

LLC “Rīgas ūdens”  
**2024  
sustainability  
and annual  
report**

Approved with LLC “Rīga water”.  
11.04.2025 Decision of the Assembly of Members

RIGA, 2025

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# 1 GENERAL INFORMATION



## 1. GENERAL INFORMATION

We are pleased to present to you the LLC “Rīgas ūdens” Sustainability and Annual Report 2024, which reflects the activities and achievements of the company in the past year. Our objective is to provide a clear and transparent overview of what we have done, outline the directions for growth and assess the challenges we have faced. The document attached by the LLC “Rīgas ūdens” (hereinafter referred to as - “Rīgas ūdens”, the Company, the Enterprise or We) comprises General Information on the LLC “Rīgas ūdens” Sustainability or Non-Financial Statement, including the Corporate Governance Statement, and the Audited Annual Report 2024, which, in its turn, comprises the Management Report and the Financial Statements with Annexes (collectively - the Report).

The past year has been challenging for the Company, but it has also allowed us to strengthen the foundations of our business and successfully implement a number of important projects aimed at improving the quality of water management services and ensuring sustainable development. In this Report, we will look back at the Company’s strategic objectives, key financial and operational performance indicators and highlight key priorities for the future. We are proud of the contribution of our team, which has ensured quality services to our customers and contributed to the sustainability of Riga city water management infrastructure.

“Rīgas ūdens” is currently in the transition phase towards preparing a sustainability report that will meet the requirements of the European Un-

ion’s Non-Financial and Corporate Sustainability Reporting Directive 2022/2464 (CSRD) and related European Sustainability Reporting Standards (ESRS). Although not yet fully prepared in accordance with the new standards, this Report already includes a number of key data and indicators that reflect our sustainability initiatives and progress, including the Company’s environmental, social and employment impacts, stakeholder engagement, as well as other non-financial elements.

The Report and other reports characterising the Company’s activities are available on the “Rīgas ūdens” website here <https://www.rigasudens.lv/>.





**Dace Ljusa (Ms),**  
Chairwoman of the Supervisory  
Board

## Address of Dace Ljusa (Ms), Chairwoman of the Supervisory Board

Every day, we take care for more than 600 000 people in Riga and the Greater Riga with a great deal of responsibility, providing them with the highest quality water management services. Our top priority is to provide clean, safe and continuously accessible water to every customer, and we know that our customers are the main judges of our work.

It is therefore a real pleasure to see that our annual 2024 Customer Satisfaction Survey is showing gradually better results – 89% of respondents rate their cooperation with “Rīgas ūdens” positively, and more than a third or 34% are completely satisfied with our work. The Customer Loyalty Index has reached 72 on a scale of 100, one of the highest scores in the utilities sector. We will continue to do our best to ensure that our customers’ rating of our work only increases and that they are our best allies in improving the quality of our services.

Our work is appreciated not only among our clients, but also at the national level – for several years, we have been ranked among the 50 most valuable Latvian companies in TOP101 rating. We are particularly proud that, for the second year in a row, we are almost alone among the top performers in receiving the highest possible corporate governance rating. In the same expert rating, we are ranked 9th among the most valuable state-owned companies, and the value of “Rīgas ūdens” has reached €134.9 million.

Our sustainable development approach and responsible actions have also been widely recognised in other competitions. In 2023, we received the Sustainable Governance Award “Stakeholder Management Practitioner”, and, in 2024, we had the honour to be invited as experts to the “Sustainable Governance Award” organised by the Bank of Latvia, the Ministry of Justice and the Corporate Governance Advisory Council. We

also participated in the “Sustainability Index” evaluation after a ten-year break and were awarded a silver certificate. Great achievements that motivate us to develop the company further!

But our work is not limited only to provision of services – we actively raise public awareness about sustainability, environmental protection and environmentally friendly choices. In 2024, we continued to expand the free access drinking water network to 36 sites in the urban environment and provided drinking water stations in 10 more schools in the Riga Municipality. Our mobile drinking water stations have also become an integral part of city and neighbourhood celebrations for both residents and visitors of the city. We actively cooperate with the Latvian Association of Water Supply and Sewerage Companies and NGOs to promote use of tap water and reduce plastic consumption.

Our vision of development is clear and ambitious. While a year ago we were only considering the possibility of going to the capital market and issuing bonds, now this process is very real – the company’s credit rating has been assessed, strategic partners have been selected and a specific action plan for the bond issue has been developed. In parallel, we have approved the “Rīgas ūdens” Sustainable Development Strategy 2040 and its implementation has already started.

This year has been full of challenges, but we have proved that we are able to deal successfully with them. We are looking to the future with confidence, as we are ready to invest more than €500 million over the next 15 years to improve water management and make Riga an even cleaner, greener and more resident-friendly city. We are proud of what we have achieved, but even more proud of our customers who motivate us to develop and set challenging goals. Together we will make it happen!



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**Krišjānis Krūmiņš (Mr)**  
Chairman of the Management Board

## Address of Krišjānis Krūmiņš (Mr) of the Chairman of the Management Board

Last year, we have successfully met all the financial and non-financial objectives set by our shareholder – the Riga State City Municipality – and by ourselves. The most crucial task was to provide users of public water management services with uninterrupted and reliable services, as well as to improve the quality of customer service, balancing the interests of environmental protection, sustainable use of natural resources, society's living environment and the economy – and our goals have been achieved in all of these indicators.

### Access to water management services expands

Following the development of water management services, improvement of access thereto and increase in percentage of connections, at the moment, currently centralised water supply services are available to 98.04% of the residents of the Riga agglomeration, but centralised sewerage services – to 98.14%. The largest share of the residents connected to the city networks in 2024 was in Berģi, Beberbeķi, Vecdaugava, Bierīni, Mežaparks, Pleskodāle and Vecāķi, where a better quality living environment and reduced environmental pollution were ensured.

Every year, as we increase the level of investment, water management infrastructure is upgraded and new main networks are built to make our services available to an even wider range of customers. Berģi, Beberbeķi, Imanta, Teika, Ziepniekkalns, Čiekurkalns – these are just some of the neighbourhoods where new networks were built or existing ones extended in 2024. Last year, a total of 19.3 km of urban networks were built and another 14.7 km were rehabilitated. In addition, using the funds of the Riga City Council dividends, designing works for the extension of the water management system in Mangaļsala have been successfully commenced and will be completed in 2025, while completion of the project is scheduled for 2027.

### We will increase the amount of water-pipe flushing

"Rīgas ūdens" takes care to ensure that residents of Riga are provided with good quality drinking water, so we are committed to flushing all the city's water supply networks at least once every five years. In 2024, water supply networks in the total length of 170 km were flushed, and the most ambitious water disinfection works in recent years were carried out to guarantee a consistently high quality of drinking water for the residents of Riga. Our certified laboratory's analyses show a steady improvement in the quality of drinking water. In 2024, we completed a risk assessment of the water supply system, which is also required by EU directives, and we are planning to arrange an online drinking water quality monitoring system in the city.

### Increased requirements for wastewater treatment

One of the most important directions of the Company's activity is the treatment of wastewater to an adequate quality, so that the sea is safe to swim in and the Daugava River is clean. Commitment of "Rīgas ūdens" not to cause negative environmental impact. In the area of wastewater management, we improve the quality and efficiency of wastewater treatment, reducing the negative impact of pollution on the environment. The Company ensured high wastewater treatment quality with an average higher treatment level for nitrogen and phosphorus than required by the regulatory requirements, even though the incoming wastewater pollution load sometimes exceeded the designed load of the biological treatment plant "Daugavgrīva".

In 2024, the new sewage pumping station at 101 Daugavgrīvas Street was open, and it is to be considered the largest of its kind in the Baltics. From the economic point of view, the greatest benefit is the savings in water and electricity consumption:

while cooling the equipment in the old plant required ~300 000 m<sup>3</sup> of water annually, the new plant uses no water at all for cooling, while electricity consumption was reduced by 1 786 MWh<sup>1</sup> in the reporting year.

### More focus on research and development projects

Another non-financial objective of "Rīgas ūdens" is implementation of research and development priority projects. Last year, such projects included the arrangement of automatic control systems for sewage pumping stations, creation of a drinking water quality monitoring system, improvement of water supply network zoning system and other improvements. Work continues in cooperation with the Riga Municipal Energy Agency on the mapping of perfluoroalkyl substances or PFAS in wastewater from water treatment plants for reuse strategies in the Baltic Sea region, to be finalised in 2025. In 2024, the Company channelled up to €2.2 million per year for climate change mitigation investments in its Sustainable Financing Strategy.

### Our employees – our greatest asset

Our employees and their competences are an important resource, which is why "Rīgas ūdens" implements various activities, thus promoting the well-being, motivation and professionalism of its employees. According to researches conducted by market research company "RAIT Custom Research Baltic", our employee satisfaction index is 10 points higher than the average employee engagement index in state and municipal companies and institutions, and exceeds the results

of "Rīgas ūdens" in 2022 and 2023. We are happy to see that "Rīgas ūdens" has also been included in the Top 10 of the 2024 list of the fairest payers in Latvia, the large companies category, compiled by the remuneration research and management consulting company "Figure Baltic Advisory". The award has been presented since 2018, but this is the first time "Rīgas ūdens" has been included in the list.

Last year, we held our first Employee Conference to raise awareness of what is happening within the Company, both among our customers and our own employees. The "Rīgas ūdens" Development Conference, an innovation of 2023, is gaining gradually increasing responsiveness among stakeholders, while the annual Customer Days have already become a traditional value. We are pleased that our efforts are appreciated, and that 89% of respondents have already commented positively on "Rīgas ūdens" performance in the annual Customer Satisfaction Survey, an increase of 2% compared to 2023.

### Progress in financial and governance assessments

In its public report on the achievements of Riga municipal capital companies in 2024, the shareholder of "Rīgas ūdens" mentioned the record amount of investments made by municipal capital companies, of which "Rīgas ūdens" accounts for almost EUR 34 million. We are also pleased that the Company has been rated A3 by the international credit rating agency "Moody's", which allows it to raise funds on particularly favourable terms. We are proud to be the sole Riga State City mu-

nicipality capital company to have received such an international agency assessment, obtaining one of the highest credit ratings in Latvia.

To realise ambitious goals and investment intentions, last year "Rīgas ūdens" started preparation works for a bond issue. Good corporate governance is also an important prerequisite for capital market entry, and last year "Rīgas ūdens" continued its good initial input in this area – for the second year in a row, "Rīgas ūdens" received the highest possible rating in the area of governance in the TOP 101 of 2024 Latvia's Most Valuable Companies, jointly developed by "Prudentia", the leading Baltic corporate finance company, and "Nasdaq Riga" Stock Exchange, whereas, in the Sustainability Index organised by the Institute for Corporate Sustainability and Responsibility, we received an award in the silver category.

### Accepted Sustainable Development Strategy 2040

A year ago, "Rīgas ūdens" was still discussing its future development plans, and the Sustainable Development Strategy 2040 was accepted in 2024. So our plans for the future are very clear – we know where we are, what we want to achieve and how we will do it.

Sustainable Development Strategy 2040 of "Rīgas ūdens" is the most important long-term development planning document that sets out the priorities for the development of the company. The main strategic development areas are improving the security of water supply, ensuring the quality of drinking water and in-

<sup>1</sup>The difference between the energy performance of the previous period and the renovated plant is multiplied by the volume of wastewater pumped in 2024.



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creasing access to centralised water management services. "Rīgas ūdens" has also set targets for climate change mitigation and energy efficiency. The Company focuses on digitisation and innovation in the water management sector, becoming the leading company in Latvia in the area of water research and innovation.

### **Set non-financial objectives for the nearest future**

"Rīgas ūdens" also has set non-financial objectives for the next five years: to improve energy efficiency, increase the use of renewable energy sources and ensure the sustainable renovation of sewerage networks; to meet wastewater treatment requirements and not to deteriorate the environmental condition; to ensure efficient use of water resources and sustainable renovation of water supply networks; to develop access to centralised water management services; to increase customer satisfaction; to raise public awareness of environmental protection, promote research, digitalisation and innovation; to ensure the well-being, motivation and professionalism of employees; to implement responsible corporate governance.

### **We will broaden our vision with the help of international experts**

To broaden its vision at the European level and to look for new development scenarios, "Rīgas ūdens" has established a Strategic Development Advisory Board, which includes leading water management specialists from Ireland, Sweden, Finland, the Netherlands and Estonia. We hope that this will give us many new, promising and implementable ideas on how to develop our Company.



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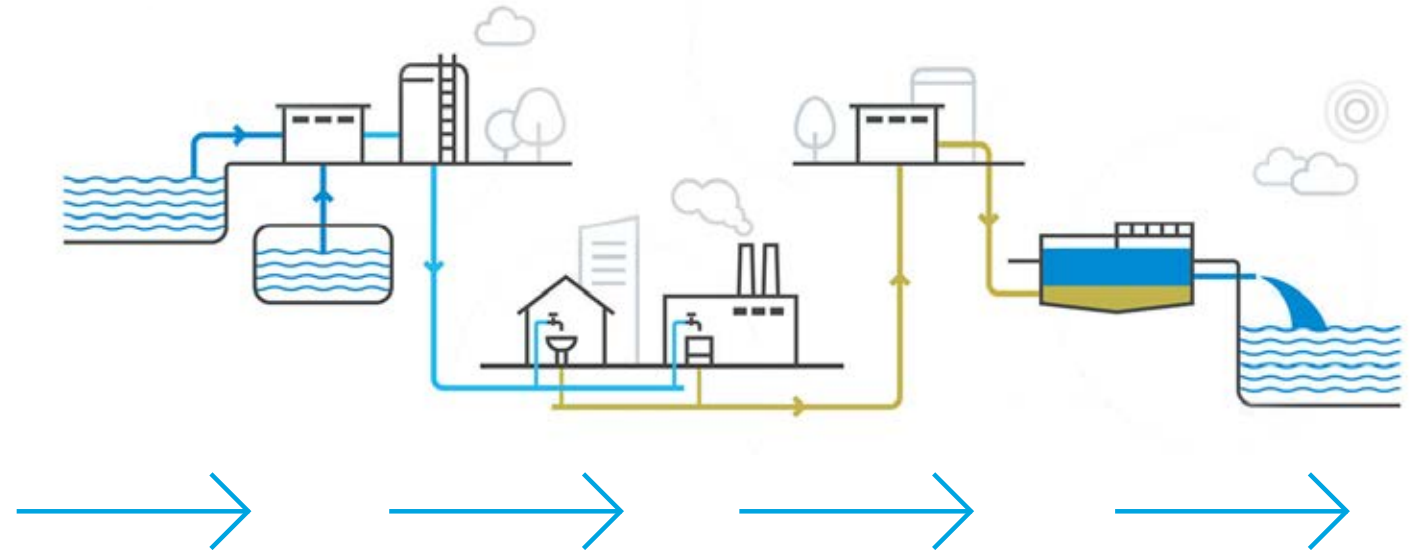
## 1.1. SERVICES

The Company was founded on 24 September 1991. On 16 December 2003, the Riga City Council adopted a decision "On the reorganisation of the Riga City Municipal Company "Rīgas ūdens" into the Limited Liability Company "Rīgas ūdens", establishing that the Company is the successor to the obligations and rights of the municipal company "Rīgas ūdens". The Company was entered in the Commercial Register on 12 January 2004.

"Rīgas ūdens" is a 100% Riga State City Municipality-owned water management company, whose task is to provide the residents of Riga with high-quality and safe water management services. "Rīgas ūdens" operates in a strategically important sector, performing a municipal function in the field of water supply and sewer services, providing public water management services in Riga and in some municipalities of the Greater Riga.

The Company is registered with the Register of Public Water Management Service Providers of the Public Utilities Commission.

The Riga City Municipality and "Rīgas ūdens" have concluded an agreement for the provision of the following public water management services in the administrative area of the city of Riga for the period until 23 July 2029:



### Water extraction

collection and preparation for use to the supply into the centralized water-pipe network

### Water delivery

from the supply place in the centralized water-pipe network to the membership border

### Wastewater collection

in centralized sewage systems from the membership border and in the discharge to the waste-water treatment plant

### Wastewater treatment

and discharge into the environment, including overground water bodies, except for the wastewater collection in the rainwater

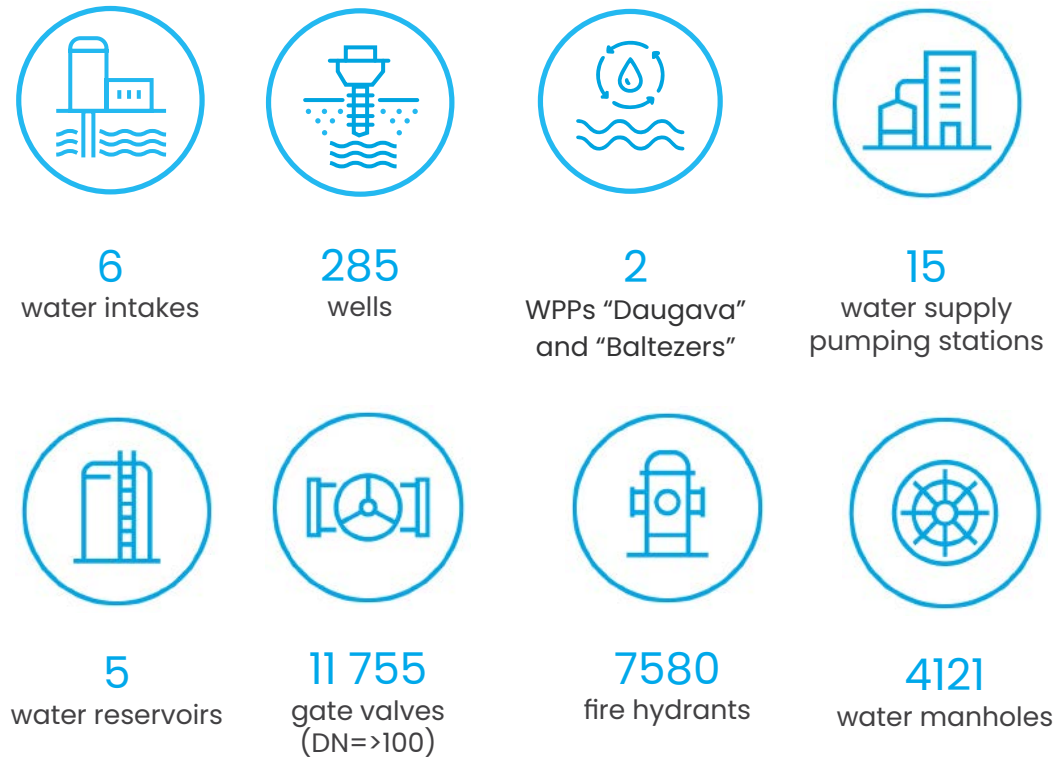


The Company also manages the city's fire hydrants and free cranes, and plans to build new free cranes, expanding their availability in the Riga city area.

**Public water management infrastructure as at 31.12.2024:**

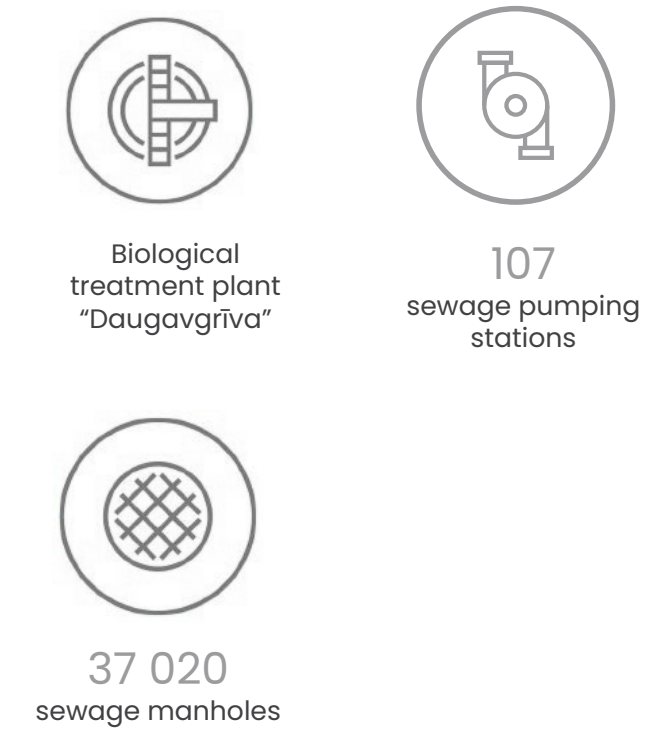
**Water supply**

1 536 km water-pipe networks



**Waste-water collection and treatment**

1 282 km sewage networks



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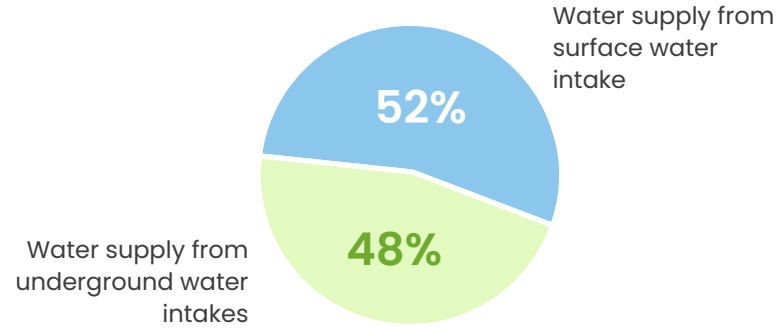
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The amount of water required for Riga water supply is obtained from six urban level water intakes, which can be divided into two groups:

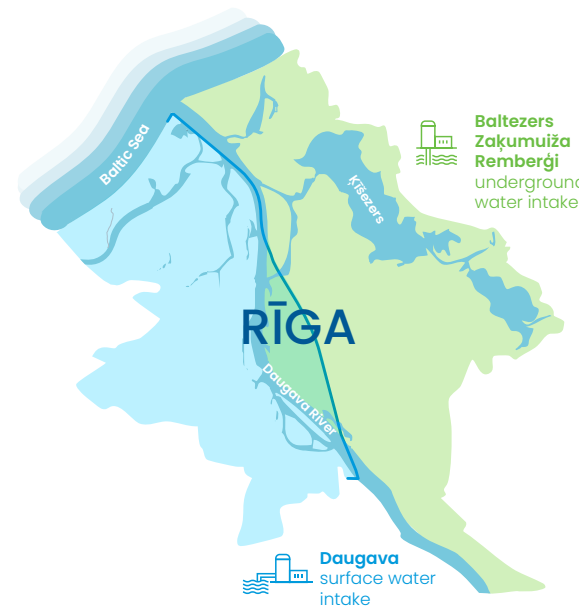
- water intakes using surface water as a water source - the water station "Daugava";
- water intakes using underground water supplies - "Baltezers", "Baltezers-1", "Baltezers-2", "Zaķumuiža", "Remberģi".

Wastewater collected in the Riga sewerage system is treated in the north-western part of Riga at the biological treatment plant "Daugavgrīva".

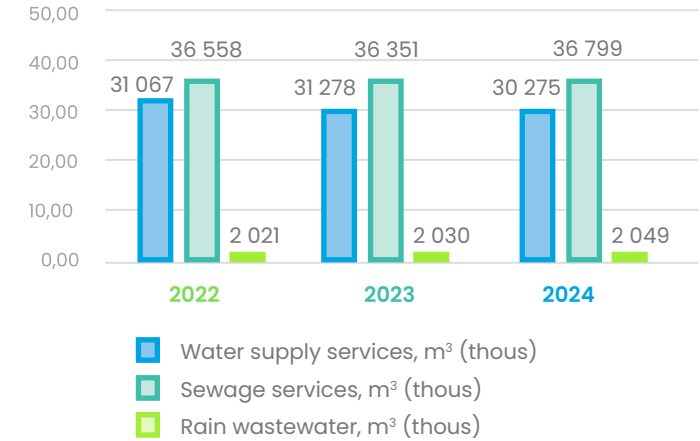
The Company provides water management services to customers in the territory of Riga State City, as well as in part of Ķekava Municipality, Ropaži Municipality, Ādaži Municipality and Mārupe Municipality and receives for treatment part of the wastewater from Jūrmala.



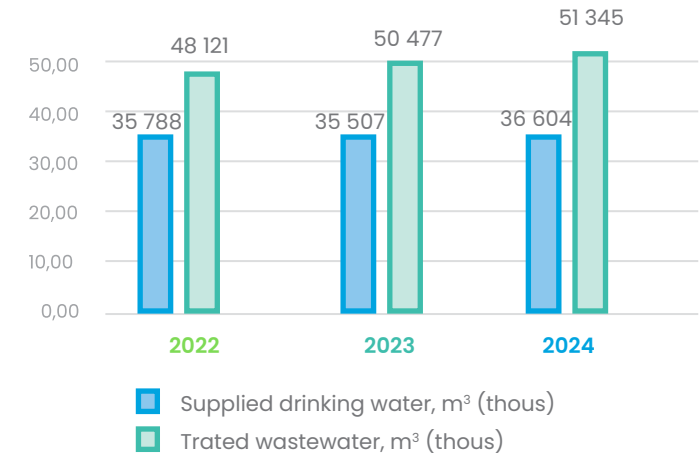
Distribution of extracted water in 2024 from groundwater and surface water intake, %.



