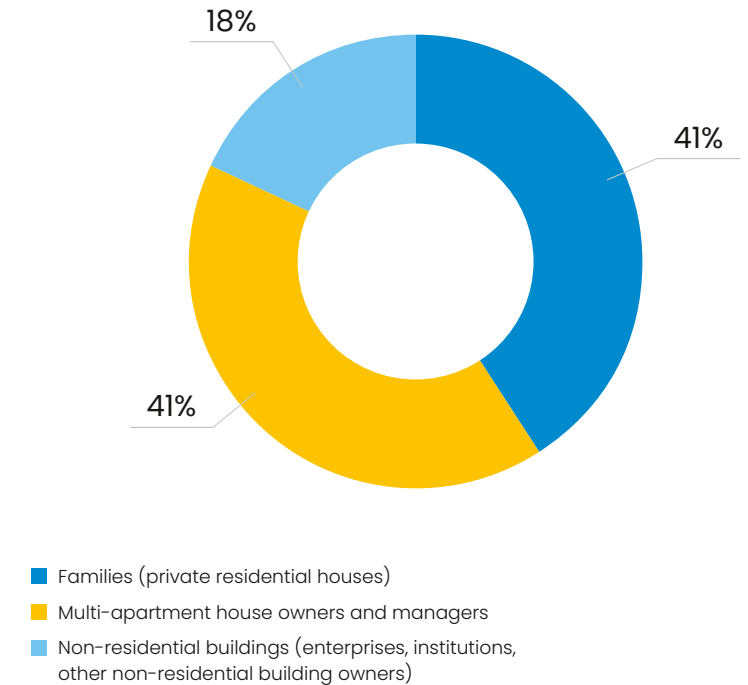
## Customer distribution

Rīgas ūdens's customers are existing water management service users and future service users - real property owners that take necessary actions to arrange connection to the centralised water supply or sewage system and to enter into a service agreement. All enterprise's customers are segmented based on shared features - family houses, multi-apartment house owners and managers and non-residential buildings (enterprises, institutions, other non-residential building owners).

Enterprises that provide decentralised wastewater collection service and cause non-standard contamination are considered separately. The main benefit from segmenting the customers is more efficient operations, thus allowing to reach each customer individually, to adjust the customer servicing process to the customer group wishes and needs as well as to use a relevant communication channel to contact each of them.

To provide the public water management service users with continuous and safe services, successful partnership with persons involved in a construction process is important for the enterprise. Those are real property developers, surveyors, designers, building contractors and other persons involved in a construction process. Close relationship and efficient communication with interested parties contributes to the successful development of construction projects, arrangement and rebuilding of water management facilities. The enterprise continues developing bilateral with both customers and persons involved in construction to promote mutual understanding and knowledge about water management services, environment and efficiency.

Distribution of water management service users by segment



## GRI indicators

GRI indicators	Page		
GRI 102-1	2	GRI 102-40	18
GRI 102-14	3	GRI 102-47	19
GRI 102-1, GRI 102-4, GRI 102-5	4	GRI 102-47	20
GRI 102-7	5	GRI 102-47	21
GRI 102-3, GRI 102-6, GRI 102-7	6	GRI 102-11, GRI 204	22
GRI 102-3, GRI 102-6, GRI 102-7	7	GRI 205, GRI 206	23
GRI 102-7	9	GRI 103-1, GRI 103-2, GRI 305-1	24
GRI 102-16	11	GRI 303-3, GRI 303-4	27
GRI 102-15	12	GRI 303-1, GRI 303-2	28
GRI 102-16	14	RŪ-1, GRI 300	29
GRI 102-18	15	RŪ-2	30
GRI 102-11	16	GRI 102-40, GRI 300-1, GRI 405, GRI 406	31
GRI 102-16, GRI 102-18	17	GRI 415, GRI 416	33
		RŪ-2	34

The full version of SIA "Rīgas ūdens" Sustainability Report 2021 is available in Latvian here:  
[https://www.rigasudens.lv/sites/default/files/inline-files/Rigas\\_Udens\\_Parskats\\_2021.pdf](https://www.rigasudens.lv/sites/default/files/inline-files/Rigas_Udens_Parskats_2021.pdf)