Volume of provided sewerage services



Drinking water supply and treated wastewater





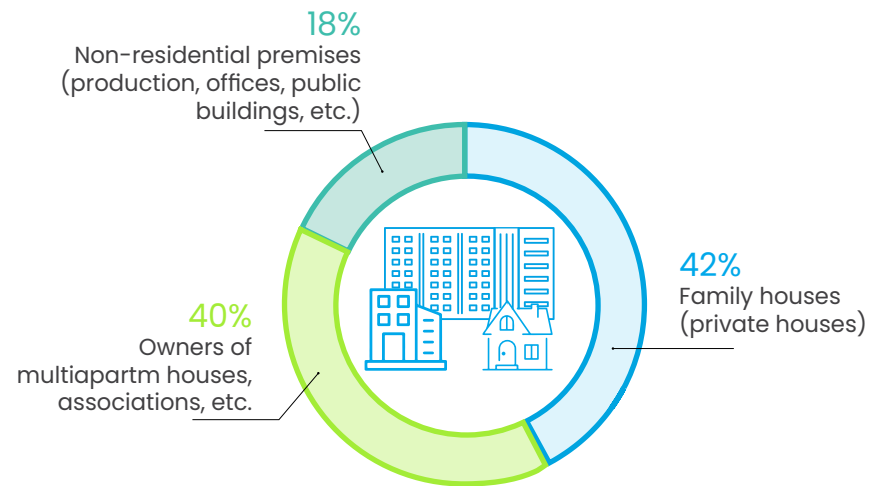
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## 1.2. CUSTOMERS

Customers of "Rīgas ūdens" are users of water management services with whom a service contract has been concluded. In 2024, 24 264 contracts for the use of urban water-pipe and sewerage were concluded with customers in the following segments:

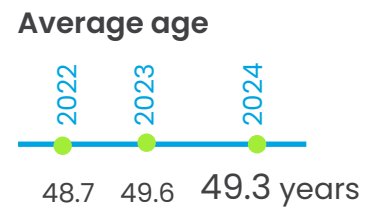
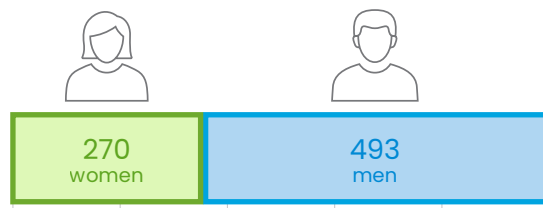
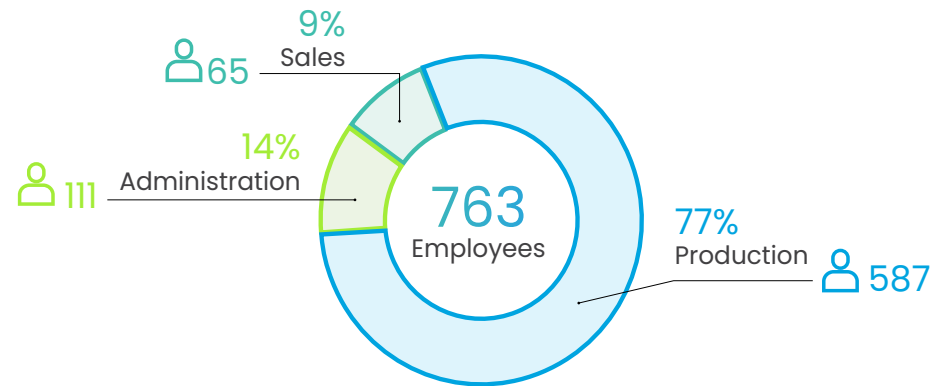


Division of the users of water management services by segments in 2024





### 1.3. PERSONNEL



#### Statistics on the selection of executives in 2024

(information on the selection methods used for the recruitment of executives)\*

No.	Job title	Number of posts	Selection method used	Notes
1.	Head of HR Division	1	Competition of applicants by announcing open application of applicants for the vacancy in accordance with the procedures laid down in the competition rules.	Attraction of recruitment service
2.	Internal auditor	1	Competition of applicants by announcing open application of applicants for the vacancy in accordance with the procedures laid down in the competition rules.	Attraction of recruitment service
3.	Security Manager	1	Competition of applicants by announcing open application of applicants for the vacancy in accordance with the procedures laid down in the competition rules.	
4.	Head of Information Technology Division	1	Competition of applicants by announcing open application of applicants for the vacancy in accordance with the procedures laid down in the competition rules.	Attraction of recruitment service
5.	Head of Communication Division	1	Internal staff selection - internal competition.	

\*Condition of Paragraph 84.7 of the Riga City Council Internal Regulation No. 4 of 21.08.2020 (Minutes No. 24, § 50) "Procedure for the Management of Capital Shares and Capital Companies Owned by the Riga State City Municipality".



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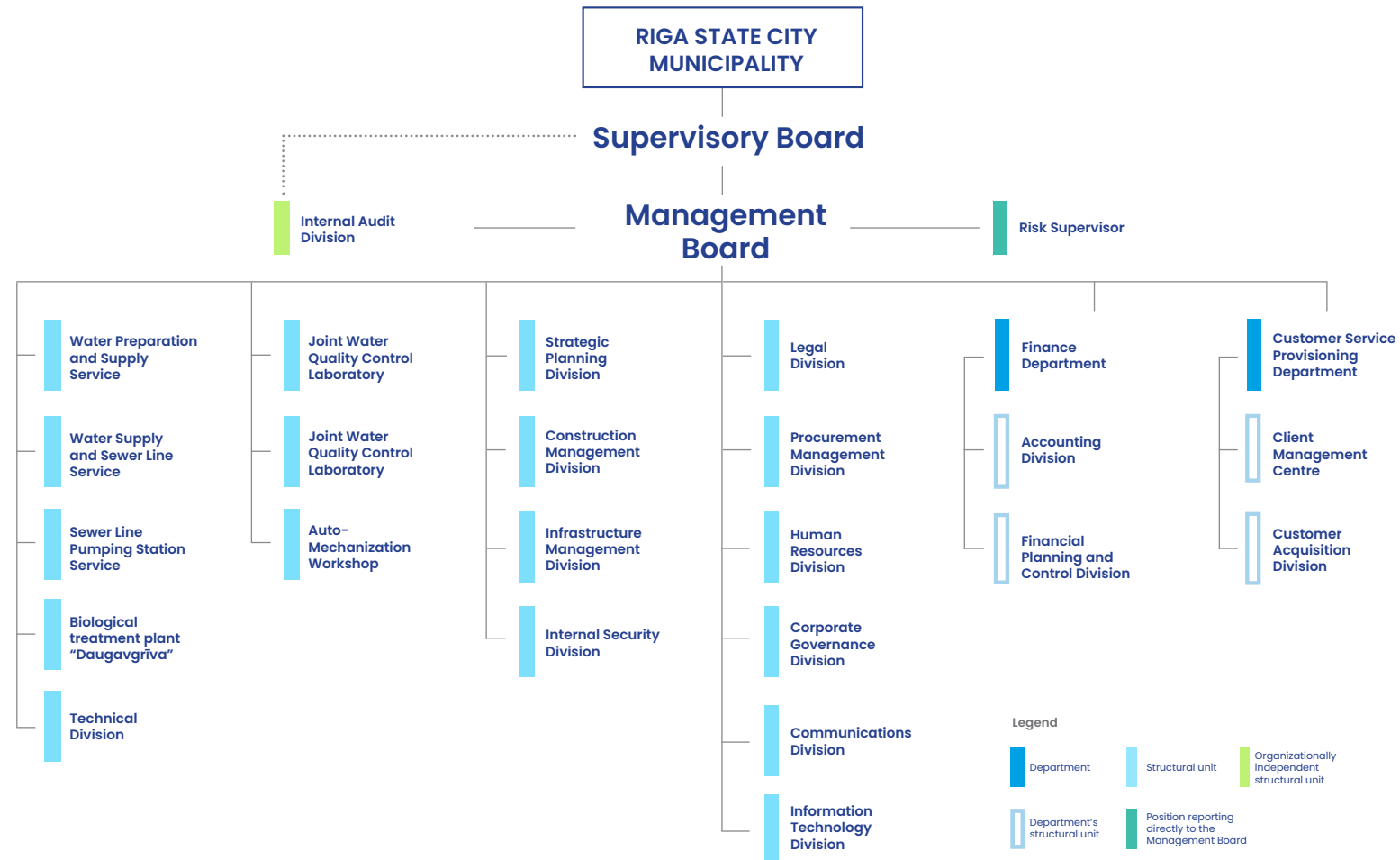
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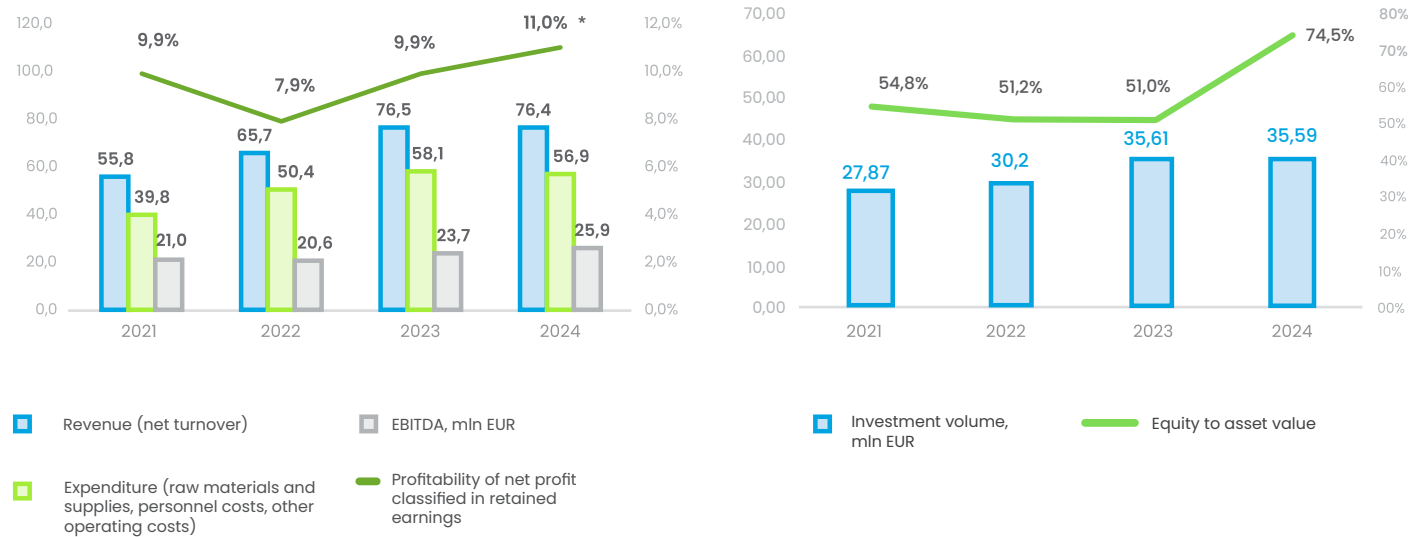
# ORGANIZATIONAL STRUCTURE

(effective since 01.11.2024)

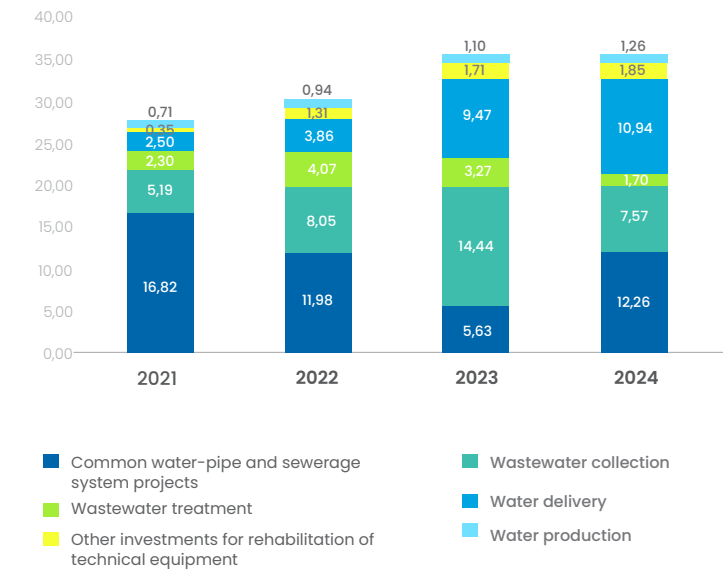


# 1.4. FINANCIAL INDICATORS

## Key financial indicators



Investment volume by investment groups in 2021-2024 (million EUR)



The Company has achieved EBITDA growth of 9.1% in 2024, mainly due to the decrease in electricity costs as a result of the decrease in electricity prices, as well as investments in energy efficiency improvements - launch of the new pumping station Daugavgrīva 101, whose electricity consumption decreased by 47.9% in 2024 compared to the previous year. The total change in electricity consumption in 2024 has shown decrease in 1 944.72 MWh compared to 2023.

In 2024, the amount of investments was at the 2023 level and amounted to EUR 35.59 million EUR.



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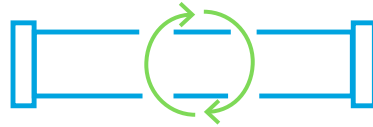


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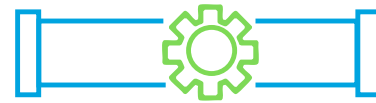
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Key areas for investment in 2024:



**14,7 km**

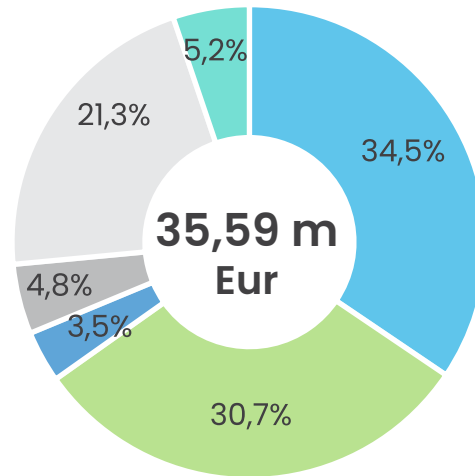
rehabilitated water and sewage networks



**19,3 km**

built new water and sewage networks

Investment breakdown:



- Water-pipe and sewerage system projects
- Water delivery
- Water production
- Wastewater treatment
- Wastewater collection
- Other investments for the renewal of technical measures



## 1.5. REPORT ON INVESTMENTS IN RESEARCH AND DEVELOPMENT IN 2024

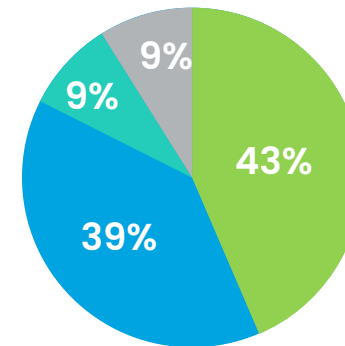
In 2024, "Rīgas ūdens" invested EUR 954.38 thousand EUR in research and development (R&D) activities. EUR.

Investments of "Rīgas ūdens" in R&D are mostly focused on introducing operational improvements, both by researching, adapting, and implementing new technologies or techniques that lead to significant process improvements or to cost reductions, in line with the operating needs.

Majority of the R&D investments are development projects, with 43% invested in automation projects and 39% in feasibility studies, which will lead to significant infrastructure modernisation works in the plans of "Rīgas ūdens". Key R&D activities in 2024 were:

- completed modernisation of automatic control systems (ACS) of sewage pumping stations;
- completed feasibility study on the development of sewage sludge treatment system;
- commenced development of feasibility study for the extension and renovation of the biological treatment plant "Daugavgrīva";
- completed study on the implementation of an on-line drinking water quality monitoring system;
- developed construction design for the extension of the water supply network zoning system;
- completed development of the computer model of the sewerage system for calibration round 1, development of the high-fidelity computer model of the sewerage system still in progress, etc.

R&D investments in 2024



- Upgrade of sewerage system's automatic control system
- Development of feasibility studies
- Research
- Others



## 1.6. KEY EVENTS IN 2024

### Top rating from the credit rating agency “Moody’s”

International credit rating agency “Moody’s” has affirmed “Rīgas ūdens”’s A3 long-term credit rating with a stable outlook, allowing it to attract financing on particularly favourable conditions. “Rīgas ūdens” is the only Riga municipal capital company to have received such an international agency assessment, obtaining one of the highest credit ratings in Latvia. “Moody’s” states in its opinion that the assessment is closely linked to the city of Riga and its role in the city’s public services sector. It is noted that, in general, the company demonstrates very strong governance and management practices, reflected in robust risk management policies, detailed and timely reporting, and transparency of performance to stakeholders and the public.



### Opened the largest sewage pumping station in the Baltics

In 2024, the New Sewage Pumping Station at 101 Daugavgrīvas Street was opened, to be considered the largest structure of its kind in the Baltics. The facility collects and pumps wastewater from the neighbourhoods on the left bank of the Daugava River to the biological treatment plant “Daugavgrīva”, pumping about half of all wastewater of Riga. The old and now demolished sewage pumping station at 101 Daugavgrīvas Street had been in operation for more than 30 years and had outlived its useful life, both technically and morally. From the economic point of view, the greatest benefit of the new plant is the savings in process water and electricity consumption (see Section 2 *Sustainability Report*).



### Baltezers historic pumping station celebrates 120th anniversary

In the 19th century, the rapid growth of Riga and the pollution of the Daugava River caused thereby led to a search for alternatives to the water sources for the city’s water reservoirs, and exploration of the underground resources of Bukulti, Rembergi and Zaķumuiža revealed quality underground water intakes in the vicinity of the Baltezers area. In 1903, under the leadership of Riga Mayor George Armitstead, construction of a pumping station began on the shore of Baltezers, where pipes led from the deposits, but a more than 13 km-long water supply pressure main was built to Riga, stretching all the way to the today’s intersection of Aleksandra Čaka and Pērnavas Streets. Location of construction of the station was determined by the proximity of the Gauja – Baltezers canal, which was used to transport the fuel needed to power the station. All the technical equipment was manufactured in Riga.

Construction of the pumping station “Baltezers” was completed in 1904, and high-quality drinking water was supplied to Riga. The historic pumping station ceased operation in the 1950s and was replaced by an electrified station built nearby. A new pumping station now supplies the water, but the equipment used in the last century has been preserved in the historic building. The Baltezers pumping station is an important cultural and historical and industrial heritage site.



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### New free access drinking water filling points

In 2024, 11 new free access drinking water filling points, or free taps, have been set up, bringing the total number of free taps in the capital to 36. Among the new free taps, two free access drinking water points in the reconstructed Uzvaras Park, as well as free taps in the Central Market and Opera Square were particularly noteworthy. Whereas, at the end of the year, drinking water filling stations were installed in ten schools of the Riga municipality, continuing promotion of tap water consumption among children and young people.



### Memorandum of Cooperation signed with RTU

“Rīgas ūdens” has signed a Memorandum of Cooperation with Riga Technical University (RTU), which provides for mutually valuable and useful cooperation in the training of young specialists. The main areas of cooperation: theoretical and practical training of engineering specialists; research activities; development of innovative study and working environment and transfer of knowledge and technologies into the working environment; provision of internships for RTU students and attraction of young people to the working environment.



### Our debut at the Researchers' Night

At the end of September, Latvian universities hosted the traditional Researchers' Night, including the Curiosity Center of Riga Technical University “Futurimo Riga”, where “Rīgas ūdens” participated for the first time with its own stand. A special water tasting stand offered the opportunity to explore the flavours of Riga's water under the leadership of the experts of the Joint Water Quality Laboratory, comparing drinking water extracted from surface and underground water supply points, as well as to learn about its origin and mineral content in its composition.



## “Rīgas ūdens” achieves high sustainability rating

At the annual awards ceremony of the Institute for Corporate Sustainability and Responsibility, “Rīgas ūdens” received the “Sustainability Index 2024” Silver Certificate. “Rīgas ūdens” took part in this assessment after a break of around ten years. Whereas, in the “Latvian Sustainable Governance Award 2024”, organised by the Bank of Latvia in cooperation with the Ministry of Justice and the Corporate Governance Advisory Council, “Rīgas ūdens” was invited as an expert to share its experience in a discussion on ethical aspects of sustainable corporate governance. A year earlier, “Rīgas ūdens” received the award in the category “Stakeholder Management Practitioner”, with experts highlighting that “the company has defined its stakeholders and has made significant effort in defining and implementing stakeholder management activities. Despite the challenges in the field of operation, the company has managed to demonstrate a high level of communication, thus strengthening relations with stakeholders, ensuring a good reputation and successful future growth.”



## Received the highest possible corporate governance rating

In the TOP 101 of the 2024 Latvia’s Most Valuable Companies, jointly developed by “Prudentia”, the leading Baltic corporate finance company, and “Nasdaq Riga” Stock Exchange, “Rīgas ūdens” has received the highest possible governance coefficient – 100, which was achieved only by SJSC “Valsts nekustamie īpašumi” among all the companies included. “Rīgas ūdens” is ranked 9th among the most valuable state-owned companies in 2024 with an estimated value of €134.90 million. It results in the 42nd position in the overall list of all the most valuable companies in Latvia.



## For the first time, we make are in the Top 10 of the fairest payers in Latvia

In the Top 10 of the 2024 list of the fairest payers in Latvia, the category of large companies, compiled by the remuneration research and management consulting company “Figure Baltic Advisory”, “Rīgas ūdens” has also made it to the Top 10. This award has been presented since 2018, and this is the first time that “Rīgas ūdens” has been included in this list.

## Technical innovations introduced in the company are welcomed

“Rīgas ūdens” was also invited to take part in the “Electric Car Day” – an event organised for the first time in Latvia, dedicated to electric cars, which is one of the events promoting electric mobility in the “Latvian E-car 2024/2025” series. In the exhibition organised within the framework of this day, we participated with our electric dump truck “Volvo FE Electric”, the first vehicle of this kind in the Baltic water management industry. Whereas, the public welcomed the vacuum excavator, which was put into operation last year and is a good tool for repairs and renovation of urban networks in areas where the proximity of other utilities (cables, etc.) and tree roots make it difficult. For this technical innovation, “Rīgas ūdens” was also nominated for the Riga Municipality’s “Annual Award” in the “Innovation of the Year” category.



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## 1.7. STRATEGY

By the Decision No. 720 of the Riga City Council of 07.07.2021, "Regarding Retention of Direct Shareholding of the Riga City Municipality in the LLC "Rīgas ūdens", the overall strategic objective of the Company has been set -

to provide high quality and reliable water management services, ensure sustainable and safe use of water resources significant for Riga and governance of strategically important infrastructure, as well as to promote residents' participation in prevention of water pollution.

For the purpose of implementation of the centralised water management policy of the state city, by the Decision No. 938 of the Riga City Council of 06.10.2021 "Regarding Determination of Specific Non-Financial Objectives of the LLC "Rīgas ūdens", the municipality set specific objectives for the Company arising from the overall strategic objective, laws and regulations and sectoral policy planning documents.



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## Non-Financial Objectives:

<b>NO1.</b>	<p>To develop the use of public water management services, improving their accessibility and increasing the connection rate of residents, thus ensuring a quality living environment, reducing environmental pollution and contributing to meeting the requirements of European Union directives in the field of water management.</p>	<b>NO3.</b>	<p>To provide users of public water management services with uninterrupted and reliable services, to improve the quality of customer service, balancing the interests of environmental protection, sustainable use of natural resources, the environmental and economic interests of the public life.</p>	<b>NO5.</b>	<p>To strengthen capacity in research, development and digitisation, including through participation in smart city solutions and innovation ecosystem projects where possible, as well as through collaboration with local government in the development, introduction of centralised ICT solutions and provision of open data.</p>
<b>NO2.</b>	<p>To promote the sustainability of wastewater management by improving the quality and efficiency of wastewater treatment, mitigating the impacts of climate change and negative impacts on the environment.</p>	<b>NO4.</b>	<p>To improve the management of strategically important public water management infrastructure by modernising technological processes and infrastructure, preserving green infrastructure as far as possible during the water management infrastructure reconstruction, increasing process efficiency and energy efficiency, as well as increasing the efficiency of use of natural resources.</p>	<b>NO6.</b>	<p>To improve staff skills, motivation and the quality of the working environment.</p>
			<b>NO7.</b>		<p>To raise public awareness of environmental protection and the water management sector, including by promoting “green” thinking and environmentally friendly lifestyle in the field of water management, engaging in environmental problem solving, supporting and promoting the use of drinking tap water, improving public awareness of the role of “Rīgas ūdens” in environmental protection.</p>



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On this basis, we developed our Medium-Term Operational Strategy 2022–2024, and “Rīgas ūdens” successfully met its non-financial and financial objectives in the reporting year.

In particular, we can highlight the significant investments in increasing access to centralised water management services through the EU CF co-financed project “Water Management Development in Riga”. We actively promoted the connection of people’s properties to centralised water supply and sewerage systems, including to improve the environmental condition and meet the requirements of the EU Directive on urban wastewater treatment. In addition, designing works of the extension of the water management system in Mangaļsala were commenced using the funds of the Riga City Council dividends, and we are planning to complete the construction works in the neighbourhood by 2027.

We ensured high wastewater treatment quality with moderately higher degree of nitrogen and phosphorus treatment than required by Latvian regulatory requirements, despite the fact that the incoming wastewater pollution load sometimes exceeded the designed load of the BTP “Daugavgrīva”, and at the same time we ensured a low annual wastewater overload of less than 2.4%.

We rebuilt the largest sewage pumping station in the Baltics at 101 Daugavgrīva Street, which led to very sig-

nificant savings in energy consumption (more than 1 786 MWh in the reporting year) and technical water consumption (more than 280 000 m<sup>3</sup> in the reporting year), while increasing the safety of sewerage services.

We ensured high drinking water quality, continued planned flushing of water supply networks and replacement of obsolete fire hydrants and gate valves, and ensured that the water outage rate was below 6 hours in more than 76% of cases during water supply network repairs.

During the period from 2022 to 2024, the volume of network rehabilitation exceeded the planned – 10.4 km of water supply networks and 16.3 km of sewerage networks.

We modernized the automatic control and intelligent monitoring systems for wastewater treatment by switching to the *Hubgrade plant performance* system. We completed the modernisation of the SCADA systems for water supply pumping stations and sewage pumping stations, improved the hydraulic monitoring system for the water supply network, introduced a rainfall monitoring system and a hydraulic monitoring system for the sewage networks, and further developed GIS and its use in our daily work.

Upon improvements of the Customer Web Portal, the number of its users increased significantly – up to 85%. At the same time, the number of customer complaints

and repeated complaints has decreased, and overall customer satisfaction level has increased, with 89% of satisfied, very satisfied and completely satisfied customers, which is a very high level.

We improved our communication management, provided broader explanations to the public and stakeholders on the environmental and water management aspects, as well as the Company’s development plans. We implemented a series of awareness-raising campaigns and publications, including on promotion of tap water use – placing water stations in city schools and making drinking water available at high-profile public events, on correct use of domestic sewer system, etc. We started the annual conferences of “Rīgas ūdens” staff and continued our cooperation with stakeholders in the Development Conference, Customer Day and other projects.



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## 1.8. FINANCIAL PERFORMANCE

In 2024, we generally met our financial objectives.

The liquidity ratio in 2024 was below target at 0.87, but there is no liquidity risk as the Company has a long-term credit limit of EUR 15 million available under the ongoing loan agreements, as well as a credit line of EUR 5 million, which has not been used to reduce financing costs, as well as cash balances as at 31 December 2024 (cash and short-term deposits of up to one month) amounted to EUR 12.73. By attracting long-term financing of €15 million, at the end of 2024, the liquidity ratio would be 1.3, exceeding the target ratio.

Taking into account the long-term asset revaluation reserve, the Company's equity ratio has exceeded 74.5% of total assets during the reporting period, thus ensuring that the capital structure target is met.

The profitability ratio exceeded the target indicator of 7% during the reporting period and averaged 9.6% over the 3-year period, resulting in our achievement of the financial objective for return on assets.

During the reporting period, we invested heavily, thus exceeding the target indicator more than twice with regard to the fixed asset renewal to depreciation ratio, excluding the depreciation resulting from asset revaluation.

During the reporting period, the ratio of bad and doubtful debts to revenue (net turnover) remained at the level of 2023 and amounted to 1.1%, providing conformity to the financial target indicator (2%).

In 2024, first revaluation of the underground water management infrastructure was conducted by certified real estate appraisers. Revaluation resulted in an increase in the asset value by 451.30 million EUR, but, in addition, decrease in the recoverable amount of revalued assets of 82.00 million EUR has been recognised leading to significant increase in the value of long-term assets on the balance sheet reaching 689.91 million EUR on 31 December 2024 (111.66% increase compared to 31 December 2023). Result of the revaluation and impairment of the recoverable amount of assets is included in equity Section Long-Term Asset Revaluation Reserve, as well as reported in the Company's Statement of Comprehensive Income.

The asset appreciation recognised as a result of the revaluation is currently not included in the regulated asset base of the approved water management tariffs.

Revenue (net turnover) in 2024 decreased by 0.15% compared to 2023. In 2024, water supply volumes decreased by 0.01%, whereas, sewage volumes increased

by 1.2%. Decrease in revenue from sewerage services was affected by tariff changes resulting in lower tariffs on average in 2024 compared to 2023.



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## Financial indicators

EUR million	2022	2023	2024
Revenue (net turnover)	65,7	76,4	76,3
Expenditure *	50,4	58,1	56,9
Impairment of long-term assets **, ***	15,1	14,9	42,5
Share of comprehensive income for the reporting year included in retained earnings	5,2	7,5	8,4
Profitability of the part of comprehensive income included in retained earnings for the reporting year	7,9%	9,9%	11,0%
Investments in fixed assets	30,2	35,6	35,6
EBITDA	20,6	23,7	25,9
EBITDA/turnover	31,2%	31,0%	33,9%
Liquidity *****	1,3	1,0	0,9
Asset turnover ****	20,0%	21,7%	10,6%
Capital structure ****	51,2%	51,0%	74,5%
Net debt	24,4	35,8	55,4
Net debt / EBITDA	1,2x	1,5x	2,1x
Interest coverage	66,7x	18,3x	14,2x
Investment in fixed assets/ depreciation ***	2,0	2,4	2,3
ROA ****	1,5%	2,1%	1,2%
ROE ****	2,9%	4,1%	1,6%
Doubtful receivables	1,3%	1,1%	1,1%

## Revenue

EUR million	2022	2023	2024
Revenue from water supply	30,76	35,63	37,09
Revenue from sewerage services	32,32	36,90	35,20
incl. Rain wastewater	1,85	2,14	2,05
Revenue from sewerage services (Jūrmala)	0,42	0,61	0,63
Total paid services, incl.:	1,51	2,15	1,41
Construction of new connections	0,23	0,62	1,59
Revenue from biogas	0,48	0,54	0,42
<b>Total:</b>	<b>65,73</b>	<b>76,45</b>	<b>76,34</b>

\* Raw materials and supplies, staff costs, other operating costs.

\*\* Amortisation of intangible assets, depreciation and impairment of property, plant and equipment and LTA, excluding impairment of revalued assets EUR 82 million.

\*\*\* 2024 data - impact of asset revaluation €26.7 million.

\*\*\*\* The 2024 indicators were affected by the revaluation of non-current assets.

\*\*\*\*\* There is no liquidity risk, because, as at 31.12.2024, the Company has available a long-term credit limit in the amount of EUR 15 million and a credit line in the amount of EUR 5 million, not used at the end of the reporting year.



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## SUSTAINABILITY REPORT



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## 2.1. INFORMATION ON THE SUSTAINABILITY REPORT

### Reporting period

01.01.2024. – 31.12.2024.

### Date of publication

April 2025

### Reporting frequency

According to the requirements of laws and regulations on corporate governance, the sustainability report is prepared once a year. "Rīgas ūdens" prepares reports from the 2020 reporting year onwards.

### Report preparation standards

Process of the report preparation is described in the "Sustainability governance" section. The report contains information on material company's sustainability aspects. The 2024 Sustainability Report has been prepared by applying the requirements of the Corporate Sustainability Reporting Standards (CSRS) to the extent that they are commensurate with the scope of the Company's sustainability practices.

### Report content preparation principles

The regulatory framework, which establishes a new reporting approach in line with the Corporate Sustainability Reporting Directive (CSRD) and the CSRS standards, will be binding on the Company from the 2025 Report. In the light of the above, we provide broader information on the aspects to be reported, with the corresponding CSRS topic and data point indicator. Process of the report preparation is described in the "Sustainability governance" section.

### Data retrieval methods

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

### Corrections in information provided in previous reports

Not carried out.

### Changes in reporting practices

Explanation in the "Sustainability information" section.

### Independent auditor confirmation report

The 2024 Sustainability Report does not have an externally issued independent auditor acknowledgement.

### Report format

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

### Contact details

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

## 2.2. SUSTAINABILITY INFORMATION

CSRS 2, BP-1

“Rīgas ūdens” prepares its sustainability report based on the Sustainability Disclosure Law and the requirements of the Company’s owner, the Riga State City Municipality, for disclosure of information on the Company’s activities. The obligation to prepare a sustainability report according to the requirements of the European Union’s Non-Financial and Corporate Sustainability Reporting Directive 2022/2464 (CSRD) and standards (CSRS) will apply to the Company from the 2025 reporting year.

Since 2020, “Rīgas ūdens” has prepared sustainability reports according to the GRI (Global Reporting Initiative) standard. Reporting under the new EU requirements requires the application and revision of the data presentation approach and reporting structure, so we are currently in transition to the new reporting standard, and this Sustainability Report has been prepared by gradually applying the corporate sustainability reporting requirements, to the extent that they are commensurate with the current scope of the company’s sustainability practices.

The report describes the environmental, social and governance performance of “Rīgas ūdens” in 2024. The Transition Report includes sustainability topics relevant to the Company, assessed using a double materiality approach, expanded detail in line with the structure of the new reporting standard, as well as disclosing new target indicators that provide a more comprehensive picture of the Company’s sustainability performance.

### 2.2.1. SUSTAINABILITY GOVERNANCE

GOV-1, GOV-2, GOV-3, GOV-4, GOV-5

In order to ensure that sustainability aspects are integrated into all the business areas and internal processes of “Rīgas ūdens”, sustainability governance is included in the Company’s governance model. The Company is developing a sustainability governance model that plans business development in the light of sustainability. During the reporting period, “Rīgas ūdens” developed the 2040 Strategy that stipulated the Company’s development priorities and directions for environmental, social and governance area for the period up to 2040. The Company’s corporate governance principles are described in the Corporate Governance Statement included in this report.

The Company’s sustainability performance and the implementation of sustainability processes are the responsibilities of the Company’s Management Board, which is responsible for ensuring that sustainability aspects are included in operational planning documents, establishing and monitoring a sustainability governance system, as well as assessing impact of sustainability aspects, risks and opportunity risks.

The main guidelines for sustainable development and the governance of sustainability issues relevant to the Company are set out in the Corporate Social Responsibility and Sustainability Policy, the Environmental Policy and the Human Resources Policy of “Rīgas ūdens”. In 2024, the Company also developed a Responsible Business Policy and

introduced a Code of Conduct for its business partners.

During the reporting period, the company created the position of Chief Sustainability Officer, which is included in the Corporate Governance structure. The Chief Sustainability Officer is responsible for establishment of the Company’s sustainability governance system and conducts its coordination and monitoring. In collaboration with other company’s structural units, planning of the sustainability governance strategy and provision of the Company’s corporate sustainability data are ensured.

Heads and responsible employees of the structural units of “Rīgas ūdens” engage in identifying and assessing sustainability impacts, risks and opportunities according to their areas of responsibility. For the purposes of governance of relevant sustainability issues and sustainability reporting, a working group has been established within the Company, which engages in the in the development of medium-term planning documents, planning the activities necessary to achieve the objectives and performance indicators, as well as ensures, to the extent of its competence, data collection and provision of information for the sustainability report. For sustainability issues related to climate risk and for the assessment and implementation of the EU Taxonomy compliance, “Rīgas ūdens” cooperates with external experts.

The Company’s Supervisory Board oversees the company’s sustainability work according to the requirements of the laws and regulations and corporate governance practices. The Supervisory Board approves the 2040 Strategy, which sets the Company’s ESG targets. The Sustainability Report of the current year is reviewed and ap-



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proved by the Supervisory Board. From the 2024 Annual Report onwards, the Annual Financial Report and the Sustainability Report have been developed as a single “Rīgas ūdens” 2024 Annual Report.

Information provided to the company’s administrative, management and supervisory bodies and the sustainability issues examined by these bodies

In order to ensure that sustainability aspects are integrated into all the business areas and internal processes of “Rīgas ūdens”, sustainability governance is included in the Company’s governance model. Assessment of material impact, risks and opportunities, as well as the policy and related actions, objectives and indicators apply to the entire Company’s value chain.

During the reporting period, “Rīgas ūdens” has started the development of the Company’s Sustainability Governance System. To keep the sustainability issues on the daily “agenda” and understood by employees, the Company ensures that employees are involved in the Sustainability Ambassador programme and in competence development. To ensure that all the sustainability issues are covered effectively, the required volume of functions and responsibilities within the Company has been divided according to the competence of the heads of areas and functions of the structural units. The company has an internal process in place to ensure regular monitoring of the sustainability objectives and assessment of sustainability performance. The Management Board reports quarterly to the Supervisory Board on the performance of the non-financial and financial objectives.

The following is a breakdown of the roles and responsibilities of “Rīgas ūdens” management and senior staff on sustainability issues.

Responsible person	Sustainability responsibility
<b>Chairman of the Management Board Krišjānis Krūmiņš</b>	Company’s governance from the sustainability perspective to fully implement and manage sustainability practices in the areas of strategic planning, corporate governance and business development. Establishment and monitoring of sustainability governance system; stakeholder management in governance areas.
<b>Member of the Management Board Normunds Zvaunis</b>	Company’s governance from the sustainability perspective to fully implement and manage sustainability practices in the areas of production and infrastructure development; stakeholder management in the governance areas.
<b>Member of the Management Board Agnese Ozolkāja</b>	Company’s governance from the sustainability perspective to fully implement and manage sustainability practices in the areas of financial management, value chain and responsible tax practices, stakeholder management in the areas of governance.
<b>Risk supervisor</b>	Management and assessment of the Company’s risks, participation in the material area sustainability assessment process.
<b>Internal auditor</b>	Independent and objective internal control of the Company’s operations, including an assessment of the sustainability governance system.
<b>Sustainability Manager</b>	To implement and maintain a corporate governance system in line with standards, and to implement the examples of best practice, initiatives and tools for sustainability governance. To identify, collect, analyse and coordinate across disciplines the data needed for corporate governance and sustainability governance, as well as manage cooperation with external service providers in these areas, ensure engagement of internal and external stakeholders, corporate sustainability reporting and report preparation.
<b>Director of the Finance Department</b>	Management of financial resources, monitoring of the performance efficiency of departments involved in financial processes, responsibility of timely payment of taxes and invoices and service of loans.
<b>Technical Director* / Leading Water Supply Systems Engineer / Leading Sewerage Systems Engineer</b>	Governance of water supply risks, wastewater discharge and treatment risks, management of risk mitigation measures, addressing operational issues in water management infrastructure, centralised and comprehensive water supply and sewerage system development planning.

\*structural changes took place during the reporting period, post until 01.11.2024



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<b>Head of the Water Preparation and Supply Service</b>	Technological governance of water resources, ensuring resource water extraction from surface and underground water intakes, compliance with drinking water quality.
<b>Head of the biological treatment plant "Daugavgrīva"</b>	Ensuring mechanical and biological wastewater treatment, processing and disposal of by-products - sludge, biogas production.
<b>Head of the Joint Water Quality and Control</b>	Drinking water monitoring, laboratory testing of drinking water, surface water, underground water, wastewater and sewage sludge samples; corporate sustainability reporting.
<b>Head of Water Resources Inspectorate</b>	Identification of environmental and water resource use requirements, compliance of operations with the requirements of the polluting activity permits; corporate sustainability reporting.
<b>Strategic Planning Engineer of the Strategic Planning Division</b>	Assessment of sustainability impacts, risks and opportunities, sustainability strategy, mapping of the Company's activities with regard to the EU Taxonomy Regulation classification, Company's decarbonisation strategy, corporate sustainability reporting.
<b>Energy Efficiency Engineer of the Strategic Planning Division</b>	Assessment of sustainability impacts, risks and opportunities, sustainability strategy, emission calculations, Company's decarbonisation strategy, corporate sustainability reporting.
<b>Environmental Governance Engineer</b>	Implements the Company's environmental policy and the requirements of the ISO 14001 environmental management system standard; participates in the definition of the Company's sustainable development and strategic objectives; as part of the risk management process, ensures environmental risk management by engaging in the identification, assessment and monitoring of risks that may have an impact on the environment; participates in the development of proposals for the use of efficient and modern technologies to reduce GHG emissions and the application of EU taxonomy criteria.
<b>Head of HR Division</b>	Employee engagement planning, satisfaction surveys, succession planning and training, communicating with employee representatives, communication on obtaining and verifying sustainability information, corporate sustainability reporting approach.



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<b>Director of Customer Service Provisioning Department</b>	Customer management, management of the processes of customers (consumers) as stakeholders and collaboration, corporate sustainability reporting.
<b>Head of Corporate Governance Division</b>	To ensure engagement of internal and external stakeholders, maintain internal whistleblowing system, anti-corruption and anti-conflict of interest control system, anti-corruption planning and follow-up; corporate sustainability reporting
<b>Head of Communication Division</b>	Effective internal and external communication, cooperation with stakeholders, building of the Company's reputation and image, involvement in the implementation of the corporate social responsibility principles and sustainability objectives set by "Rīgas ūdens" and ensuring publicity, corporate sustainability reporting.
<b>Head of Legal Division</b>	Legislative initiatives affecting the Company's activity, cooperation with stakeholders, legal practice and representation of the Company in litigations.
<b>Head of Compliance</b>	To ensure maintenance of the compliance management system of the activities of "Rīgas ūdens"; to promote the achievement of the objectives of the internal control system - efficiency of processes, reliability of information provided and compliance of the Company's activities with regulatory enactments; compliance of the Company's activities with the applicable laws, monitors
<b>Head of Procurement Management Division</b>	legal and ethical conducting of procurement processes.

## Inclusion of sustainability-related performance in incentive schemes

Currently, results of the sustainability objectives are not directly included in sustainability-related performance incentive schemes. Performance indicators of the sustainability objectives are integrated into the non-financial and financial objectives set for the Company, which are included in the scope of the individual objectives set for management. The Management Board reports to the "Rīgas ūdens" Supervisory Board and the shareholder, who jointly evaluate performance and decide on bonuses for Members of the Management Board in accordance with the procedures laid down in the laws and regulations.

All the company's objectives, including those related to sustainability, are integrated into the non-financial and financial objectives set by the company. These objectives are included in the totality of individual objectives set for the management, which means that sustainability aspects are part of a broader strategic plan and performance assessment of the company. Achievement of the overall objectives set for the Company's employees and the structural unit is linked to bonus awarding or other financial incentives for the employees.

The Management Board is responsible for reporting Company's performance against the set objectives to the Supervisory Board and shareholder of "Rīgas ūdens". These bodies assess the company's performance and

decide on the bonus awarding to the members of the Management Board according to the procedures laid down in the laws and regulations. The approach integrated in the scope of 2024 ensures that sustainability is seen as a part of the overall corporate strategy, rather than as a separate and isolated element.

In order to promote the achievement of sustainability objectives, "Rīgas ūdens" is considering the possibility to integrate climate-related incentives into the remuneration of members of the administrative, management and supervisory bodies by setting specific target indicators and linking their achievement to bonuses, such as GHG emission reductions, energy efficiency improvements and increased use of RES.

## Compliance with the principles of due diligence

"Rīgas ūdens" is committed to complying with the principles of due diligence - to identify, prevent, mitigate and monitor the negative impacts of its operations and supply chains on human rights and the environment. The due diligence approach is integrated into the policies and risk management system. The Company has developed and implements a number of policies that promote responsible business conduct, including a Responsible Business Policy, a Supplier Code of Conduct and a Corporate Social Responsibility and Sustainability Policy.

"Rīgas ūdens" has developed a Sustainable Development Strategy 2040, which sets out the company's environmental, social and governance development priorities, including significant commitments and targets related to environmental and climate issues, as well as the involvement of affected stakeholders. During the reporting period, activities have been initiated to carry out an ongoing analysis of the Company and its supply chains to identify and assess actual and potential negative impacts on human rights and the environment.

During the development of the Strategy 2040, "Rīgas ūdens" identified and assessed the impact, risks and opportunities in key sustainability areas.

The company also publishes regular reports on its activities within the economic, environmental and social aspects, thus ensuring transparency and accountability towards society. These initiatives demonstrate commitment of "Rīgas ūdens" to comply with the principles of due diligence, integrating sustainability considerations into its strategy and day-to-day operations, and ensuring open communication with stakeholders. The company provides mechanisms to enable employees, suppliers and other stakeholders to report possible violations or concerns in relation to human rights and the environment.

**Dokumentēti procesi un politikas:** Documented processes and policies: "Rīgas ūdens" has developed documents that demonstrate the existence of due diligence policies and procedures and their integration into the



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company's operations. [www.rigasudens.lv](http://www.rigasudens.lv)

**Risk assessments and reports:** Regular risk assessments and reports on their results, showing the risks identified and the measures taken to prevent or mitigate them. "Rīgas ūdens" Risk Register, Risk Policy, Internal Procedure;

**Cooperation with suppliers:** Company's communication informing potential business partners of the conditions for entering into contracts, and contracts with suppliers confirming joint initiatives to mitigate negative impacts and ensure compliance, including a disclaimer on the application of the Code of Conduct. [www.rigasudens.lv](http://www.rigasudens.lv), Register of Company Contracts

**Registers of Complaints registers and results of their examination:** "Rīgas ūdens" keeps a record of complaints received, analyses them and takes actions to resolve them. "Rīgas ūdens" Whistleblowing Channel, register of received applications.

**Public reports:** Since 2020, "Rīgas ūdens" has been publishing sustainability reports, including information on the Company's due diligence activities, which ensure transparency of "Rīgas ūdens" operations and inform stakeholders about the measures taken.

### Sustainability reporting, risk management and internal control

Sustainability reporting helps the Company to define and implement strategic objectives that support long-term growth and resilience in a changing business environment:

**Funders, potential investors:** By providing transparent and detailed sustainability information, the Company builds trust with funders and attracts investors interested in sustainability. It also reduces the financial risks associated with reputational or regulatory breaches.

**Customers:** Transparent sustainability reporting builds customer trust and loyalty by providing assurance that the service is sustainably sourced and produced, demonstrating that the Company is responsible to the environment and society

**Employees:** A responsible approach to sustainability and transparent communication of company goals and achievements help attract and retain talented employees, as more and more people want to work for organisations that act responsibly and have a positive impact on society and the environment.

**Society and community:** Company's responsibility towards society includes not only creation of economic value, but also positive social and environmental impact. Transparent sustainability reporting promotes public trust and favourable attitude towards the company.

The Company has established a structured risk management system to identify, assess and manage risks related to environmental, social and governance (ESG) issues. In 2024, "Rīgas ūdens" launched a sustainability governance system, including a scope in the corporate governance part, as well as establishing permanent working groups to manage thematic areas. This includes the extraction, processing, analysis and report-

ing of the data needed for the reporting. Thus, "Rīgas ūdens" has divided responsibilities and involvement among several structural units of the Company, which generally contributes to high quality, timely and relevant data collection and analysis. In 2024, the Company implemented Mitigate ESG Platform, an IT solution for sustainability reporting, which helps to collect, structure and process sustainability data for reporting purposes.

## 2.2.2. INTEGRATING SUSTAINABILITY INTO STRATEGY

SBM-1, SBM-2, SBM-3, MDR-P

By the Decision No. 720 of the Riga City Council of 07.07.2021, "Regarding Retention of Direct Shareholding of the Riga City Municipality in the LLC "Rīgas ūdens"", the overall strategic objective of the Company has been set:

To provide high quality and reliable water management services, ensure sustainable and safe use of water resources significant for Riga and governance of strategically important infrastructure, as well as to promote residents' participation in prevention of water pollution.

At the same time, the Decision of the Riga City Council set seven specific non-financial objectives for the municipality's policy in the area of centralised water supply and sewerage, which were implemented by "Rī-



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gas ūdens” according to the Company’s medium-term operational strategy 2022-2024. On 20 November 2024, specific non-financial objectives were updated by a Decision of the Riga City Council, and the Company has developed a new medium-term operational strategy for the period until 2030 (Strategy 2030)

[https://www.rigasudens.lv/lv/korporativa-par-valdiba#strategiskais\\_ietvars](https://www.rigasudens.lv/lv/korporativa-par-valdiba#strategiskais_ietvars)

The main sustainability policy of “Rīgas ūdens” is described in the Strategy 2040, which was approved by the Decision of the Supervisory Board of “Rīgas ūdens” of 18.06.2024. It is the company’s long-term planning document, setting out its environmental, social and governance priorities and directions for development for the period up to 2040. The strategy encompasses vision, mission and values of “Rīgas ūdens” based on sustainability, responsibility, safety, environmental impact, professionalism and efficiency. Strategy 2040 covers the sustainability themes relevant to the company, including economic responsibility, environmental and social aspects. Priority areas include climate change, pollution, water and marine resources, biodiversity and ecosystems, own staff, consumers and end-users, business. “Rīgas ūdens”’s priority development directions and objectives are based on the approach to identifying material sustainability aspects set out in the UN Sustainable Development Goals, the EU Sustainability Reporting Standards (ESRS) and the EU Corporate Sustainability Reporting Directive (CSRD). The objectives are structured around the ESG domains in three areas: environmental, social and governance.

“Rīgas ūdens” has taken significant steps to introduce and implement corporate governance principles in all areas of its activities and at all levels of its organisational structure, as well as in cooperation with all stakeholders. Since 2021, the Company has developed and implemented company’s policies that ensure compliance with corporate governance principles, contribute to the achievement of “Rīgas ūdens”’s strategic objectives and day-to-day operations. The policies also include the Company’s approach to sustainability aspects. Information on meeting the financial target indicators set for the Company, annual reports, unaudited quarterly operational reports for the last five years are published on a regular basis to the extent required by the laws and regulations. At the same time, taking into account the significant impact of the services provided by “Rīgas ūdens” on the quality of life of every resident of Riga, “Rīgas ūdens” proactively communicates with the society to inform customers, every user of water supply services and other interested persons about the services provided by the Company, the quality criteria and to listen to the public opinion. According to the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof, information about the Company is published on the website [www.rigasudens.lv](http://www.rigasudens.lv), where information on the measures taken to prevent the risk of corruption and the procedure for submitting a whistleblowing report is also posted.

The Corporate Social Responsibility and Sustainability Policy of “Rīgas ūdens” has defined the duty to regularly report on its performance to stakeholders - to provide a clear and transparent overview of “Rīgas ūdens”

performance in a detailed, easy-to-understand report with key financial, environmental and human resource indicators.

### 2.2.3. VALUE CHAIN

The value chain of “Rīgas ūdens” includes all the activities and operations that are necessary to ensure the services provided by the Company. By cooperating with suppliers and implementing the company’s business model, value is created that has a direct impact on the end consumer and, more broadly, on society. The Company strives to maintain a balance along the value chain, taking into account economic benefits, responsible treatment of employees and society as a whole, as well as environmental protection.

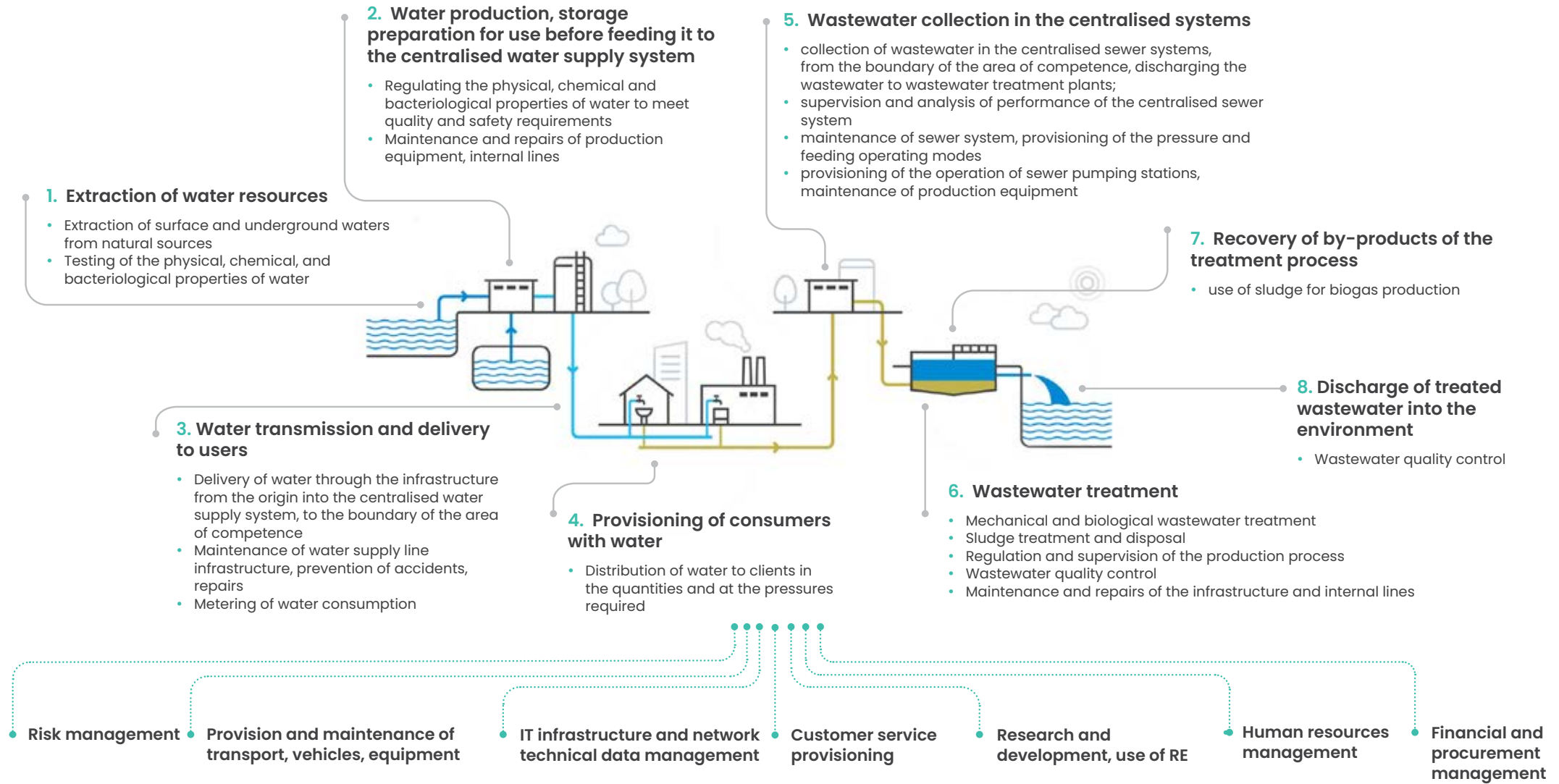
In order to provide its services, “Rīgas ūdens” procures various types of construction works, services and products, including electricity and energy resources. “Rīgas ūdens” procures most of the products, services, and construction works from Latvian suppliers, service providers and building contractors. “Rīgas ūdens” organises open procurement procedures in accordance with the requirements of the laws and regulations of the European Union and the Republic of Latvia, and any tenderer that meets the qualification requirements set by “Rīgas ūdens” and is capable of providing performance of the services or construction works, or delivery of products, as stated in the subject of procurement.



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**Major business partners – suppliers:**

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

When beginning partnership with suppliers, the Company shall inform suppliers of the implementation of the Company's Responsible Business Policy and the requirement to ensure high standards of business conduct throughout the Company's supply chain. In 2024, the Company implemented a Supplier Code of Conduct which is an integral part of all contracts between suppliers and the Company, thus, when signing any cooperation contract, suppliers commit to comply with all the requirements set out in the Code for responsible business conduct. The Code contains the principles and requirements of the Company's business practices, which the Company expects all its business partners, existing and potential Suppliers, regardless of their size,

turnover, experience, scope of activity and other factors, to comply with

With the introduction of the Supplier Code, "Rīgas ūdens" has set up channels available to value chain employees to raise concerns about potential negative impacts.

The Company has set up a whistleblowing channel to provide information on possible breaches: (<https://www.rigasudens.lv/lv/informacija-trauksmes-celejiem>)

Suppliers are obliged to report to the Company any breaches of the Code (where there is negligence in the supply chain, where events have occurred which may jeopardise the Company's reputation or otherwise affect the Company's business) by emailing [rigasudens@rigasudens.lv](mailto:rigasudens@rigasudens.lv)

**Stakeholder involvement**

Stakeholders, for the purposes of the Company, are groups in society that are in a position to influence the Company or those that are influenced by the Company through its activities and services, either positively or negatively.

- affected persons or groups whose interests are or may be affected, positively or negatively, by the Company's activities, directly and indirectly; and

- general users of financial reports and sustainability reports: credit institutions, insurance companies, business partners, trade unions and social partners, civil society and non-governmental organisations, public authorities, analysts, educational institutions.

Regular communication with stakeholders is essential to discuss and assess the company's actual and potential impacts, risks and opportunities. The Company gains insight into stakeholder expectations and priorities, sustainability topics of relevance to the Company, the importance of the topics, and feedback on our sustainability performance. In 2024, a number of stakeholder events were held to assess sustainability issues, where leading specialists of "Rīgas ūdens" met with both the suppliers and experts of the field representing other companies in the sector. Separate events are organised for the Company's customers to inform them about the latest developments and to hear their views on the future plans of "Rīgas ūdens".

"Rīgas ūdens" is continuously developing its approach to meaningful stakeholder engagement. Taking also into account best practice standards, systematic stakeholder engagement plays an important role in the outcomes of "Rīgas ūdens"'s sustainability goal planning and development vision, as it promotes stakeholder trust in the company, improves communication and understanding of the company as a whole, and builds the rationale for "Rīgas ūdens"'s ambitious development priorities.

Taking into account stakeholders' views and recommendations, "Rīgas ūdens" can make the most appropriate decisions and more accurately identify the improvements needed to achieve its sustainable development goals. The company already provides regular contact with customers, national, municipal and industry institutions, and is looking for new models of engagement for exchange of opinions with suppliers.



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The company's employees are always an important stakeholder group, and are communicated with in a variety of ways to reach everyone. In order to stimulate the involvement of the company's employees in the realisation of "Rīgas ūdens"'s development goals and to raise awareness about them, the first Employee Development Conference "Darīt prieks!" was held in autumn 2024. In addition to the main objectives of the strategy, the employees were briefed on the Company's more specific environmental and social plans, the European Green Deal trends, increasing safety requirements and employee well-being issues that are on the Company's agenda.

**Summary of affected and interested parties**

<p>Stable job Fair remuneration Safe working conditions Growth opportunities Support in various life situations</p>	<p>Adequate corporate governance Meeting strategic goal - achievement of non-financial and financial goals Contribution to the implementation of common city development projects</p>	<p>Reliable cooperation partner Responsible business Fair competition Transparent procurement process</p>	<p>Quality and safe service Supporting customer service Improving digital communication opportunities</p>	<p>Contribution to the sectoral development Good practice initiatives</p>	<p>Research and innovation projects in the water sector Funders</p>	<p>Raising public awareness of water resources Educating about the water management sector Changing habits Transparent information</p>
 <p><b>Employees</b></p>	 <p><b>Shareholder and its representative</b></p>	 <p><b>Suppliers, service providers</b></p>	 <p><b>Customers</b></p>	 <p><b>Policy makers, regulating and supervisory authorities</b></p>	 <p><b>Cooperation partners</b></p>	 <p><b>Society</b></p>
<p>Consultations Collective discussion Intranet site Surveys Annual evaluation Satisfaction survey</p>	<p>Shareholders' Meetings Consultations with the policy makers in the local government sector</p>	<p>Contractual relations Public communication negotiations between interested suppliers</p>	<p>Customer portal Contacting at the customer centre and by correspondence Customer satisfaction surveys Information and education</p>	<p>Involvement in drafting laws and regulations Discussions Data collection and provision of information Operating permits Service tariff approval</p>	<p>Cooperation and involvement in research and development projects Involvement in sectoral policy planning Membership of sectoral NGOs Financial support for the investment plan</p>	<p>Environmental education activities Water school Corporate social initiatives (donations, expositions)</p>

For each of the affected parties, existing sources of information and methods of engagement are identified, and existing known expectations are recorded.

## 2.2.4. MANAGING IMPACTS, RISKS AND OPPORTUNITIES

IRO-1, IRO-2

“Rīgas ūdens” uses a structured approach to assess double materiality. The Double Materiality Assessment (DMI) process is organised in three consecutive steps within the framework of the “Rīgas ūdens” Sustainability Reporting:

1. Understanding the context and scope of sustainability:
  - Company’s business model and value chain analysis.
  - Assessment of the legal framework.
2. Identifying potentially relevant sustainability aspects:
  - Analysis of information and documents.
  - Discussions with company representatives and the Sustainability Working Group.
3. Materiality assessment:
  - Stakeholder and environmental impact assessment.
  - Determining financial materiality – the risks and opportunities to a company’s financial performance, value and resources.

The first step was to analyse the sustainability context. This phase included an analysis of the company’s op-

erations and business model, value chain research and mapping, and an analysis of internal and external information and documents.

Since the launch of sustainability reporting in 2020, in line with GRI guidelines, the company has mainly focused on reporting actual performance without setting specific sustainability targets. Since 2023, a series of measures have been taken to develop “Rīgas ūdens”’s approach to sustainability governance within the company. When preparing for sustainability reporting under the new standard, the Company has developed a sustainability governance framework, gradually involving each structural unit in this process, to create a clear division of responsibilities for the implementation of the Company’s sustainability scope.

The second stage involved **identifying impacts, risks and opportunities**. This phase focused on building an initial ‘long list’ of sustainability aspects to identify potentially relevant topics and aspects along the value chain. A variety of sources were used, including existing assessments, findings from stakeholder engagement, as well as previous environmental assessments. An initial mapping was created by referring to the list of sustainability themes and sub-themes included in the ESRS, supplemented with Company-specific themes not explicitly included in the standard.

The third stage included **assessment of materiality of the sustainability topics**. This stage analysed the potential impacts, risks and opportunities identified in the

previous stage, assessing their likelihood of occurrence, impact parameters including scale, scope, irreversibility and potential timing. Each topic and sub-topic was evaluated from two perspectives:

- Significance of impact: Impact on people and the environment;
- Financial materiality: Risks and opportunities that can affect the company’s financial position, value, cash flow and access to resources.

As a result, both impact materiality and financial materiality were combined to create a double materiality matrix, which serves as a strategic tool to prioritise relevant topics and integrate them into the Sustainability Report.

The first Double Materiality Assessment was carried out in 2023, involving external sustainability experts who helped to identify and assess the current sustainability issues. In 2024, the Company’s sustainability topics were reviewed and updated with the involvement of the Company’s senior management and working group, including representatives from various departments (Corporate Governance, Environment, Customer Relations, Human Resources, Finance and Risk Management).

The DBI process identified seven priority ESRS thematic standards, covering governance, environmental and social aspects of “Rīgas ūdens”. The 2024 Sustainability Report includes information on the Company in the identified sustainability issues.



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DBA identified relevant ESRS topics of 2024 for reporting

ESRS standards	Significance of impacts	Financial materiality	Materiality
Climate change, ESRS E1	YES	YES	YES
Pollution, ESRS E2	YES	YES	YES
Water and marine resources, ESRS E3	YES	YES	YES
Biodiversity and ecosystems, ESRS E4	YES	YES	YES
Own staff ESRS S1	YES	YES	YES
Consumers and end-users, ESRS S4	NO	YES	YES
Business, ESRS G1	NO	YES	YES

In the course of our work, we have noted that the scope of Strategy 2040 covers a wider range of topics than we identified in the original DBI process. Furthermore, we are planning to conduct a taxonomy compliance assessment of climate risks and "Rīgas ūdens"'s investment portfolio in 2025, and, accordingly, we are planning to conduct a double materiality reassessment in 2025, including a review of company-specific themes.

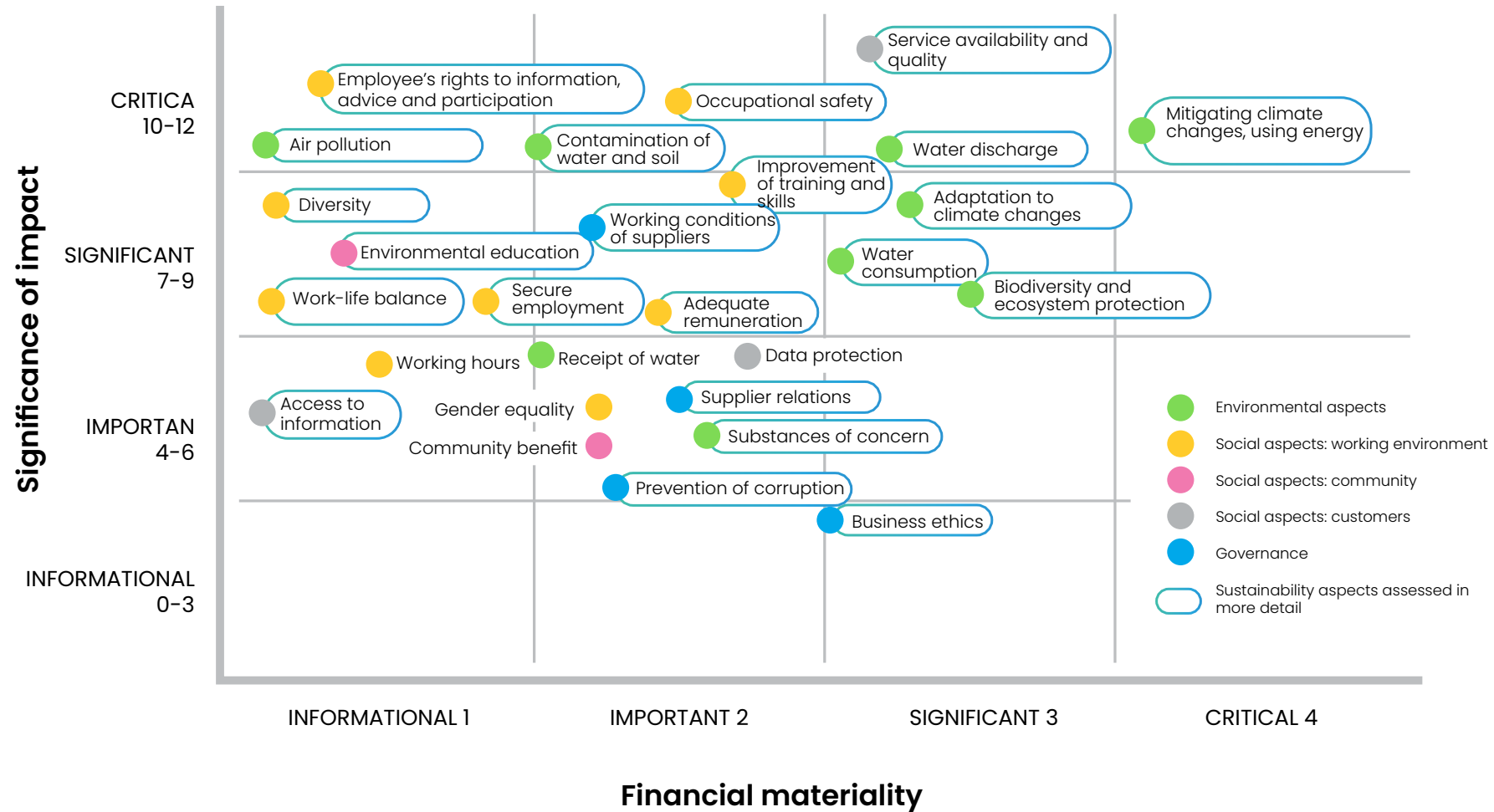




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Key sustainability areas for "Rīgas ūdens" - summary of the assessment.

## 2.2.5. INDICATORS AND TARGET INDICATORS

MDR-A, MDR-M, MDR-T

2024 is the year when the planning period of the “Rīgas ūdens” Medium-Term Operational Strategy 2022-

2024 ends, and the implementation and realisation stage of Strategy 2030 and Strategy 2040 begins. Just as “Rīgas ūdens” reporting practices are moving into a change phase, indicators related to key sustainability issues are gradually being set to achieve specific sustainability targets. “Rīgas ūdens” is committed to meeting the set sustainability targets and presenting

their progress annually.

“Rīgas ūdens” ESG performance report is based on the non-financial and financial targets and achievable performance indicators set for the Company, as these help to provide a clear and focused assessment of the Company’s sustainability performance.

ESRS	Sustainability aspect	Objective	Action line	Performance indicator (PI)	Achievable result 2024	Result achieved 2024	
E2	Contamination of water and soil	<b>NO1.</b> To develop the use of public water management services, improving their accessibility and increasing the connection rate of residents, thus ensuring a quality living environment, reducing environmental pollution and contributing to meeting the requirements of European Union directives in the field of water management	<b>AL1.1</b> To develop an economically viable centralised water supply and sewerage system in accordance with the municipality’s development planning documents and to increase the number of inhabitants with access to public water supply and sewerage services	<b>PI1.</b> Number of declared residents in immovable properties with access to centralised sewerage service in the centralised sewerage system agglomeration (%)	≥ 98,1 %*	98,14 %	
	S4			Service availability and quality	<b>PI2.</b> Number of declared residents in immovable properties with access to centralised water supply (%)	≥ 98,02 %*	98,04 %
E2	Contamination of water and soil		<b>AL1.2.</b> To promote connections to centralised water supply and sewerage systems and increase the number of users of public water management services	<b>PI3.</b> Number of declared residents in immovable properties connected to a centralised sewerage system (%)	≥ 96,5 %*	96,72 %	
	S4			Service availability and quality	<b>PI4.</b> Number of declared residents in properties connected to a centralised water supply system (%)	≥ 97,4 %	97,43 %
				<b>PI5.</b> Provision of RCC co-financing programme for the installation of connections to residents’ immovable properties to the territory of Phase 5 and Phase 6 of the “Water Management Development in Riga” project	Co-financing programme implemented	Co-financing programme implemented	

\* Approved by Decision of the Supervisory Board of 19.12.2023 (Minutes No. 2.4.5/2023/21).



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ESRS	Sustainability aspect	Objective	Action line	Performance indicator (PI)	Achievable result 2024	Result achieved 2024	
E2	Water contamination	NO2. To promote the sustainability of wastewater management by improving the quality and efficiency of wastewater treatment, mitigating the impacts of climate change and negative impacts on the environment	AL2.1. To improve the quality of wastewater treatment by reducing the negative impact of phosphorus on water bodies	PI6. Total annual nitrogen load (tonnes/year), average annual concentration (mg/l), highest monthly concentration (mg/l) in water entering the environment after wastewater treatment	The total annual phosphorus load in the water entering the environment after wastewater treatment is	not more than 39 tonnes/year	33,71
					with annual average concentration not exceeding 0.7 mg/l	0,66	
					with the maximum monthly concentration not exceeding 1 mg/l	0,79	
			AL2.2. To improve the quality of wastewater treatment by reducing the negative impact of nitrogen on water bodies	PI7. Total annual nitrogen load (tonnes/year), average annual concentration (mg/l), highest monthly concentration (mg/l) in water entering the environment after wastewater treatment	Total annual nitrogen load in water entering the environment after wastewater treatment	not more than 392 tonnes/year*	396,73 <sup>2</sup>
					the annual average concentration does not exceed 8 mg/l*	7,71	
					the highest monthly concentration does not exceed 10 mg/l	8,83	

\* Approved by Decision of the Supervisory Board of 19.12.2023 (Minutes No. 2.4.5/2023/21).

<sup>2</sup> There has been no breach of Cabinet Regulation No. 34. The increase can be explained by a smaller discharge volume in emergency discharges. Initial estimates are based on lower wastewater volumes. Volume of wastewater exceeding the average indicator of the last 3 years by 3.15 million m<sup>3</sup> (6.4%) was received in 2024 (52 million vs. 49 million). Total tonnes discharged represent 4 tonnes (1%) over the planned amount. The average concentration has been maintained at the planned level, within the limit of 8 mg/l. Emergency discharges were kept to a low percentage, 1.57% of the total volume of wastewater.



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ESRS	Sustainability aspect	Objective	Action line	Performance indicator (PI)	Achievable result 2024	Result achieved 2024
E2	Water contamination	<b>NO2.</b> To promote the sustainability of wastewater management by improving the quality and efficiency of wastewater treatment, mitigating the impacts of climate change and negative impacts on the environment	AL2.3. To promote climate resilience of infrastructure by reducing the amount of stormwater entering the centralised sewerage system	<b>PI8.</b> Treated wastewater as a percentage of total wastewater (%)	> 95 %	98,46 %
E3	Water drainage			<b>PI9.</b> Number of projects implemented to reduce or prevent rain wastewater from entering the centralised sewerage system (number) <i>[subject to the allocation of Riga City Council funding for the separation of the storm water sewerage system from the collective sewerage system]</i>	2	1
E2	Contamination of water and soil			<b>PI10.</b> 100% sewage sludge treatment in methane tanks in 2026 as part of the methane tank farm extension project, (%)	≥ 70 %	67,77 % <sup>3</sup>
E2	Air pollution		AL2.4. To ensure sustainable management of sewage sludge			
S4	Service availability and quality	<b>NO3.</b> NTo provide users of public water management services with uninterrupted and reliable services, to improve the quality of customer service, balancing the interests of environmental protection, sustainable use of natural resources, the environmental and economic interests of the society's life	AL3.2. To improve drinking water quality	<b>PI11.</b> Proportion of compliant samples detected by the drinking water supplier's current monitoring programme and water supply network self-control plan to the total number of samples (%)	≥ 98,5 %	98,7 %
			AL3.2. To reduce the duration of water supply interruptions	<b>PI12.</b> Number of water supply interruptions lasting ≤6 hours in relation to the total number of interruptions (%)	≥ 71 %	77 %

<sup>3</sup> In 2024, 6.4% more wastewater was received and more pollution was treated, resulting in more sludge to be treated. Reduced feed of excess activated sludge to the methane fermentation process. Additional construction works for the methane tank volumes are required. Procurement of the methane tank farm extension project was launched in 2022 and has delayed. Results of the procurement are expected in 2025.



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ESRS	Sustainability aspect	Objective	Action line	Performance indicator (PI)	Achievable result 2024	Result achieved 2024
S4	Service availability and quality	NO3. To provide users of public water management services with uninterrupted and reliable services, to improve the quality of customer service, balancing the interests of environmental protection, sustainable use of natural resources, the environmental and economic interests of the society's life	AL3.3. To improve customer service and communication with customers	PI13. Number of highly satisfied and satisfied customers from the customer satisfaction survey to the total number of customers surveyed (%)	> 83 %*	89 %
	Access to information			PI14. Number of complaints received vs. total number of applications per month (%)	< 3 %	1,7 %
S4	Access to information		AL3.4. To digitise the water management service delivery	PI16. Number of customers registered on the Customer Service Portal vs. total number of customers (%)	> 81 %*	85 %
	Data protection			PI17. From the customer satisfaction survey, number of highly satisfied and satisfied customers with the Customer portal to the total number of customers surveyed, (%)	> 80 %	86 %
E3	Water consumption	AL3.5. To implement a socially responsible policy for affordable public water services	PI18. To introduce a telemetry service for commercial water metering (project stage)	Project Phase 1 implemented, Phase 2 procurement	Contract concluded, contract terminated	
S4	Service availability and quality		remote reading ≥ 9% of the total number of meters	Re-opening of a procurement consisting of two lots		
				PI19. Households' costs for water management services as % of households' disposable income on average per household in Riga region	≤ 1,5 %	0,87 %

\* Approved by Decision of the Supervisory Board of 19.12.2023 (Minutes No. 2.4.5/2023/21).

ESRS	Sustainability aspect	Objective	Action line	Performance indicator (PI)	Achievable result 2024	Result achieved 2024
E3	Water consumption	NO4. To improve the management of strategic public water infrastructure by modernising technological processes and infrastructure, preserving green infrastructure as far as possible during water infrastructure redevelopment, increasing process efficiency and energy efficiency and increasing the efficiency of natural resource use	AL4.1. To increase the rehabilitation scope of centralised water supply networks	PI20. Length of rehabilitated water supply networks as a share of total water supply network length (%)	≥ 0,31 %*	0,51 %
					at least 0.7% during the period 2022-2024	1.55% during the period 2022-2024
AL4.2. To increase the rehabilitation scope of centralised sewerage networks	PI21. Length of rehabilitated sewerage networks as a percentage of total sewerage network length (%)		≥ 0,28 %*	0,59 %		
			at least 1.2% during the period 2022-2024	1.49% during the period 2022-2024		
E2	Water consumption		AL4.3. To ensure efficient use of drinking water	PI22. Water losses in water supply networks (%)	≤ 12,5 %	13,6 % <sup>4</sup>
				PI23. Reduced technical water consumption during the reconstruction of the sewage pumping station at 101 Daugavgrīvas Street (m <sup>3</sup> )	250 000 m <sup>3</sup>	280 000 m <sup>3</sup>
E3	Energy use					
E1	Enerģijas izmantošana		AL4.4. To implement energy efficiency plans and reduce energy consumption	PI24. Reduced energy consumption through reconstruction of sewage pumping stations, pump replacement programmes, upgrading heating systems (MWh) [The 2022-2024 achievable values are determined by the 2021 base value.]	≥ 500 MWh	1786,08 MWh

\* Approved by Decision of the Supervisory Board of 19.12.2023 (Minutes No. 2.4.5/2023/21).

<sup>4</sup> Action Plan for reduction of water loss has been developed, and implementation has started, including actions to be implemented during the Strategy 2030 period that will deliver water loss reduction results in the next planning period. At the same time, it should be stressed that the Strategy 2030 will include targeted actions to reduce, rather than maintain, the level of water losses in line with the Strategy 2040.



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ESRS	Sustainability aspect	Objective	Action line	Performance indicator (PI)	Achievable result 2024	Result achieved 2024
S1	Improvement of training and skills	NO6. To improve staff skills, motivation and the quality of the working environment	AL6.1. Upskilling staff	PI30. Number of training sessions per employee per year (number)	≥ 2	2,99
	Employees' rights to information, consultation and participation		AL6.2. To increase the level of staff involvement	PI31. Staff satisfaction index (points)	> nationwide score*	88
	Occupational safety		AL6.3. To ensure safe working environment;	PI32. Lost Time Injury Frequency Rate (LTIFR)	< 1,7	1,57
E4	Company aspect Environmental education	NO7. To raise public awareness of environmental protection and the water management sector, including by promoting "green" thinking and environmentally friendly lifestyle in the water management sector, engaging in environmental problem solving, supporting and promoting the use of tap drinking water, improving public awareness of the company's role in environmental protection	AL7.1 To raise public awareness of the environment and promote the use of tap water	PI33. Information and/or marketing campaigns annually implemented in cooperation with the RCC Housing and Environment Department (number)	≥ 6	12
				PI34. Publications and/or educational material per year (number)	≥ 12*	13
				PI35. Company's publicity activities per year (number)	≥ 4*	10

\* Approved by Decision of the Supervisory Board of 19.12.2023 (Minutes No. 2.4.5/2023/21).

## 2.3. THE ENVIRONMENTAL AREA

As the largest water management company in Latvia, "Rīgas ūdens" affects almost every resident of Latvia, especially the residents of Riga and its surrounding municipalities, as well as people throughout the Baltic Sea region. The Company depends on natural resources, therefore we take active steps to reduce our environmental footprint. We are constantly improving infrastructure, energy efficiency, reducing our climate impact and developing our city's resilience to climate change-induced extreme weather conditions.

Sustainable water resource management, guaranteeing quality water for consumers and also performing wastewater treatment operations, has always been one of the most important operating principles of "Rīgas ūdens". While providing water supply services, it is challenging to implement them in an environmentally and socially responsible way, while contributing to economic growth of Riga and the Greater Riga.

Priorities of "Rīgas ūdens" in the field of environmental protection are: rational and efficient use of natural resources, a move towards broader use of renewable resources and retention of biodiversity, in line with the UN Sustainable Development Goals. Operation of "Rīgas ūdens" must comply with a number of laws and regulations whose legal framework arises from European Union directives defining actions in the field of water resource policy, drinking water quality requirements, wastewater treatment conditions and acceptable standards for pollution to be discharged into the environment.

For the purposes of ensuring compliance with the requirements of environmental laws and regulations, "Rī-

gas ūdens" actively cooperates with state environmental institutions, complying with the conditions of permits for polluting activities, providing information and data related to environmental protection, and, where necessary, organising environmental impact assessment, as well as consulting on environmental protection issues.

Policies of "Rīgas ūdens" include principles of compliance and internal control to ensure that the Company's operation meets the requirements related to the environmental protection. The Environmental Policy was approved in 2023, and the Energy Management Policy was updated in 2024, the purpose of which is to define an approach for the Company to purposefully reduce environmental pollution and impact on climate change, as well as promote the use of resources according to the principles of the circular economy, ensuring the implementation and maintenance of an appropriate and efficient environmental management system. "Rīgas ūdens" is certified in accordance with the requirements of LVS EN ISO 14001:2015 and LVS EN ISO 50001:2018, conducts third-party monitoring audits and periodic renewal of the issued certificate.

The Company has introduced risk management systems covering the management of all the areas of the company's operation and risks, including by identifying and assessing the environmental risks related to mitigation of the environmental impact of the Company's operation (risks of technological processes with the environmental impact, risks related to changes in and compliance of the environmental regulation, energy efficiency and environmental communication. In

2025, the current Risk management will also include a Climate Risk Framework, which will provide the Company with opportunities to ensure more intensive climate transformation policy and improve resilience to climate change.

### 2.3.1. CLIMATE CHANGE

E1

While performing assessment of materiality (see assessment methodology in the "Dual Materiality Assessment" section), the material impacts of "Rīgas ūdens" on climate was identified, as well as the risks and opportunities associated with climate change.

"Rīgas ūdens" is actively takes appropriate actions reducing its impact on climate change, continuously improving and modernising its infrastructure, contributing to the resilience of Riga City to natural disasters. But climate change also brings challenges. For example, rainfall affects the volume and pollution of water entering treatment plants, which in turn affects the efficiency of treatment processes and resource consumption. Heavy rainfall can cause flooding and temporarily overload the sewerage system, causing difficulties in wastewater collection and treatment.

By using fossil resources and biological processes, "Rīgas ūdens" produces greenhouse gas emissions that contribute to climate change. However, **the company is actively working to reduce its environmental impact by reducing energy consumption** and implementing a



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GHG emission reduction plan that meets the criteria of the Taxonomy Regulation.

The global **shift towards a climate-neutral circular economy is related also to risks**. For example, there is an opportunity that the company could face difficulties when complying with regulatory requirements or be criticised for its performance. It has been found that, in the long and medium term, if a company does not invest enough to mitigate climate change and reduce energy consumption, it could face criticism from professionals and deteriorate relations with its stakeholders, including financiers. A more detailed climate risk assessment will be carried out in 2025.

### 2.3.1.1. Basic principles

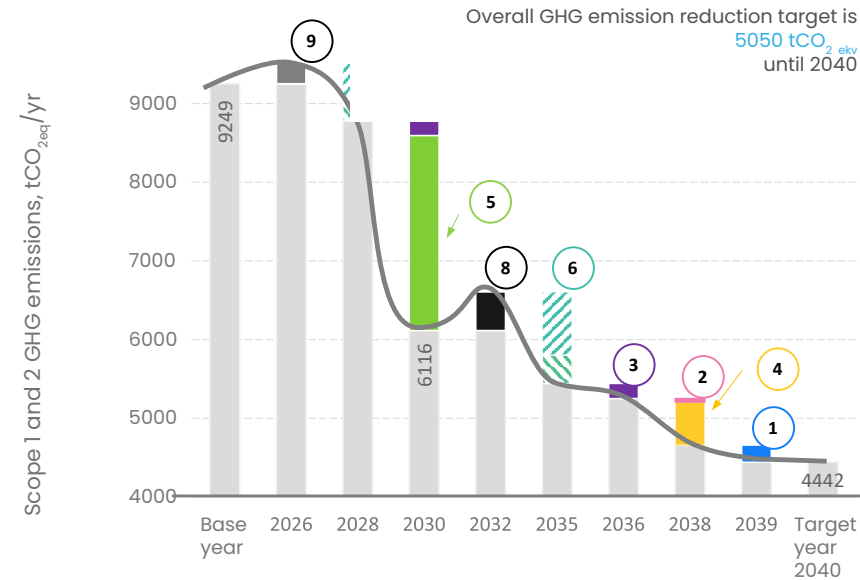
Based on our research on impact, risks and opportunities, we have set three main priorities: **adaptation to climate change, climate change mitigation and responsible energy consumption**. Climate change mitigation and energy consumption will be pursued in line with the principles of sustainable use of resources. We are constantly looking for new ways to make our operations greener and more efficient.

### 2.3.1.2. Climate Change Mitigation and Resilience Promotion Plan

EI-1

Business decisions of "Rīgas ūdens" are being assessed also within the context of sustainability, taking into account commitment of the Riga State City to becoming a climate-neutral city, as evidenced by Riga's participation in the European mission "100 climate-neutral and smart cities by 2030". "Rīgas ūdens", as a municipal capital company and as a large energy consumer (significant negative impact), participates in the implementation of this mission through the "Riga State City Climate City Agreement".

GHG Emission Reduction Roadmap 2040.



- 1 Purchased Green Electricity
- 2 Transition to electric vehicles
- 3 Electricity generated by solar photocells
- 4 Residual heat potential of wastewater for self-consumption
- 5 Biogas CHP electricity and heat
- 6 Energy efficiency in buildings and real estate optimisation
- 7 Energy efficiency and optimisation of industrial processes
- 8 Growth potential of industrial energy consumption until 2040 \*\*
- 9 Growth potential of industrial energy consumption until 2030 \*

\* Increase in industrial energy consumption until 2030 is related mainly to the expansion of biogas production, CSS and CWSS.  
 \*\* Increase in energy consumption until 2040 is mainly due to higher wastewater treatment requirements, as well as the expansion of CSS and CWSS.  
 \*\*\* Basic indicator in 2020-2023.



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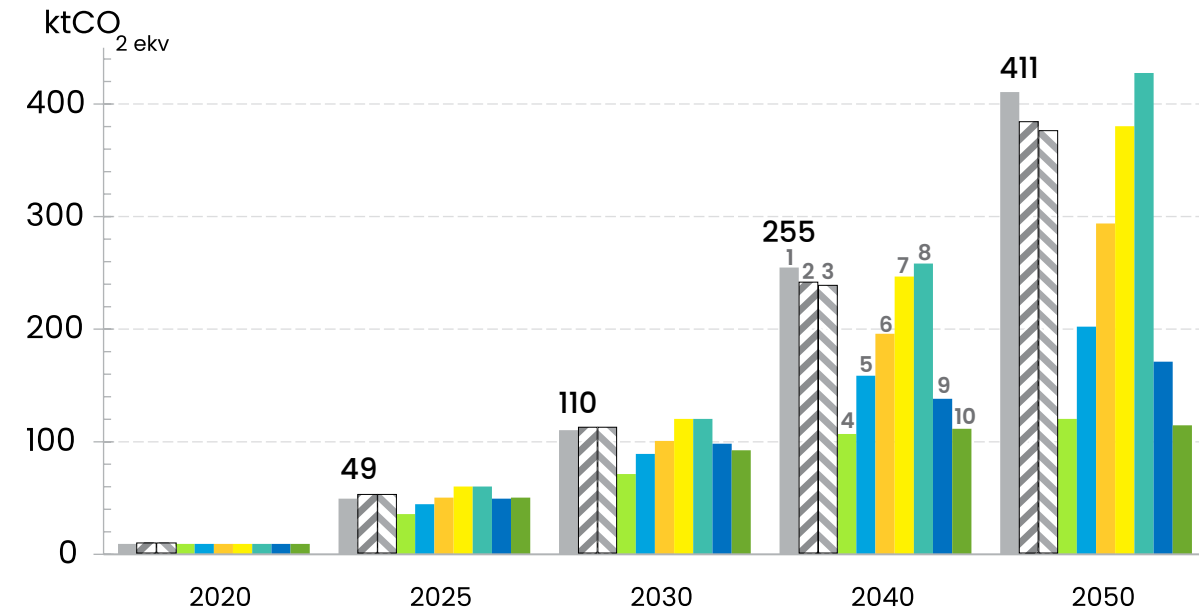
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The "Rīgas ūdens" Climate Change Mitigation and Resilience Plan is set out in various documents and is reported in parts. In 2024, the climate impact mitigation target indicator was set as a part of Strategy 2040 - 50% (minimum 5 050 tonnes of CO<sub>2</sub> eq) reduction in GHG emissions in Scopes 1 and 2 by 2040, and the company's GHG emission reduction roadmap describing the levers for achieving the Scope 1 and 2 GHG emission reduction target indicator was made public.

The Climate Target Setting Guidelines (IPCC, SBTi) define the adaptation of targets to representative internationally accepted climate scenarios (RCPs), taking into account the objective of limiting global warming to 1.5°C and achieving climate neutrality. The Climate Adjustment Action and Activity Plan is further planned for reporting in 2025 in line with the Medium-Term Strategy 2030.

In defining the GHG emission reduction target, "Rīgas ūdens" took a bottom-up approach, considering the parts of the infrastructure with a higher climate mitigation potential, assessing also the infrastructure renewal needs and the financial capacity to implement these plans. The cumulative effect of the Strategy 2040 GHG emission reduction targets and a comparison of its effect with various representative scenarios derived from the IPCC guidelines, including <1.5°C (RCP 1.9), can be seen in the graph below.

Cumulative amount of scope 1 and 2 GHG emissions



Cumulative projection of GHG emissions for Scopes 1 and 2 according to different development scenarios.

- 1 The current situation
- 2 9% consumption reduction compared to the forecast
- 3 1.5% annual consumption reduction
- 4 RCP 1.9
- 5 RCP 2.6
- 6 RCP 4.5
- 7 RCP 7.0
- 8 RCP 8.5
- 9 IAS2040 NAI Net0
- 10 The most ambitious goals



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To measure our progress, we calculate our GHG emission footprint from 2021, using **2020 as the base year**. The GHG footprint of "Rīgas ūdens" is calculated in accordance with the internationally recognised and most widely used GHG Protocol corporate accounting and reporting standard (**GHG Protocol**).

Taking into account its objectives and possible development scenarios, "Rīgas ūdens" is trying to adapt to the **"late Net0" scenario**. However, in order to significantly reduce Scope 1 and 2 GHG emissions (by at least 95%) by 2050, even more effort will have to be taken and even higher targets will have to be set. Summarising information from the IPCC international guidelines, "Rīgas ūdens" forecasts that annual investments for climate change mitigation and infrastructure resilience should be at least €5.6 million per year. In 2024, the company has earmarked up to **€1.5 million** on average **per year for climate change mitigation investments under its new Sustainable Financing Strategy**. The company is currently actively implementing a review of its operations in line with the Sustainable Framework of the Taxonomy Regulation in order to allocate new sources of funding and achieve more ambitious changes in the business. The company plans to develop sustainable finance instruments with support from the European Climate Change Fund and private equity. "Rīgas ūdens" has cooperated with the European Investment Bank and plans to issue green bonds in 2025 in line with the requirements of the Taxonomy Regulation. Based on KPMG's assessment, the CAPEX potential of the "Rīgas ūdens" aligned to Taxonomy is more than 60% of the

total investment portfolio. In order to facilitate compliance with and clear monitoring of complex technical and "do no significant harm" criteria, the company, as a multimodal service provider, needs to invest a lot of administrative resource.

Currently, "Rīgas ūdens" continues analysis of the included or Scope 3 GHG emissions upstream and downstream of the value chain. As the estimated share of Scope 3 GHG emissions is more than 60% of the total climate impact, in Strategy 2040, "Rīgas ūdens" commits to making changes in business models and develop value chain management, including the selection of suppliers that conduct responsible business and actively care about environmental and social issues. "Rīgas ūdens" plans to have at least 75% of "Rīgas ūdens"'s cooperation partners with GHG emission reduction targets, partners with their own climate impact inventories and ESG data sharing by 2040. Through supplier value chain management tools, "Rīgas ūdens" will conduct more accurate Scope 3 GHG emission accounting to influence upstream value chain actors through tender evaluation mechanisms and achieve Scope 3 GHG decarbonisation.

### 2.3.1.3. Significant impacts, risks and opportunities related to climate change

ESRS-2, SBM-2, IRO-1

According to the "Rīgas ūdens" Strategy 2040, climate

change is one of the main future challenges affecting the company's operations. The strategy stresses that ESG (environmental, social and governance) issues are closely linked to the risks and opportunities of the company's operations. Assessment of materiality has found that "Rīgas ūdens" has both negative and positive climate impacts (see table below). Adaptation of the centralised system to changing meteorological and hydrological conditions has been identified as a potential positive influence on the adaptation of Riga city to climate change.

#### Impact related to the climate adjustment plan

Negative	Positive
<ul style="list-style-type: none"> <li>• Use of oil and gas fuels in own operations;</li> <li>• Use of electricity from the grid without a certificate of origin;</li> <li>• Consumption of natural resources and materials with high embedded GHG emissions.</li> </ul>	<ul style="list-style-type: none"> <li>• Biogas production from sewage sludge and its use for energy production for self-consumption.</li> </ul>
<ul style="list-style-type: none"> <li>• Uncertain production of biogenic emissions from wastewater collection and treatment processes.</li> </ul>	

## Physical risks and opportunities related to climate change

### Risks

- Affecting climate risks will increase, mainly in the form of increase in precipitation, flooding, temperature extremes (A – a).
- Monitoring of the pollution load caused by wastewater discharged into CSS overflows during rainfall (A – b).
- To reduce pollution from overflows of the common system, solutions are needed, which may be limited by technical capacity and fragmented responsibility for rain wastewater management in Riga, as “Rīgas ūdens” cannot significantly influence the development of Riga’s green and rainwater sewerage infrastructure to relief the centralised sewerage system from rain wastewater (A – e; G – e).
- Incidents of deterioration in drinking water quality, including microbiological stability (A – h).
- The designed capacity of wastewater treatment plants is already being exceeded in terms of SV, Nkop and hydraulic capacity during rain (B – a).
- EU Directive requirements on resilience of critical entities not implemented in Latvian laws yet (E – a).
- EU Directive requirements on resilience of critical entities not implemented in Latvian laws yet (E – a).
- Historical under-investment has led to the obsolescence of some infrastructure, which already requires significant financial resources for renovation (E – c).
- Technical restrictions for the placement of urban wastewater storage tanks
- (G – f).

### Opportunities

- Develop a CSS computer model for managing rainfall impacts and validating climate resilience solutions (A – j).
- Introduce innovative technologies for efficient infrastructure management and improvement of climate resilience (A – g).
- Prevent customers from discharging rainwater into CSS and switch to sustainable rain wastewater management solutions (B – b).
- Develop a Risk Management System, elaborate safety plans and implement resilience measures (E – a).
- Support the development of green/blue and rainwater sewerage infrastructure projects to relieve the joint centralised sewerage system from rain wastewater (A – h).
- Latvia’s domestic policies will be aimed towards boosting economic growth, where growth of national economy will be supported by the planned investments in infrastructure and research (F – a).
- Implementation of CWSS and CSS digital shadows/twins for efficient infrastructure management and improved security (E – g).
- Develop CSS monitoring system for flow and level control, including at overflows (A – i).
- Increase water management service tariff to finance infrastructure maintenance and development projects (F – g).
- Develop an integrated urban wastewater management plan for Riga State City to improve rain wastewater management in Riga and reduce negative impacts on the CSS during climate extremes (G – a).

In assessing the climate resilience of its business, “Rīgas ūdens” relies primarily on the IPCC’s internationally recognised representative scenario RCP 8.5, which predicts an increase in global average temperature above 6°C as a result of global warming. In preparation for the issuance of green bonds, “Rīgas ūdens” is still in the process of identifying and assessing climate risks. However, risks related to rainfall variability and chronology are already recognised as significant, especially extreme natural events such as intense rainfall. To improve the analysis of infrastructure vulnerability to various natural extremes, “Rīgas ūdens” is developing a computer model of the sewerage system and plans to introduce a digital shadow of the drinking water system. “Rīgas ūdens” recognises that climate risks are an integral part of the company’s risk management and considers them a serious aspect of its core business and strategic decision-making. The first comprehensive climate risk assessment is scheduled for completion in 2025.



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The table below sets out the **transformation risks and opportunities for our actions related to climate change**.

### Risks

- Adaptation of CSS to climate change may be “limited” for financial reasons (A – d).
- The planned development of “Rīgas ūdens” may not meet the climate targets of the Riga SECAP and the planned “Climate City Agreement” within the planned timeframes (A – e).
- “Rīgas ūdens” may not reach climate neutrality by 2050 (A – g).
- Control and reduction options for biogenic emissions from wastewater treatment plants (B – b).
- Unpredictable development of undeveloped land and demand for centralised water management services (B – g).
- Water treatment equipment at the Daugava water treatment plant operates inefficiently, with significantly lower capacity than designed (E – f).
- Water tariff does not cover all the necessary investment projects (F – c).

### Opportunities

- Develop energy efficiency and renewable energy projects with shorter payback periods, which will contribute to achieving energy neutrality and reducing GHG emissions (A – a).
- Increase biogas production and efficiency through the development of cogeneration farms (A – b).
- Buy green energy (A – d).
- assess the possibility of developing the use of thermal energy from treated wastewater (A – e).
- Promote the use of solar and geothermal energy (A – c).
- Gradual shift to RES transport (G – k).
- Raise funds, issue shares, Green Bonds, introduce private partnership projects to finance development projects (F – b).
- New requirements will contribute to modernisation of infrastructure and improvement of process management (G – g).
- Improve planning and identify more environmentally sustainable investment projects in line with EU Taxonomy requirements (F – c).
- Develop and refine the GHG emission accounting system (G – h).
- Introduce the EU Taxonomy requirements for environmental objectives into the assessment of investment projects (G – e).
- Requirement set for stakeholders to account for GHG emissions will result in changes of market players who will become greener (G – i).

Climate-related impacts, risks and opportunities were identified with the involvement of internal and external experts in the field, as well as external stakeholders such as NGOs and customers. Through workshops and interviews both inside and outside the Company, we have gathered information that strengthens our understanding of the importance of climate change. Using ISO 50 001, ISO 14 001 management models and GHG Protocol methodologies to account for GHG emissions, we calculate our carbon footprint and estimate solutions to achieve carbon neutrality in line with our objectives.

Risks and opportunities related to climate change adaptation are identified on the basis of climate change scenarios. Changes in specific climate variables are assessed using the internationally recognised IPCC Shared Socioeconomic Pathways (SSPs): SSP1-2.6, SSP2-4.5, SSP3-7.0 and SSP5-8.5.

SSP1-2.6 is an aggressive mitigation scenario that focuses on minimising material resource and energy consumption, with net zero emissions achieved after 2050.

SSP2-4.5 is a medium scenario where emissions remain at around current levels until mid-century, gradually declining thereafter until 2100.

SSP3-7.0 and SSP5-8.5 are high-emission worst-case scenarios where fossil fuel development and dependence continue throughout the 21st century, with emissions doubling or even tripling by the end of the century.



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Based on these scenarios, the Latvian Centre for Environment, Geology and Meteorology (LVGMC) has carried out an analysis of climate scenarios for Latvia, including Riga. Given that "Rīgas ūdens" is localised in the Riga State City, data and projections collected by the LVGMC are used to assess climate risks, while the climatic picture of the upstream value chain is also well reflected in the international data from the Intergovernmental Panel on Climate Change (IPCC). "Rīgas ūdens" takes a conservative approach to assessing climate risks and opportunities, mainly using the SSP3-7.0 scenario to assess physical risks, which reflects a more realistic future scenario and allows for the assessment of risks to assets and property at our production facilities, and on which the LVGMC climate change models for Latvia are based. Whereas, transition risks are assessed mainly against SSP1-2.6, as transition risks and opportunities are more pronounced in scenarios that assume successful mitigation of the worst impacts of climate change, as radical policy and market measures are needed to reverse the current course. Importantly, both scenarios present significant climate challenges for the company and best illustrate the adaptation options needed by the company.

The "Rīgas ūdens" Climate Risk Analysis was commenced in 2024, and the work continues in 2025. In the future, climate risk analysis will be carried out periodically, including when business strategies are reviewed or significant changes are made to the structure or core

activities. Climate scenario analysis covers both physical and transient climate risks and opportunities.

Risks based on climate change scenarios are identified in three areas of "Rīgas ūdens" activity (water supply, sewerage and various support activities) and assessed over three different time horizons: short term (1-3 years), medium term (3-6 years) and long term (more than 6 years or at least until 2040). The timeframes are based on existing company planning periods and are comparable to those set out in the ESRS, but for the longer term, a 6-year timeframe is used as this is consistent with the timeframes of "Rīgas ūdens"'s strategic planning documents and the strategic risk assessment timeframe. Climate risks, although some of them have operational implications, are therefore essentially treated at the level of strategic risks. The risk of drastic environmental change is most significant in the long term, and the average life of our assets, strategic planning horizon and capital raising plans are linked to these time horizons.

To identify risks, it uses scientific literature reviews, European and Latvian climate change projections and their analysis, policy planning documents and other external sources of information, as well as internal and external experts in the field. A list of sector-specific physical and transitional risks is identified, as well as opportunities related to resource efficiency, energy sources, products and services, and markets.

Successive risks and opportunities are assessed by de-

termining their likelihood in the short, medium and long term, as well as their potential impact on "Rīgas ūdens"'s service delivery, process assurance and financial performance. The risk assessment uses a five-point scale aligned with the company's widely used Risk Management Framework approach.

Assessing the impacts, risks and opportunities of future climate patterns and policy and market developments depends on assumptions such as levels of GHG concentrations in the atmosphere and technological developments. "Rīgas ūdens" takes this uncertainty into account in its assessment of materiality.

Assessing and quantifying the financial impact of physical and transitional risks and opportunities is an area of growing importance in our strategic approach. "Rīgas ūdens" recognises their importance and continues to work on their development. The assessment is an ongoing measure, based on expertise of the field experts and public and internal data, including our annual scenario analysis. Our approach is based on the principles of simplicity and consistency. The financial impact of climate change remains to be assessed, as no systematic information is yet available. The Company currently has reasonable assumptions and specific events, but we recognise the uncertainty associated with climate change and its impact on financial materiality and will therefore continue to develop the methodology for calculating Financial Impact Materiality in the future.

### 2.3.1.4. Climate change mitigation objectives and actions

EI-3, EI-4

The directions for action to mitigate climate change in Riga's water are defined in the Strategy 2040:

- meeting the energy demand of wastewater treatment plants with RES
- biogas production and sustainable management of sewage sludge;
- on-site generation of electricity from solar photovoltaics;
- implementing industrial energy efficiency measures;
- a plan for optimising real estate and energy efficiency in buildings;
- optimising the internal combustion engine vehicle fleet and shifting to zero- and low-emission transport modes;
- digitisation of the energy and natural resources management system.

The company's climate mitigation actions and resources are detailed in the 2030 Strategy and in each calendar year's Activity Plan.

In 2026, we are planning to install solar photovoltaic power plants with installed electrical capacities of

around 0.96 and 0.499 MW for two Riga water facilities - a wastewater treatment plant and a drinking water preparation plant, which will generate at least 1.48 GWh/year of electricity in total for the self-consumption of "Rīgas ūdens". With this project, "Rīgas ūdens" will start the gradual shift of energy consumption for the production of drinking water and wastewater management services to green renewable energy sources.

Strategy 2040 also sets out objectives, actions and resources related to reducing the climate vulnerability of CSS and WWTPs, including:

- Sustainable rehabilitation and modernisation of sewerage networks to increase the hydraulic capacity of the CSS;
- Expansion of wastewater treatment plants to increase hydraulic capacity.

The implementation of the Energy Management System already provides mastered tools embedded in the business operations of the Company, including:

- demonstrates an internationally recognised approach to energy management and energy efficiency;
- ensure the implementation and monitoring of the strategic energy efficiency targets in the company;
- improve the transparency of energy data and

compliance with international standards and laws and regulations;

- supports the enforcement and monitoring of energy efficiency requirements for the purchase of products and services, and sets technical requirements for the design of new facilities with a lower climatic impact;
- proposes ongoing development of energy management and optimisation of energy use.

Impact mechanisms of scope 3 GHG emissions are currently limited by the "Supplier Code of Ethics for Responsible Business", which provides for inclusion of requirements to calculate their own emissions and to ensure the circulation of such data in their value chain by 2040. Through discussions with their value chain partners, "Rīgas ūdens" assessed the potential for suppliers to provide data on the GHG footprint of their goods and services and concluded that further dialogue was needed to raise awareness of their business partners' climate impacts. Currently, only a few providers of goods and services are able to provide information on associated GHG emissions, including chemical and reagent suppliers, waste managers and energy traders.



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## Implementing energy efficiency measures

The base year for cumulative energy savings is 2020, and, in 2024, the cumulative energy savings of “Rīgas ūdens” have already reached 2 336 MWh. The additional energy savings in 2024 are mainly due to the rebuilding of the sewage pumping station at 101 Daugavgrīvas Street, which took into account the latest trends in energy efficiency and smart energy demand management. The target indicator for this energy efficiency objective was to reduce energy consumption by at least 500 MWh/year.

Sustainability aspect	Objective	2024 target indicators
Energy use	To implement energy efficiency plans and reduce energy consumption	Primary energy savings ≥500 MWh/year

The new sewage pumping station at 101 Daugavgrīva Street, the largest in the Baltics, was launched at the end of 2023. Whereas, the old plant was shut down in February 2024, resulting in electricity savings of 1 786 MWh, representing more than 55% compared to the average consumption of the old sewage pumping station over the previous three years.

In 2024, the company continued its building energy efficiency audit and technical inspection assessment, which evaluated two public administrative buildings with the total area of over 6 100 m<sup>2</sup>, with the total energy consumption of 884.5 MWh/year on average. The energy savings potential of the measures related to building heat insulation and heat source replacement is estimated at up to 518.5 MWh/year.

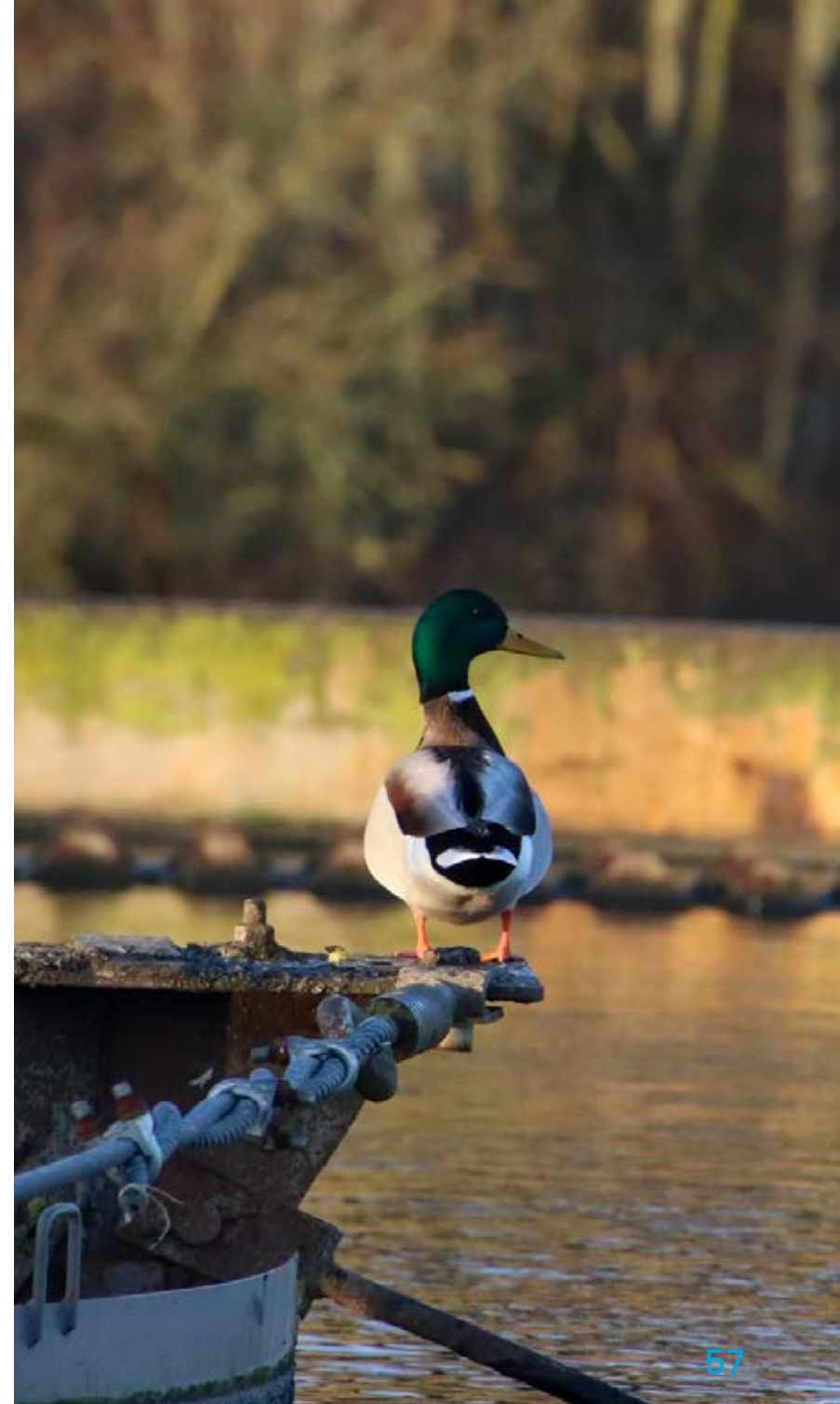
During the period until 2026, “Rīgas ūdens” plans to implement energy efficiency measures and reduce the use of fossil fuels. Energy savings will be achieved through the rebuilding of the external lighting and the heating main of the biological treatment plant “Daugavgrīva”, where savings of at least 83 MWh/year and 1 429 MWh/year are expected, respectively. The planned savings are calculated in 2021 using the scaled approach.

Taking into account the commitments and initiatives of the Green Deal at European Union and regional level, in Strategy 2040, we set long-term targets and endorsed a mitigation roadmap with clear absolute indicators. The Strategy clarifies the current objectives of strategic planning documents at different levels, including:





- *REPowerEU*, the European Union's energy transformation plan;
- The energy efficiency requirements of Directive 2012/27/EU of the European Parliament and of the Council of 20 September 2023;
- Requirements of Directive 2010/31/EU of the European Parliament and of the Council of 1 January 2021 on the energy performance of buildings;
- The Energy Efficiency Law of the Republic of Latvia and the Energy Efficiency of Buildings Law;
- Directive 2018/2001 of the European Parliament and of the Council of 7 June 2022 on the promotion of the use of energy from renewable sources;
- Directive 2021/1119 of the European Parliament and of the Council of 30 June 2021 on climate neutrality;
- Directive 2024/3019 of the European Parliament and of the Council on urban waste-water treatment (effective from 01.01.2025);
- Updated National Energy and Climate Plan of Latvia 2021-2030 "NECP 2030";
- Riga City Sustainable Energy and Climate Action Plan 2022-2030 "REK2030";
- Riga State City Climate City Agreement (draft version).



**Climate change mitigation-related target indicators under Scopes 1 and 2:**

Sustainability aspect	Objective	Target indicator 2040
Climate change mitigation	Achieving energy neutrality of wastewater treatment plants	WWTP 100% RES of gross energy consumption <sup>5</sup>
	Energy use	Hydraulic treatment capacity increased by > 50%
	Reduce GHG emissions	Scope 1 and 2 GHG emissions reduced by ≥50%; Absolute GHG emission reduction target is 5050 tCO <sub>2</sub> eq by 2040 <sup>6</sup>

The base level was taken as a value representing the maximum GHG emission values for the different resources used and energy categories used, allowing for the possibility of year-to-year fluctuations in consumption, as well as considering the potential of growth in demand and development of the company. We ensure that our baseline is representative in relation to the activities covered by reviewing whether the scope of activities remains the same in all reporting years since the objective was set, thus ensuring a year-on-year consistency in measurements.

Where activities have changed, the baseline is adjusted so that the scope is consistent from the base year to the target reference reporting years. In doing so, we take into account external factors and their impact on our baseline.

The GHG emission mitigation target indicators were determined by a bottom-up approach, first identifying the levers and resources for the transformation, and consistently calculating the potential positive impact of these instruments on energy savings and GHG mitigation possibilities. The metric used is the absolute target for the

combined Scope 1 and Scope 2 CO<sub>2</sub> tonne equivalent. Performance of these indicators is also broken down by activity segments and structural units to understand trends and develop specific action plans.

For information on the scientific basis of the GHG emission target indicator and its compatibility with limiting the increase in global warming to 1.5°C, see section EI-1. "Rīgas ūdens" appreciates the opportunity to validate our targets with the official representatives of the Science Based Targets Initiative (SBTi) committee according to their requirements.

<sup>5</sup> Base level 26%  
<sup>6</sup> Base level 9 249 tCO<sub>2</sub>eq/year



### Climate change mitigation-related target indicators under Scope 3:

Sustainability aspect	Objective	Target indicator 2040
Supplier relations Climate change mitigation	Create a value chain by selecting suppliers who conduct responsible business, take active care of the environmental and social matters.	75% of suppliers have set GHG targets, perform measurements and provide ESG data sharing <sup>7</sup>

Currently, "Rīgas ūdens" does not set specific Scope 3 GHG emission reduction target indicators before internal GHG emission calculation guidelines are validated, however, our governance objectives set a good basis for collecting ESG data and encouraging education of our partners on climate matters.

### Climate change adaptation-related target indicators:

Sustainability aspect	Objective	Target indicator 2040
Adapting to climate change	Ensure sustainable renovation of sewage networks	≥ 150 km sewage networks rehabilitated (on average 9,6 km/year) <sup>8</sup>
	Ensure higher wastewater treatment requirements and increase hydraulic treatment capacity	Hydraulic treatment capacity increased by > 50% <sup>9</sup>
	Reduce discharges of untreated wastewater by improving urban wastewater management in the Riga wastewater agglomeration	Pollution load from wastewater overflows during rain reduced to ≤ 2% of the annual pollution load calculated in dry weather.

<sup>7</sup> Base value will be set in the medium-term strategy, taking into account the number of business partners in 2024

<sup>8</sup> Base level: on average 5.4 km/year

<sup>9</sup> Base level 200 000 m<sup>3</sup>/day

We assess our performance against our climate targets on a quarterly basis using the Non-Financial Target Monitoring Group, management and audit reports. Progress is reported externally in our annual reports and internally at the city council meetings.

"Rīgas ūdens" does not use carbon offsets to achieve its objectives. Carbon offsetting means investing in environmental projects that work to reduce further carbon emissions. Carbon offsetting can play a role in accelerating the transition to zero emissions at a global level. However, it does not replace the need to reduce value chain emissions according to scientific methods (SBTi). To ensure that we contribute to direct emission reductions, we have chosen to meet our targets without the use of GHG emission offsets.

"Rīgas ūdens" considers green energy purchases only when other climate change mitigation instruments will be exhausted. Modern trends in the sector determined by, for example, the new Directive 2024/3019 on urban wastewater treatment, require water management companies to first reduce energy demand through energy efficiency measures, then to ensure that energy demand is covered by renewable energy generated on-site, and only then to move towards offshore energy purchases. We see the potential for locally produced renewable energy not only for climate transformation, but also for energy diversification and continuity security, which will improve the reliability and continuity of our services in "force majeure" situations.



### 2.3.1.5. Energy consumption

E1-5

By complying with the requirements of the Energy Efficiency Law, "Rīgas ūdens" has implemented a certified energy management system compliant with LVS EN ISO 50001 since 2017 to achieve its energy efficiency objectives. In January 2024, "Rīgas ūdens"'s energy management system was audited, confirming the compliance of the Company's energy management system with the requirements of ISO 50001:2018.

Infrastructure of "Rīgas ūdens" uses electricity without a certificate of origin that complies with the EU Residual Mix, a report for which is published annually by the Association of Issuing Bodies (AIB).

The Company purchases heat from the grid from the JSC (A/S) "Rīgas Siltums". Energy in the networks of "Rīgas Siltums" is mainly produced using natural gas with a small share of woodchip energy resources. For on-site heat production for industrial use or heating of buildings, "Rīgas ūdens" uses natural gas or biogas produced from sewage sludge. The amount of diesel used in the power generation units in the event of a power blackout is minimal compared to the Company's total energy consumption. Coal is not used for energy production, but crude oil products such as petrol and diesel are mainly used to power vehicles.

### Energy consumption and their types in "Rīgas ūdens" production infrastructure and service operations

Energy consumption and different energy sources		2024
1.	Consumption of fuel generated from coal and coal products (MWh)	0
2.	Consumption of fuel generated from crude oil and petroleum products (MWh)	4 155,267
3.	Consumption of fuel generated from natural gas (MWh)	10 017,800
4.	Consumption of fuel generated from other fossil sources (MWh)	0
5.	Consumption of electricity, heat, steam and cooling from fossil sources (MWh)	44 053,185
6.	Total fossil energy consumption (MWh) (sum of points 1 to 5)	58 225,252
	Share of fossil energy in total energy consumption (%)	91,59%
7.	Consumption from nuclear sources (MWh)	0
	Share of nuclear consumption in total energy consumption (%)	0
8.	Consumption of fuel generated from renewable sources, including biomass (also includes industrial and municipal bio-waste, biogas, renewable hydrogen, etc.) (MWh)	0
9.	Consumption of electricity, heat, steam and cooling purchased or generated from renewable sources (MWh)	5 669
10.	Consumption of self-generated energy from renewable sources (without using fuel) (MWh)	0
11.	Total renewable energy consumption (MWh) (sum of points 8 to 10)	5 668,600
	Share of renewable energy in total energy consumption (%)	8,41%
12.	Total energy consumption (MWh) (sum of points 6 and 11)	63 568,852



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Activities of "Rīgas ūdens" are related to NACE Revision 2 codes E36 – water extraction, treatment and supply, and E37 – wastewater collection and treatment, all of which are considered to be high climate impact sectors. High climate impact sectors are those listed in NACE Sections A to H and Section L (as defined in Regulation (EU) 2019/2088. All of the Company's energy consumption is related to these high climate impact sectors.

Renewable energy production refers to the self-generation of energy from biogas, partly supplied to the local grid (electricity) or directly used for our needs (heat).

Indicator	2024
<b>Energy intensity per net revenue GJ/EUR</b> Total energy consumption from activities in high climate impact sectors per net revenue from activities. 1 MWh = 3.6 GJ	0,00316
<b>Energy intensity link based on net revenue, EUR million</b> Net revenue (million EUR) from activities in high climate impact sectors	72,29
<b>Renewable energy production (MWh)</b>	5 668,600
<b>Non-renewable energy production (MWh)</b> "Rīgas ūdens" uses natural gas extensively for on-site heat production.	10 017,800

### 2.3.1.6. GHG emissions

E1-6, E1-7

Identifying and assessing the emissions generated by "Rīgas ūdens" business is very important to identify the areas of the company's operations that are most CO<sub>2</sub>-intensive and to plan future activities to reduce the impact of emissions on climate change. "Rīgas ūdens" has calculated its direct and indirect emissions according to the Greenhouse Gas Protocol standard in Scopes 1 and 2. The standard covers the accounting and reporting of emissions of seven greenhouse gases (GHGs): dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>). The calculations included direct and indirect GHG emissions – energy-related emissions generated from the operation of the companies accounted for in Scope 2.

Scope 1 Direct GHG emissions	Scope 2 Indirect energy-related GHG emissions
Usage of gasoline and diesel fuel in the vehicle fleet, consumption of natural gas for heating.	Purchased electricity and heat consumption.

Emissions associated with the consumption of externally purchased electricity were calculated using emission factors established by national laws and regulations, which are location-based calculations for the purposes of the GHG Protocol, and emission factors established

in cooperation with energy suppliers and referred to as market-based emission conversion factors according to the GHG Protocol.

Sources of emission factors used in the calculations:

- The emission factors for petrol, diesel and natural gas are documented in Annex 1 to the Cabinet of Ministers Regulation No. 42 of 23.01.2018 "Methodology for Calculation of Greenhouse Gas Emissions";
- The electricity and thermal energy factors (location-based) are documented in Annex 6 to the Cabinet of Ministers Regulation No. 222 of 08.04.2021 "Methods for calculation of the energy efficiency of buildings and rules for energy certification of buildings";
- Electricity emission factors (market-based) correspond to European Residual Mix electricity data and are published in Association of Issuing Bodies IVZW reports;
- Heat emission factors (market-based) are in accordance with JSC (AS) "Rīgas Siltums" annual sustainability report for the emission intensity data of heating networks of the Right and Left Daugava bank;
- Emission factors for refrigerants are documented in DEFRA databases: Department for Environment, Food & Rural Affairs – on GOV.UK website.

In the performance of the municipality's delegated function in the area of water supply and sewerage services, provision of public water management services



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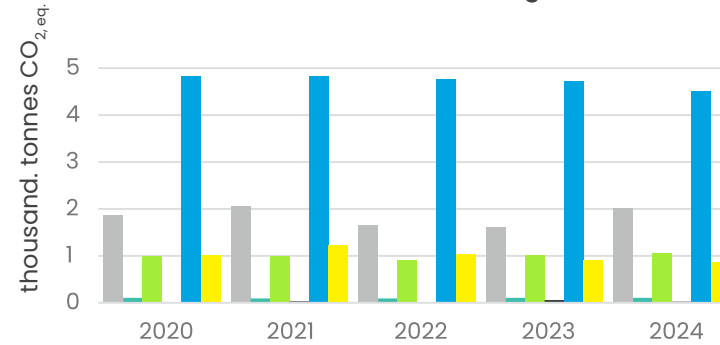
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involves interrelated processes carried out by a number of the Company's structural units. Scope of the calculation of "Rīgas ūdens" CO<sub>2</sub> emissions includes all the production and administrative structural units: :

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

Calculation of the impact of the capital company's CO<sub>2</sub> emissions contains unified operational and financial control methods, thus taking into account as many areas of emissions as possible. The calculations include GHG emissions from direct activities and emissions in the company's value chain, i.e., emissions resulting from the company's activity. In 2023, methodology for calculating "biogenic" emissions was investigated and several sources of these types of emissions were identified at the company, including emissions from the wastewater treatment process. In 2024, methodology for calculating "biogenic" emissions was clarified with the support of the LVGMC. These types of emissions will be reported separately after validation in 2025, outside Scope 1 and Scope 2 emissions, as they are not related to the use of fossil resources.

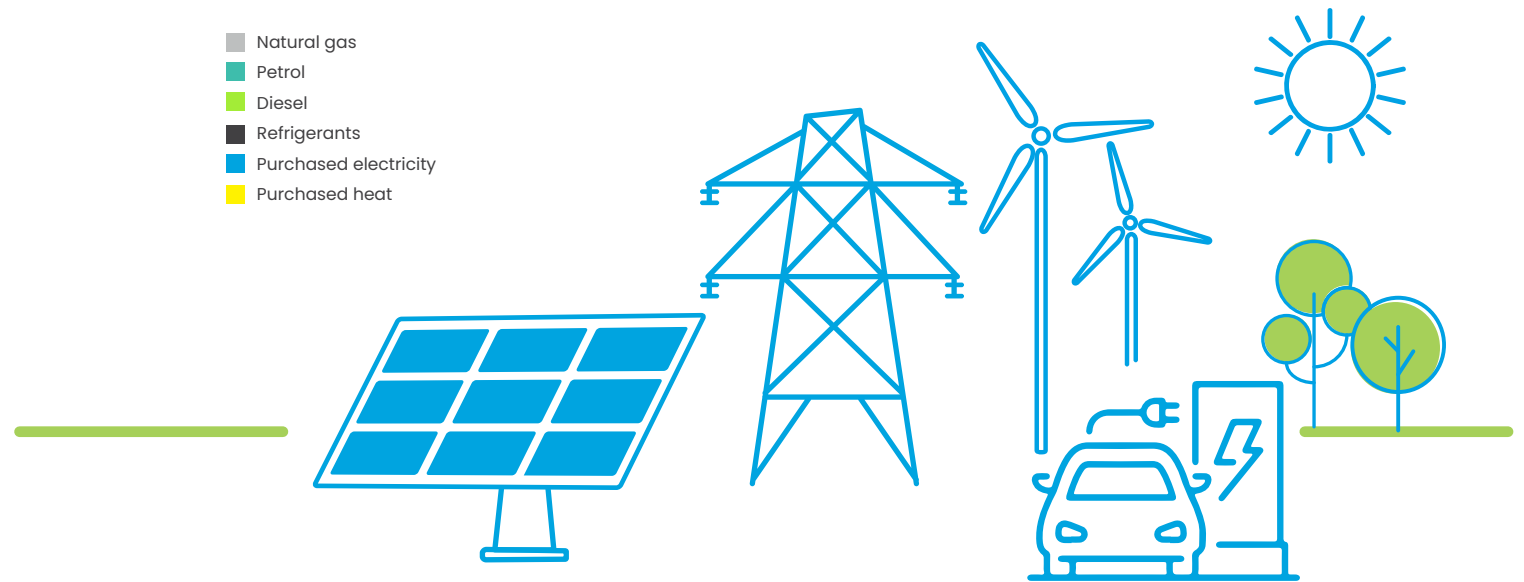
GHG emission framework of the LLC Rīgas ūdens



The largest sources of Scope 1 and Scope 2 emissions in the company are electricity (52–55%), thermal energy from natural gas (21–22%) and fuel (≈11%), and emission reduction efforts are mainly focused on these areas, while emissions from used refrigerants have a much smaller impact on the total CO<sub>2</sub> eq emissions.

Total Scope 1 and Scope 2 emissions, tonnes CO<sub>2</sub> eq.

- Natural gas
- Petrol
- Diesel
- Refrigerants
- Purchased electricity
- Purchased heat

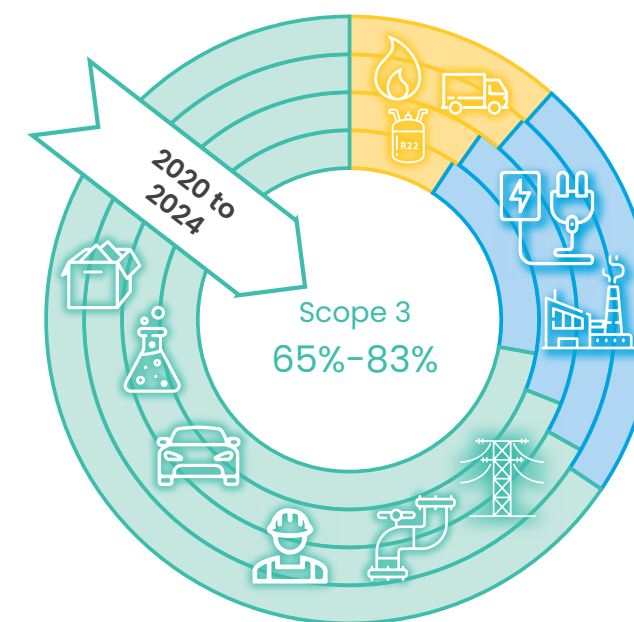


Scope 1 and Scope 2 emissions generated by "Rīgas ūdens", tonnes CO<sub>2</sub>eq

Reference year	2020	2021	2022	2023	2024
<b>Scope 1 (total)</b>	<b>2 962,95</b>	<b>3 170,63</b>	<b>2 679,53</b>	<b>2 793,65</b>	<b>3 208,96</b>
Diesel	1 001,02	987,89	913,51	1 021,81	1 054,86
Petrol	105,76	93,85	92,59	106,32	106,28
Natural gas	1 854,09	2 057,56	1 657,66	1 603,86	2 023,41
Refrigerants	2,09	31,32	15,77	61,67	24,40
<b>Scope 2 (total)</b>	<b>5 828,45</b>	<b>6 051,52</b>	<b>5 789,70</b>	<b>5 616,20</b>	<b>5 365,52</b>
Emissions from electricity (location-based)	4 819,43	4 817,40	4 759,15	4 717,00	4 505,03
Emissions from electricity (market-based)*	17 358,34	13 372,93	20 255,62	20 076,25	22 127,12
Emissions from thermal energy (location-based)	1 009,03	1 234,12	1 044,48	899,20	860,50
Emissions from thermal energy (market-based)*	657,62	793,12	674,81	606,62	554,50
<b>Total of scopes 1 and 2</b>	<b>8 791,41</b>	<b>9 222,15</b>	<b>8 469,23</b>	<b>8 409,85</b>	<b>8 574,48</b>

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

The volume of consumption, origin and division of the energy in the *European Residual Mix* have an impact on the GHG emissions associated with the purchase of electricity (*market based*). "Rīgas ūdens" does not currently purchase electricity with a certificate of origin, so market-based Scope 2 emissions fluctuate widely depending on the surplus of distributed energy in the overall European grid. For this reason, energy saving measures (e.g. process optimisation, lighting optimisation, purchase of energy-efficient equipment) are becoming increasingly serious. Certain activities in this area are continuously evaluated as part of the energy management system operation.



Materiality of Scope 3 GHG emissions in the overall GHG emissions framework, %.

Scope 1    Scope 2    Scope 3



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“Rīgas ūdens” continues work on Scope 3 or indirect GHG emissions in the upstream and downstream value chain. We potentially assessed the materiality of Scope 3 GHG emissions, which are generated by the company through the purchase of goods and services, repairs, development of access and quality of services through investment projects. For the Scope 3 materiality calculation, we have chosen to focus only on the most significant GHG emissions at the moment.

Precise estimation of the carbon dioxide footprint from the subordinated categories of the value chain in Scope 3 consumes a lot of administrative resources and time, and the emissions in different categories can only be estimated with generalisations. In 2025, we are planning to validate the Scope 3 GHG emissions calculation with third-party bodies to clarify the precision and relevance of the calculation.

“Rīgas ūdens” does not implement or participate in carbon sequestration projects and has not purchased carbon credits from third parties to offset the company’s GHG emissions.



## 2.3.2. POLLUTION

E2

In the pollution section, the relevant sub-themes of "Rīgas ūdens" are: water pollution, soil pollution and air pollution. Wastewater treatment is an essential process for protecting water resources and preserving the environmental condition. The company pays great deal of attention to ensuring that wastewater treatment processes meet regulatory requirements and do not have a negative environmental impact. This promotes both sustainable use of resources and long-term improvement of environmental quality.

### 2.3.2.1. Managing pollution-related impacts, risks and opportunities

ESRS 2 IRO-1, E2-1

During the materiality assessment, impacts, risks and opportunities were identified. Potential negative impacts related to the discharge of treated wastewater, discharge of overload wastewater and the use of sewage sludge have been identified. Treated wastewater are discharged into the Baltic Sea, which has a direct impact on the marine ecosystem. "Rīgas ūdens" has committed to meet wastewater treatment requirements and avoid deterioration of the environmental condition.

#### Risks

- Adaptation of central sewerage systems to changing meteorological conditions
- Monitoring of the pollution load caused by wastewater discharged into CSS overflows during rainfall
- "Rīgas ūdens" cannot significantly affect the development of Riga's green/blue and rainwater sewerage infrastructure to relieve the centralised common sewerage system of rain wastewater
- The designed capacity of wastewater treatment plants is already being exceeded in terms of SV, Nkop and hydraulic capacity during rain
- Uncontrolled surface pollution of wastewater in the central sewerage system
- Inability to fully prevent the discharge of untreated wastewater into the environment during rainfall because of financial and technical considerations

#### Opportunities

- Improve wastewater treatment degree and increase hydraulic capacity
- Increase wastewater retention in CSS during rain
- Ensure that production facilities provide adequate pre-treatment of wastewater  
Develop a CSS monitoring system to control flow and levels, including in overflows
- Develop monitoring system for CSS pollutants in emergency discharges and overflows
- Develop a CSS computer model for managing rainfall impacts and validating climate resilience solutions
- Increase the provision of sewerage services in Riga and in the Greater Riga ensuring higher wastewater treatment requirements and improving the environmental condition
- Develop an Environmental Management System in the company



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The materiality assessment has shown that the potential contamination of water and soil with substances of concern, substances of very high concern and microplastics depends on the quality of the wastewater collected, i.e., concentration of these pollutants, and the treatment process is not currently designed to remove these pollutants.

### Risks

- The country has not updated its river basin risk assessment in line with the new requirements, which may reveal new micro-pollution
- Micropollution in wastewaters and sewage sludge
- New requirements for micropollution in surface and underground waters: PFAS, microplastics, bisphenol A, pharmaceuticals, etc.
- Higher sewage sludge treatment requirements will require investments in other treatment technologies
- Deterioration of reputation, increase in sanctions if activities have a negative environmental impact
- Introduction of unpredictable producer responsibility scheme in Latvia to finance the fourth stage of wastewater treatment

### Opportunities

- Improve wastewater treatment degree and increase hydraulic capacity
- Ensure that industrial companies provide adequate wastewater pre-treatment
- Develop monitoring system for CSS pollutants
- New requirements can lead to the development of new technologies

The materiality assessment identified air pollution as a significant area related to odour emissions from the sludge storage fields as well as the limited capacity of the methane tanks.

### Risks

- Deterioration of reputation, increase in sanctions if activities have a negative environmental impact
- Higher sewage sludge treatment requirements will require investments in other treatment technologies

### Opportunities

- Stop sewage sludge treatment in sludge fields, reducing air pollution in the vicinity
- Increase biogas production and efficiency through the development of cogeneration farms
- Introduce sludge thermal treatment due to higher sludge treatment requirements

Policies of "Rīgas ūdens" include principles of compliance and internal control to ensure that the Company's operation meets the requirements related to the environmental protection. In 2023, the Company introduced an Environmental Policy, which aims to set out the Company's approach to targeted reduction of environmental pollution, ensuring that discharged wastewater meets environmental requirements and reducing the discharge of untreated wastewater into the environment and the impact on climate change. In carrying out the activities, "Rīgas ūdens" undertakes to ensure that its operations comply with the environmental protection requirements, binding standards and industry best practices, and to promote the use of resources in accordance with the principles of the circular economy.

Reducing wastewater pollution and improving the environmental condition is also one of the priority directions of development 2040.



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### 2.3.2.2. Managing pollution risks

E2-2

To achieve its pollution reduction targets, the Company has included priority activities in the strategy and budget of its Strategy 2030. These include both technological improvements, such as the expansion and modernisation of wastewater treatment plants, and the rehabilitation of existing infrastructure, including the rehabilitation of primary and secondary settling tanks and the rebuilding of sewage pumping stations. These actions not only improve the treatment and pumping process and efficiency, but also reduce the risks of contamination in emergency situations.

For the purposes of ensuring compliance with the requirements of environmental laws and regulations, "Rīgas ūdens" actively cooperates with state environmental institutions, complying with the conditions of permits for polluting activities, providing information and data related to environmental protection, and, where necessary, organising environmental impact assessment, as well as consulting on environmental protection issues.

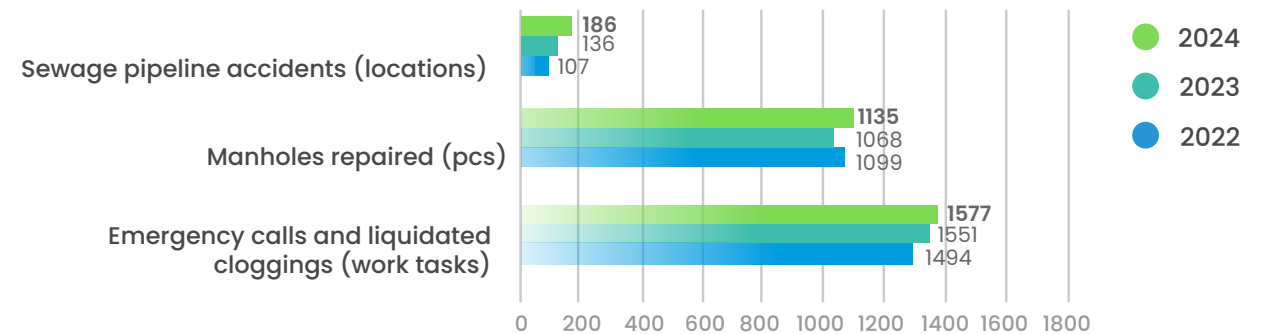
#### Controlling pollution in the centralised sewerage system

To reduce the risk of pollution, one of "Rīgas ūdens"'s tasks is to control service users who discharge industrial wastewater into the centralised sewerage system. According to the normative framework, wastewater may

be discharged into the centralised sewerage system if it meets the requirements for the composition of wastewater set out in the binding regulations of the local municipality on the operation, use and protection of the centralised sewerage system. In case of violations, "Rīgas ūdens" imposes sanctions on service users by calculating the compensation payable for the damage, according to the "polluter pays" principle. The aim of monitoring wastewater discharged by customers is to ensure that the Company's facilities receive wastewater that we can treat to the set requirements, and that the treated wastewater discharged into the Baltic Sea meets the set requirements.

#### Management of the emergency situation resolution efficiency

"Rīgas ūdens" manages sewerage networks and structures that ensure collection of domestic and commercial wastewater and discharge thereof to the treatment plants. In 2024, 58.2 km of the sewerage network underwent de-clogging, hydrodynamic flushing and TV inspection, and 7.1 km of sewer pipes were rehabilitated.



Repairs in sewage network and emergency eliminations in 2022 –2024

Out of 1 577 preventive and survey work tasks (including emergency calls related to intrusions, manhole damage, cloggings) in 2024, the physical removal of cloggings was required and carried out in 723 cases.



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

In accordance with the conditions of the permit No. R1121B0013 for category B polluting activity issued by the SES, "Rīgas ūdens" has taken several measures in recent years to reduce the amount of wastewaters discharged in emergency discharges, including in 2024:

- The development of a computer model of the sewerage system is ongoing to provide additional data for analysing the impact of stormwater runoff in different catchments and for improving the performance of the KSS;
- The automatic control system (AVS) of 13 sewage pumping stations was upgraded;
- The rebuilding and adjustment of the sewage pumping station at 101 Daugavgrīvas Street is completed. The automatic emergency discharge management system ensures that the volume of wastewater discharged to the emergency discharge is significantly reduced to 1.57% or 31.13% less than in 2023;
- Feasibility study for the expansion of the wastewater treatment plant "Daugavgrīva", including an increase in hydraulic treatment capacity, has been launched, which will significantly reduce the amount of overload wastewaters and pollution.

### Extension of centralised water management

Since 2004, "Rīgas ūdens" has been implementing environmental projects "Water Management Development in Riga", co-financed by the EU CF, by constructing new centralised water supply and sewerage systems in several neighbourhoods of Riga. The main objective of the projects is to ensure the availability of water supply and sewerage systems in the territory of Riga city wastewater agglomeration. In 2024, 11.37 km of sewerage networks and 7.87 km of water supply networks were extended within projects co-financed by the EU CF. Total length of the new networks built in 2024 is 19.3 km.

#### 2.3.2.3. Pollution target indicators

E2-3

By preventing and reducing pollution, "Rīgas ūdens"'s overall objective is to comply with the limits set out in the environmental permits we have been issued.

Target indicators for the reduction of pollution set for "Rīgas ūdens" for 2024 in the Medium-term operational Strategy 2022-2024:



Sustainability aspect	Objective	Target indicator 2024
Water contamination	To promote the sustainability of wastewater management by improving the quality and efficiency of wastewater treatment, mitigating the impacts of climate change and negative impacts on the environment.	The total annual phosphorus load in the water entering the environment after the wastewater treatment does not exceed 39 tonnes/year, with an annual average concentration not exceeding 0.7 mg/l and a monthly maximum concentration not exceeding 1 mg/l
		The total annual nitrogen load in the water entering the environment after the wastewater treatment does not exceed 368 tonnes/year, with an annual average concentration not exceeding 7 mg/l and a monthly maximum concentration not exceeding 10 mg/l
		Percentage of treated wastewater as a percentage of the total volume of wastewater > 95%
Soil contamination	Improve the management of strategic public water management infrastructure by modernising technological processes and infrastructure	Percentage of the length of the rehabilitated sewerage networks of the total sewerage network length $\geq$ 0.28%
Contamination of water and soil	Develop the use of public water management services, improving their accessibility and increasing the residential connection rate	Number of declared residents in immovable properties with provided access to centralised sewerage service in the centralised sewerage system agglomeration $\geq$ 98.1%
		Number of declared residents in immovable properties connected to a centralised sewerage system $\geq$ 96.5%
Air pollution	To ensure sustainable management of sewage sludge	Sewage sludge treatment in methane tanks $\geq$ 70%

<sup>10</sup> In accordance with the requirements of EU Directive 2024/3019 on urban wastewater treatment

<sup>11</sup> In accordance with the requirements of EU Directive 2024/3019 on urban wastewater treatment

<sup>12</sup> In accordance with the requirements of EU Directive 2024/3019 on urban wastewater treatment

In 2024, "Rīgas ūdens" developed the Sustainable Development Strategy 2025–2040, which set out the key long-term target indicators:

Sustainability aspect	Objective	Target indicator 2024
Water contamination	Ensure higher wastewater treatment requirements and increase hydraulic treatment capacity	Improved wastewater treatment degree: $\leq$ 0.5 mg/l P <sub>tot</sub> and $\leq$ 8 mg/l N <sub>tot</sub> <sup>10</sup>
		Hydraulic treatment capacity increased by > 50%
	Reduce discharges of untreated wastewater by improving urban wastewater management in the Riga wastewater agglomeration	Pollution load from wastewater overflows during rain reduced to $\leq$ 2% of the annual pollution load calculated in dry period <sup>11</sup>
Soil contamination	Increase availability of centralised water management services	Availability of centralised sewerage services in the Riga wastewater agglomeration ensures collection and treatment of $\geq$ 98% of the wastewater pollution load <sup>12</sup>
Contamination of water and soil	Ensure sustainable rehabilitation of sewerage networks	$\geq$ 150 km sewerage networks rehabilitated
Air pollution	Reduce GHG emissions	Scopes 1 and 2 GHG emissions reduced by $\geq$ 50%



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### 2.3.2.4. Air, water and soil pollution

E2-4

In accordance with the conditions of the permits issued by the SES, "Rīgas ūdens" submits official environmental statistics forms "No. 2-Water" and "No. 2-Air" to the LEGMC every year, and information on the emissions of "Rīgas ūdens" into the environment is available in the public database.

#### Soil and water pollution

Wastewater quality requirements are set out in the Cabinet of Ministers Regulation No. 34 of 22.01.2022 "Regulations on the Emission of Pollutants into Water". In accordance with the conditions of the SES permit No. RII2IB0013 for category B polluting activity, issued on 23.01.2012, the Company regularly ensures laboratory control of wastewater, determining the concentrations of pollutants in BTPD inflow, outflow, as well as in biological treatment processes.

In 2024, BTPD met all the treatment parameters set by the laws and regulations. The main results of the quality control and data on the residual pollution discharged to the environment are summarised in the tables below.

Quality control results of the pollutant concentrations upon outflow into the Gulf of Riga in 2022 –2024

Parameter	Unit	Maximum permissible concentration	Average testing results		
			2022	2023	2024
<b>Suspended substances</b>	mg/l	35,0	8.1	8.5	8.4
<b>BOD<sub>5</sub></b>	mg/l	25,0	7.2	6.9	6.5
<b>COD</b>	mg/l	125,0	42.1	41.7	40.4
<b>Total nitrogen</b>	mg/l	10,0	6.5	6.9	7.7
<b>Total phosphorus</b>	mg/l	1,0	0.68	0.71	0.66

Residual pollution discharged into the water environment, tonnes/year

Parameter	Discharge point	
	Exhaust into the sea gulf	Emergency exhaust
<b>Biological oxygen demand (BOD<sub>5</sub>)</b>	15029,5	31,1 <sup>13</sup>
<b>Chemical oxygen demand (COD)</b>	2073,6	219,6
<b>Total nitrogen</b>	396,5	22,1
<b>Total phosphorus</b>	33,7	2,7

The procedure for calculating emissions is laid down in the 29.06.2007 Cabinet of Ministers Regulation No. 404 "Procedure for Calculation and Payment of Natural Resources Tax, Issuance of Natural Resources Use Permit and Auditing of Management Systems". Wastewater samples are tested by the "Rīgas ūdens" Joint Water Quality Control Laboratory (JWQCL), accredited by the Latvian National Accreditation Bureau, and by the Institute of Food Safety, Animal Health and Environmental Sciences "BIOR".

<sup>13</sup> data from 01.07.2024





## Description of changes over time

The territory of "Rīgas ūdens" is a part of the Daugava river basin area, with the largest emergency discharges and overflow sites discharged into the Daugava. According to the Daugava River Basin Plan (2022-2027) approved on 26.01.2023, the ecological potential of water bodies:

- water body code D413SP Daugava\_5 - ecological potential is poor due to significant hydromorphological and urban pressures;
- water body code D400SP Daugava\_6 - ecological potential is poor. The water body belongs to the transitional water type, whose ecological quality is strongly influenced by seawater inflow.<sup>14</sup>

According to the 2018 Marine Environmental Assessment prepared by the Latvian Institute of Aquatic Ecology, the overall eutrophication status of Latvian marine waters is assessed as poor. Both the nutrient levels and the direct eutrophication effects meet the criteria for poor environmental status in all water bodies. In the case of indirect effects of eutrophication, the status of coastal water bodies can be described as good, but in transitional and open waters it does not meet the criteria for good environmental status.<sup>15</sup>

By a decision of the Meeting of the Heads of Delegation of the Baltic Marine Environment Protection Commission (HELCOM) in early 2021, Riga city wastewater treat-

ment plant was stripped of the polluter's status it had held for almost 30 years and Riga was removed from the HELCOM's so-called list of "hot spots". Since the commencement of modernisation of wastewater treatment processes in 1991, Riga has achieved up to 98% wastewater treatment efficiency.

## Microplastics

Currently, environmental permits do not set limits for microplastics and drug residues, as the measurement and reduction of their levels is still at the research stage and not regulated by law. "Rīgas ūdens" does not produce or use microplastics or pharmaceuticals, but due to the nature of our operations we are involved in their release into the environment. "Rīgas ūdens" is actively involved in research projects in specialist working groups. During the project "Investigation of microplastic contamination in wastewater, its sludge and sludge-fertilised soils", implemented in 2023, sludge samples were collected at the WWTP "Daugavgrīva". "Rīgas ūdens" is an associate partner of the international project "Emperest". The project focuses on the removal of PFAS and other organic micropollutants from wastewater. The PFAS (per- and polyfluoroalkyl substances) group, also known as "eternal chemicals", is currently one of the most pressing environmental problems in the Baltic Sea region.

## Sewage sludge

Sewage sludge is an unavoidable by-product of the treatment process and makes up the majority of all

waste generated at the company. Sewage sludge management is associated with potential soil contamination with heavy metals and microplastics. Use of sewage sludge in accordance with the Cabinet Regulation No. 362 of 2 May 2006 "Regulations Regarding Utilisation, Monitoring and Control of Sewage Sludge and the Compost thereof" Sewage sludge management is reported under the "Resource use and circular economy" section.

## Air pollution

According to the conditions of the permits No. RI12IB0013, No. RI19IB008 for category B polluting activity and Category C certificate No. RI20IC0034 issued by the SES, limit values for pollution sources have been established. In 2024, amendments were made to the permits No. RI12IB0013, No. RI19IB008 for category B polluting activity due to amendments to the Draft Emission Limits for Stationary Sources and the Draft Emission Limits for Odours.

Pollution is related to emissions to air, and it emerges from the operations of "Rīgas ūdens" from the wastewater treatment plant, sludge storage on fields and in incinerators. "Rīgas ūdens" reports air pollution to the Latvian Centre for Environment, Geology and Meteorology every year, and information on air emissions of "Rīgas ūdens" is available in a public database.

<sup>14</sup> <https://videscentrs.lv/gmc.lv/lapas/udens-apsaimniekosana-un-pludu-parvaldiba>

<sup>15</sup> <https://lhei.lv/ekosistemas-apsaimniekosana/vides-stavokla-novertejums>

Air pollution from stationary pollution sources,  
combustion plants, t/year

Parameter	WWTP "Daugavgrīva"	PŪS "Baltezers"
Nitric oxide	1,189	0,229
Carbon oxide	0,7513	0,098
Carbon dioxide	1644,279	129,464

Air pollution from stationary pollution sources  
wastewater treatment plants, t/year

Parameter	WWTP "Daugavgrīva"
Volatile organic compounds (VOCs)	4,143165

The air emissions are calculated in accordance with the methodology set out in the draft emission limit values for stationary sources.

On the initiative of the SES and with the support of "Rīgas ūdens", a joint face-to-face meeting was organised in 2024 with representatives of the surrounding municipalities of Mārupe, Babīte and other to discuss the control

of nuisance odours at the sludge storage facilities "Vār-nukrogs". The sludge storage facility at "Vār-nukrogs" is continuously monitored for odour emissions, and various technological solutions have been identified and implemented, including the spraying of an odour neutralising agent over the storage facility. "Rīgas ūdens" is working on several fronts to tackle the odour problem at "Vār-nukrogs" - there are short-term and long-term solutions

### Noise

"Rīgas ūdens" has identified noise sources in the area of the biological treatment plant "Daugavgrīva", where noise level measurements have been carried out at several locations, and the results of the noise level measurements have been evaluated. In this territory, ambient noise is generated by existing air production and transmission systems.

In 2024, the Company built sound insulation using air pipes of 1 700 mm and 800 mm diameter and glued solar heat-insulating (reflective) adhesive film to the window glazing of the compressor hall to reduce noise emissions in the environment. Following the noise abatement measures, it has been found that the noise levels in the areas adjacent to the residential buildings of BTP "Daugavgrīva" do not exceed the permissible limit values during the daytime, evening and at night.

### 2.3.2.5. Substances of concern and substances of very high concern

E2-5

"Rīgas ūdens" uses reagents to prepare drinking water and treat wastewater. The amount of reagents used varies from year to year depending on air temperature, drinking water consumption and precipitation. The use of chemicals inevitably involves the risk of chemical accidents, which we try to reduce by taking measures to prevent pollution. Substances of very high concern are not used in the Company's production processes.

Substances of concern	Unit	2024
Hazards to human health and the environment (hazard classes H3xx and H4xx)	tons	28
Hazard to the environment (hazard class H4xx)	tons	10
Hazard to human health (hazard class H3xx)	m³	639

Several safety mechanisms are in place at "Rīgas ūdens" to prevent accidents related to the use and storage of chemicals (e.g., double-walled tanks, leak sensors and neutralisation systems). We organise regular staff training. In 2024, there were no chemical ac-



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cidents in the company with a negative impact on the environment or human health.

A project has been launched to phase out the liquid chlorine disinfection plants currently in operation, which have high risks of using liquid chlorine during storage and transport. The existing plants will be replaced by plants using sodium hypochlorite as a disinfectant, which is extracted from salt by electrolysis, thus significantly reducing the risks associated with water disinfection.

### 2.3.2.6. Estimated financial impact of pollution-related risks and opportunities

E2-6

In 2024, investments in the area of wastewater discharge, including rehabilitation and modernisation of sewerage networks and sewage pumping stations, amounted to EUR 8.9 million euro, whereas, in the long term up to 2040, in order to ensure sustainable rehabilitation of the sewerage networks, at least ~120 million euro will be required<sup>16</sup>.

In 2024, investments in the rehabilitation and modernisation of wastewater treatment plants amounted to 1.7 million EUR, whereas, in the long term up to 2040, meeting the new, stricter tertiary  $N_{tot}$  and  $P_{tot}$  treatment requirements of EU Directive 2024/3019 and increase in the hydraulic capacity of treatment plants by reducing the pollution load in emergency discharges will require at least ~ 50 million EUR. The cost of a fourth treatment will amount to at least another ~30 million euro, planned to be partially covered by the Producer Responsibility Scheme<sup>17</sup>. In addition, the investments needed to reduce the volume of overloaded wastewater discharges by building storage reservoirs and to improve pollution control will amount to at least ~30 million euro, to be updated on the basis of calculations of a verified computer model of the sewerage system.

In 2024, investments in the expansion of centralised water management infrastructure amounted to 9.2 million euro, whereas, in the long term up to 2040, ensuring the necessary expansion of the water management infrastructure in the Riga wastewater agglomeration will require at least ~35 million euro, as well as at least ~ 40 million euro from the funds of the Riga State City Municipality for the expansion of water management infrastructure beyond the current wastewater agglomeration<sup>18</sup>.

## 2.3.3. WATER AND MARINE RESOURCES

E3

The Water and Marine Resources section of "Rīgas ūdens" has 2 major sub-topics: **water consumption** and **water discharge**. Less important sub-topic is **water extraction**, but "Rīgas ūdens" chooses to report on this sustainability aspect as well, as the business depends on large volumes of water extraction and the condition of water facilities.

<sup>16</sup> Estimates are made in 2023, analysing the condition of the sewerage networks and the amount of rehabilitation needed between 2025 and 2040

<sup>17</sup> Estimates made in 2024 in the feasibility study for the extension and renovation of the biological treatment plant "Daugavgrīva"

<sup>18</sup> Estimates were updated in 2023 based on data from the Riga City centralised sewerage system agglomeration update study carried out in 2022

### 2.3.3.1. Managing impacts, risks and opportunities related to water and marine resources

ESRS 2 IRO-1

Water extraction: Riga's centralised water supply system uses a surface water source, the Daugava River, and its drinking water supply can be affected by the river's water quality, temperature rise and may have transboundary impacts. Whereas, extraction of underground water in large amounts may affect groundwater levels in the vicinity of the "Baltezers"–"Baltezers II" water intakes, and can affect and be affected by the water quality of the Lake Small Baltezers as it is used for artificial recharge of groundwater.

#### Risks

- Surface water basin safety and water quality
- Chemical status of the Lake Small Baltezers
- Deterioration of drinking water quality in the water intake
- Drinking water preparation plant "Daugava" operates inefficiently, with significantly lower capacity than designed
- The water supply system does not have the optimal volume of reservoirs to compensate for the unevenness of drinking water consumption

#### Opportunities

- Develop a Water Safety Plan
- Explore practical options for increasing groundwater use
- Optimise drinking water extraction, preparation and water supply system
- Develop an online monitoring system for drinking water quality

Water extraction and consumption do not pose significant risks to the availability of water resources in general.

Water consumption: "Rīgas ūdens" operations have a positive impact on water consumption as we prevent water leakage and are committed to 30% reduction in water losses by 2040, which will also reduce the amount of water extracted and fed into the water supply system.

#### Risks

- The current level of water losses is higher than set by the EU Taxonomy, which may not be economically substantiated, and may also exceed the threshold planned by the EU by 2028
- Historical under-investment has led to the obsolescence of some infrastructure, which already requires significant financial resources for renovation
- Investment may be short to reduce water losses at a sufficient rate through rehabilitation of water supply networks (without meeting the EU Taxonomy requirement of 20% reduction)

#### Opportunities

- Develop a water leakage reduction plan
- Develop CWSS zoning
- Increase the rate of renovation of water supply networks, resulting in improved quality of service, reduced water losses with economic benefits
- Implementation of CWSS digital shadows/twins for efficient infrastructure management
- Introduce remote reading of drinking water consumption meters
- Enhance changes in inefficient drinking water use habits

Impacts, risks and opportunities related to water discharge are reported under the water pollution sub-theme in accordance with the European Sustainability Reporting Standard ESRS E2 "Pollution", since the main identified possible negative impact is related to the risk of pollution, including because of overloading of the centralised sewerage system during intensive or prolonged precipitation extremes.



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### 2.3.3.2. Policy and actions with regard to water and marine resources

E3-1, E3-2

Policy of "Rīgas ūdens" in the field of water and marine resources is determined by the Environmental Policy, the Corporate Social Responsibility and Sustainability Policy, and the necessary actions are included in the Strategy 2030 and Strategy 2040.

According to the medium-term operational strategy 2022 -2024, water loss target indicators were monitored and an initial action plan for water loss reduction was developed in 2024, within the framework in which the following actions were taken in 2024:

- control of verification deadlines for water extraction and supply meters was conducted, and a programme to replace meters with high-precision meters was launched
- self-consumption metering was improved by launching a meter installation programme at the Company sites
- One CHP pressure increase pumping station was eliminated as part of the High Pressure Area Elimination Programme;
- 7.6 km of water supply networks (or 0.51% ) were rehabilitated;
- 361 gate valves with were replaced for DN ≥ 100 mm

- as part of the gate valve replacement programme;
- a construction design for the extension of the water supply zoning was developed.

In 2024, the new sewage pumping station at 101 Daugavgrīvas Street was accepted into operation, replacing the old station and ensuring a significant reduction in the self-consumption of process water. In 2023, 280 000 m<sup>3</sup> of water was used to cool the water equipment, which is not necessary in the new station.

The Strategy 2040 sets out strategic objectives relevant to section E3, including the objective to significantly increase the rate of rehabilitation of water supply networks (to an average of 15.5 km/year). By 2040, water losses are expected to be reduced by at least 30%, thus also reducing water consumption.

Taking into account the increase in water losses in 2024, which may also be related to the metering methodology, more active construction zones and flushing works, changes in the water intake supply and pressure of the water supply system, etc., we are planning to analyse the water consumption balance in more detail in 2025 and start working on a detailed water loss reduction plan to be implemented in the next medium-term operational strategy 2025-2030.

We have 81 plug-probes in the water supply network at our disposal, which provide online monitoring of changes in hydraulic parameters and noise in areas of the

water supply network zones. Such a system allows for operative detection of significant water leaks and automatically reports emergencies. We also pro-actively look for leaks by deploying acoustic sensors in specific areas, which revealed 4 hidden network outflows in 2024. Overall, the Network Leakage Search Team carried out 303 leakage detection missions: 201 - to specify points of leaks, 102 - to search for hidden leaks. We also plan to introduce a digital shadow of the water supply system and to extend the zoning of the water supply network, which will ensure, inter alia, more efficient management of water losses.

In 2024, we completed our joint work on the research of the water supply system risk assessment required by EU Directive 2020/2184 and the study on the establishment of a water quality monitoring system in Riga's water supply network. Based on this work, we are planning to set up an online drinking water quality monitoring system in Riga.

In 2024, we completed one of the most important projects in terms of environmental protection and water supply - rebuilding of the water supply point in Lake Small Baltezers. The new hydraulic structure is equipped with a protective screen to protect fish and trap fine impurities. During the rebuilding, we also strengthened the shore of the Lake Small Baltezers, dredging the coastal area, while carefully observing a number of environmental protection requirements, including not carrying out works during the most important fish spawning

<sup>19</sup>% no kopējā ūdensvada tīklu garuma bāzes – 2021. gadā



and egg development periods, as well as during the bird nesting period. It was also necessary to avoid possible pollution of the lake and to reduce turbidity, and to refrain as much as possible from removing plant species in the water, as these bind nutrients which reduce the bloom of cyanobacteria.

Every year, we clean the infiltration basins of the artificial recharge system.

In 2022, we carried out a feasibility study on the reclamation of the Olekta River and, based on this study, we started development of construction design for the reclamation works in Phases 3 and 4 in 2024.

### 2.3.3.3. Target indicators with regard to the water and marine resources

E3-3

Until 2024, the planning document governing the operations of "Rīgas ūdens" is the Medium-Term Operational Strategy 2022-2024, which sets important targets for sustainability aspects such as water discharge and water consumption:

Sustainability aspect	Objective	Target indicator 2024
Water consumption	To improve the management of strategic public water infrastructure by modernising technological processes and infrastructure, preserving green infrastructure as far as possible during water infrastructure redevelopment, increasing process efficiency and energy efficiency and increasing the efficiency of natural resource use	Length of rehabilitated water supply networks as a share of total water supply network length $\geq 0.31\%$
		Water losses in water supply networks $\leq 12.5\%$
		Reduced technical water consumption during the rebuilding of the sewage pumping station at 101 Daugavgrīvas Street (250 000 m <sup>3</sup> )
	To provide users of public water management services with uninterrupted and reliable services, to improve the quality of customer service, balancing the interests of environmental protection, sustainable use of natural resources, the environmental and economic interests of the society's life	To introduce a telemetry service for commercial water metering (project stage)
Water drainage	To promote the sustainability of wastewater management by improving the quality and efficiency of wastewater treatment, mitigating the impacts of climate change and negative impacts on the environment	Percentage of treated wastewater as a percentage of the total volume of wastewater $> 95\%$



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In 2024, "Rīgas ūdens" developed the Sustainable Development Strategy 2025 -2040, which set out the key long-term target indicators:

Sustainability aspect	Objective	Target indicator 2040
Water consumption	Ensure sustainable renovation of water supply networks	≥250 km water supply networks renovated
		Reduced water losses by ≥ 30% <sup>20</sup>
Water drainage	Ensure higher requirements for wastewater treatment and increase hydraulic treatment capacity	Hydraulic treatment capacity increased by > 50%
	Reduce discharges of untreated wastewater by improving urban wastewater management in the Riga wastewater agglomeration	Pollution load from wastewater overflows during rain reduced to ≤ 2% of the annually collected pollution load, calculated in dry-weather <sup>21</sup>

According to the World Resources Institute's research *Water Risk Atlas*<sup>22</sup>, operations of "Rīgas ūdens" take place in areas with low to medium risk of water scarcity. According to the Daugava River Basin District Management Plan<sup>23</sup>, groundwater bodies Q1 (including water reservoirs "Baltezers I", "Remberģi", "Zaķumuiža", etc.) and Q2 (including water reservoirs "Baltezers" and "Baltezers II") have significant water extraction pressures, but the overall quantitative status is recognised as good. At the same time, it should be stressed that

Riga's water supply is not at risk of water scarcity, as in 2024 we used only ~27% of the permitted underground water supplies and ~36% of the permitted surface water supplies.

Although no water loss reduction target indicator has been set in the EU yet, this will be required by the EU Directive 2020/2184 on drinking water quality and is already required by the EU Taxonomy Regulation, therefore "Rīgas ūdens" plans to ensure a water loss rate ≤ 12.5% by 2024 and to start targeted water loss reduc-

tion from 2025, including significantly increasing the rehabilitation of water supply networks and taking other measures to use water resources more efficiently and improve the quality of water supply service. Such a target will ensure that the EU Taxonomy requirements for reducing water losses are met in the long term.

In the water discharge sub-themes, the most significant environmental impact is identified as the discharge of overload effluents to the environment as a result of precipitation impacts, which we report in ESRS section E2 "Pollution", and the 2040 target indicator is set in line with EU Directive 2024/3019 on urban wastewater treatment requirements for the assessment and reduction of pollution loads by 2039, which will also reduce the amount of overload effluents discharged to the environment.

<sup>20</sup> Against the 2023 base: 3 026 m<sup>3</sup>/km/year

<sup>21</sup> In accordance with the requirements of EU Directive 2024/3019 on urban wastewater treatment

<sup>22</sup> Aqueduct | World Resources Institute

<sup>23</sup> <https://videscentrs.lv/gmc.lv/lapas/udens-apsaimniekosana-un-pludu-parvaldiba>

### 2.3.3.4. Water consumption

E3-4

We provide drinking water to the Riga State City and ~0.9% of the total water consumption to certain adjacent territories in the Greater Riga municipalities.

Total water consumption continued to decrease in 2024, while water consumption for flushing water supply networks increased significantly as we changed our accounting methodology in 2024 and started to calculate water consumption for all water supply network flushing operations, fire hydrant inspections and filling of sewer hydrodynamic machines where possible.

In 2024, we used on average 88.6% of the total possible water storage capacity in the water reservoirs "Daugava", "Zaķumuiža D", "Baltezers", "Ziemeļblāzma" and "Imanta" with the total capacity of 55 000 m<sup>3</sup>, and there were no changes in the amount of water stored.

Water consumption indicators (thous. m <sup>3</sup> ) <sup>24, 25</sup>		2022	2023	2024
<b>Water quantity fed into the water supply system</b>		<b>35 787,6</b>	<b>35 506,6</b>	<b>36 604,4</b>
<b>Total water consumption</b>		<b>31 066,7</b>	<b>30 278,3</b>	<b>30 275,2</b>
incl.	Housing resources in Riga	24 087,4	23 300,5	23 251,4
	Riga non-residential resources	6 691,2	6 655,2	6 744,4
	Greater Riga	286,6	321,4	277,3
	Other (non-contractual customers)	1,54	1,16	2,02
<b>Water consumption in water risk areas</b>		<b>-</b>	<b>-</b>	<b>-</b>
	<i>Self-consumption of the facilities of "Rīgas ūdens"</i>	431,7	433,3	95,7
	Water consumption for flushing water supply networks, etc.	251,8	170,5	1 254,7
<b>Water losses<sup>26</sup></b>		<b>11,3 %</b>	<b>13,0 %</b>	<b>13,6 %</b>
<b>Total amount of water stored</b>		<b>-</b>	<b>-</b>	<b>48,7</b>
<b>Water intensity factor<sup>27</sup></b>		<b>-</b>	<b>-</b>	<b>0,42</b>

<sup>24</sup> unless another unit of measurement is specified

<sup>25</sup> Overall, accuracy of the data can be described as high: 95.9% of total customer water consumption was metered, the rest is calculated according to norms; at our sites, 96.8% of self-consumption is metered, the rest is calculated. Water used for flushing water supply networks and other preventive work is calculated.

<sup>26</sup> Calculated according to the principles of the IWA methodology, by dividing the self-consumption of "Rīgas ūdens" and the amount of flushing of water supply network, expressed as % of the water supplied to the water supply system

<sup>27</sup> total consumption m<sup>3</sup> vs. net revenue in millions



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## Water extraction

In 2024, 52% of water for the Riga centralised water supply system was obtained from the Riga HPP reservoir (Daugava River) and the remaining underground water reservoirs from the Quaternary (Q) and Gauja (D<sub>3</sub>gj) water aquifers, under the conditions of the Water Resource Use Permit No. R119DU0006. We use the waters of the Lake Small Baltezers to artificially replenish the groundwater level in the underground water reservoirs "Baltezers" and "Baltezers 2".

Water extraction (thous. m <sup>3</sup> ) <sup>28</sup>	2022	2023	2024	Permitted quantity of water
Daugava River (Riga HPP)	16 267,7	16 149,5	19 537,7	43 800,0
Underground water reservoir "Baltezers"	10 696,0	10 490,0	10 098,8	40 515,0
Underground water reservoir "Baltezers I"				
Underground water reservoir "Baltezers II"				
Underground water reservoir "Zaķumuiža Q"	3 483,6	3 409,0	3 072,6	8 395,0
Underground water deposit "Zaķumuiža D"	4 323,9	5 333,6	3 958,9	11 315,0
Underground water deposit "Remberģi"	2 025,1	655,4	678,3	6 205,0
Lake Small Baltezers	6 036,4	6 853,4	4 573,8	24 000,0
Buļļupe	40,4	6,9	58,7	2 000,0
Borehole at the sludge storage facility "Vārnukrogs"	6,8	5,1	5,9	-

For the technological needs of the biological wastewater treatment plant "Daugavgrīva", we draw water from the centralised water supply system and also obtain additional water from the Buļļupe River. For the technological and economic needs of the sludge storage facility "Vārnukrogs", water is obtained from a water extraction borehole.

## Water bodies and water quality

Surface water: depending on the season and surface runoff from precipitation, the amount of organic matter leaching into the Daugava River varies. Results of the Daugava water analysis in 2024 show exceeded average and maximum COD values (20 - 51 mg/l) and the permanganate index indicator values (8.6 - 24.1 mg/l), indicating an increased contamination of organic matters in the water. Concentration of somatic coliphages (99 PVU/100 ml) is microbiologically consistent with contaminated water. The average and median values of the other parameters are within the limits and have not changed significantly over the period considered. Water temperatures range from 1.1 to 22.4°C, with the median value of 11°C and explicitly higher temperatures in the summer months, which poses a challenge for water treatment and supply.

The lower reaches of the Olekte River used to receive insufficiently effectively settled filter rinsing waters discharged from the drinking water preparation plant

<sup>28</sup> Kopumā datu precizitāti var raksturot kā ļoti augstu: 100% ūdens ieguves apjoms tiek nomērīts



“Daugava”, which contained coagulant, aluminium hydroxide sediments. Mixing with nutrient-rich surface waters, reaction products in the form of sediments accumulated in the stream, and bed in the lower reaches has gradually clogged.

Quaternary water horizon: groundwater quality is very heterogeneous across the plan. The best quality groundwater is found in the water intakes “Zaķumuiža Q” and “Remberģi”, where no special treatment of drinking water other than disinfection is necessary. Concentration of all dissolved substances gradually increases towards the west. In the area of the western part of the water intakes “Baltezers II” and „Baltezers”, in natural (not artificially recharged) groundwater TOC reaches the drinking water standard of 5 mg/l, iron concentration increases to 0.3 - 0.4 mg/l, manganese concentration increases to 0.33 - 0.43 mg/l, hardness - to 4.5 mg/l.

The quality of groundwater in the territory of the water intakes “Baltezers” and “Baltezers 2” is affected by recharge from the Lake Small Baltezers, leading to an increase in the organic content of TOC (up to 7 mg/l), chloride (up to 450 mg/l) and other components of marine origin, as well as the presence of micro-pollutants in the water. Furthermore, after strong sea surges through the interconnected system of surface waters (Daugava River - Lake Ķīšezers - Lake Juglas - Lake Large Baltezers - Lake Small Baltezers), the chloride concentration in the water intake “Baltezers II” may exceed the maximum permissible standard and reach 250 - 270 mg/l

for a few months. At the water intake “Baltezers”, the maximum permissible norm is not exceeded because the lake’s share of the water to be extracted is smaller. At the same time, the Daugava River Basin District Management Plan<sup>29</sup> indicates that underground water quality is negatively affected by artificial expansion with surface waters characterised by periodically increased mineralisation, and the chemical status of underground water body Q2 “Water intake “Baltezers” and “Baltezers II” to Lake Small Baltezers” is assessed as poor and with a tendency to deterioration, however, due to the limited amount of data, reliability of the assessment is low.

The Gauja water aquifer: Artesian water extraction boreholes 65-97 m deep are located at the water intakes “Remberģi” and “Zaķumuiža”. Unlike groundwater aquifer, control coefficient and artesian water extraction potential of the Gauja water aquifer has a low spatial variability. Artesian waters are characterised by above-normal iron concentrations ranging from 0.2 mg/l to 1.5 mg/l. Water quality at the water intakes is generally in line with regulatory requirements, as this water is mixed with the groundwaters extracted.

### Water drainage

We provide wastewater collection and treatment for the Riga State City, as well as ~6.3% of the total amount of wastewater collected from some adjacent Greater Riga municipalities (Ropaži, Mārupe, Ķekava, Salaspils), and

~4.3% of wastewater treatment for the Jūrmala State City (including from Mārupe Municipality Babīte Parish).

In accordance with the permit No. RII2IB0013BASD for category B polluting activity, treated wastewater is discharged into the Gulf of Riga.

The centralised sewerage system consists of a part of the overall sewerage system that collects rain wastewater along with domestic and industrial wastewater. In order to minimise the amount of untreated wastewater discharged into the environment, “Rīgas ūdens” pumps wastewater to the biological wastewater treatment plant “Daugavgrīva” as much as possible, however, due to short-term, intense or prolonged precipitation, the amount of wastewater collected in the centralised sewerage system may exceed the maximum daily capacity of the treatment plants (200 000 m<sup>3</sup>/day). To avoid overloading wastewater treatment plants, which could cause both technical damage and major disruption to wastewater treatment processes, we use emergency discharges and stormwater overflows to discharge wastewater in emergency situations.

In 2024, the total amount of wastewater collected by the centralised sewerage system also continued to increase, exceeding 52.1 million m<sup>3</sup>. At the same time, wastewater pumping and treatment were optimised more efficiently in 2024, with 1.7% more of wastewater treated overall than in 2023. Despite a summer storm on 28-29 July and heavy rainfall (the annual maximum on 29 July was 93.9 mm/day), total rainfall in 2024 was 1 044 mm, down from 1 230 mm last year.

<sup>29</sup> <https://videscents.lv/gmc.lv/lapas/udens-apsaimniekosana-un-pludu-parvaldiba>



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Wastewater discharged (thous. m <sup>3</sup> ) <sup>30, 31</sup>		2022	2023	2024
	Total amount of treated wastewater	48 120,7	50 477,3	51 344,8
	Total amount of collected customer wastewater	36 557,6	36 351,4	36 799,0
incl.	Housing resources in Riga	23 285,7	22 543,0	22 527,5
	Riga non-residential resources	8 167,2	8 251,6	8 293,9
	Riga rain wastewater	2 020,5	2 029,7	2 048,8
	Jūrmala State City	998,0	1286,5	1 560,1
	Greater Riga	2050,8	2211,0	2 334,3
	Other (incl. non-contractual customers)	35,4	29,6	34,4
	Amount of overload wastewater	878,2	1 192,6	821,4
	Proportion of treated wastewater of total amount of wastewater collected	98,2 %	97,7 %	98,4 %

### 2.3.3.5. Estimated financial impacts, which may be caused by impact, risks and opportunities related to water and marine resources

E3-5

In 2024, investments in water extraction, preparation, storage and supply infrastructure (water production) amounted to ~1.2 million euro, whereas, in the long term, at least 120 million euro will be needed by 2040 to ensure the rehabilitation and development of water intakes and drinking water preparation facilities<sup>32</sup>.

In 2024, investments in water supply network rehabilitation, replacement of gate valves, water loss reduction programme amounted to ~8.4 million euro, whereas, in the long term, to ensure sustainable rehabilitation of water supply networks and the reduction of water losses to the required levels by 2040, at least EUR 100 million euro will be required<sup>33</sup>.

We report on the sub-topic of water discharge in ESRS E2 "Pollution" section.

<sup>30</sup> Unless another unit of measurement is specified

<sup>31</sup> Overall, accuracy of the data can be described as high: 97.5% of the total wastewater collected is extracted from metered water consumption, excluding stormwater, which is contractually calculated. The difference between treated overload wastewater and total collected customer wastewater is made up of unaccounted for rainwater, infiltration, snow melting waters, etc.

<sup>32</sup> Estimates made in the feasibility study for the 2023 optimisation of the water intakes

<sup>33</sup> Estimates made in 2023, analysing the condition of the water supply networks and the amount of rehabilitation needed in the period 2025-2040



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## 2.3.4. BIODIVERSITY AND ECOSYSTEMS

E4: ESRS2 IRO-1

“Rīgas ūdens” takes care of preservation of biodiversity by assessing the impact of existing and planned activities on biodiversity and by implementing statutory and voluntary measures that reduce the impact on specially protected nature areas, species and habitats.

In the Biodiversity and Ecosystem section, the key sub-theme of “Rīgas ūdens” is the protection of biodiversity and ecosystems, with sub-themes subordinated there-to - climate change, water, soil and air pollution, and species population size.

Impacts, risks and opportunities related to water discharges and pollution are reported in the water pollution sub-theme E2 “Pollution”, as the main potential negative impacts identified are related to the risk of pollution.

Discharges from sewerage system are one of the main sources of water point source pollution. Pollution is caused by wastewater, sludge originated in wastewater treatment plants. Wastewater generally contains large amounts of easily degradable organic substances, and its input usually results in higher consumption of chemical and biological oxygen and reduced oxygen content in receiving waters. This has a significant impact on the organisms in the waters, biodiversity in the waters can decrease, and eutrophication is promoted.

Water bodies within or in the immediate vicinity of the Riga City central sewerage agglomeration where protected freshwater habitats of EU importance have been identified: Buļļupe, Daugava, Jugla, Lake Jugla, Lake Great Baltezers, Lielupe, Mārupīte, Mīlgrāvis and Piķurga. Materiality risk assessment related to the discharge of wastewater into the environment is described in the pollution and water and marine resources sections.

Impacts, risks and opportunities related to water extraction are reported in the water and marine resources sub-theme in accordance with the European Sustainability Reporting Standard ESRS E4 “Water and Marine Resources”.

Water extraction in a specially protected nature area and micro-reserves, PŪG “Remberģi” located in the nature reserve “Garkalnes meži”. The above nature reserve was established to ensure protection of specially protected bird species (especially the green crow *Coracias garrulus*, the wood pigeon *Columba oenas*, the wood-lark *Lullula arborea*, the steppe pipit *Anthus campestris* and others), their habitats, other specially protected species and specially protected habitats (wooded coastal dunes 2180, herb covered grey dunes 2130, old or natural boreal forests 9010 and other). The activities of “Rīgas ūdens” in this area are carried out in compliance with the rules of protection and use of specially protected nature territories, ensuring the conservation of natural values and avoiding significant negative impacts on these territories. Materiality risk assessment related to the discharge of wastewater into the environment is

described in the water and marine resources section.

Impacts, risks and opportunities related to adaptation to climate change are reported in the climate change sub-theme under the European Sustainability Reporting Standard ESRS E1 “Climate Change”.

### 2.3.4.1. Policies and actions related to biodiversity and ecosystems

E4-2, E4-3

Policies of “Rīgas ūdens” include principles of compliance and internal control to ensure that the Company’s operation meets the requirements related to the environmental protection. The environmental policy is a defined approach to the Company’s actions to reduce environmental pollution, ensure that wastewater meets environmental requirements and reduce the discharge of untreated wastewater into the environment. The company implements activities in compliance with environmental legislation, including actions to protect water-related ecosystems, including rivers and underground water intakes.

The company has obtained a water use permit issued by a national authority, permits for category B polluting activity, certificates of category C polluting activity and a waste management permit.

When issuing permits and certificates for polluting activities, the SES has assessed the Company’s impact on the environment and nature. Conditions for the extraction and use of water resources, as well as for the per-



formance of polluting activities have been set based on the requirements of environmental protection laws and regulations and are set out in the aforementioned permits and certificates.

“Rīgas ūdens” has taken various measures to preserve biodiversity:

- fish protection grates have been installed on the existing water pumps in the surface water bodies;
- Odour monitoring equipment has been installed at the sludge fields in Vārnukrogs;
- during the period from April to October, spraying of odour-neutralising agent is carried out over the sludge storage facility No. 061 and during the unloading of untreated sludge;
- once a year, seawater microbiological quality control at the wastewater discharge point and at various points within a 500-metre radius around it is conducted;
- modernisation of sewage pumping stations has been carried out and technological improvements (installation of precipitation measuring equipment in sewage pumping stations, automated emergency discharge chamber in Voleri), which have significantly reduced the need to discharge untreated wastewater to emergency outflows have been introduced.
- reconstruction of a water supply points in the Lake Small Baltezers.

- development of a construction design for the restoration of the Olekte River has been commenced.
- using trenchless technology in emergency response works and during construction, saving resources and reducing environmental impact.
- vacuum excavation of trenches in hard-to-reach network accident areas, reducing the time and labour consumption needed for emergency works and ensuring tree root protection.

The wintering waterbird census is an international monitoring programme that collects data on the number and distribution of waterbirds across Latvia in mid-January every year. Representatives of the Latvian Ornithological Society carry out an annual waterbird census at the “Rīgas ūdens” wastewater treatment plant, where there are unfrozen settling basins.

### 2.3.4.2. Target indicators for biodiversity and ecosystems

E4-4

Objectives set by “Rīgas ūdens” for the mitigation of effect caused by the biodiversity reduction are described in sections E1 “Climate Change”, E2 “Pollution” and E3 “Water and Marine Resources”.



## 2.3.5. OTHER ENVIRONMENTAL ISSUES

### 2.3.5.1. Resource use and circular economy

Resource use and circular economy are closely linked to sustainable development and preservation of the environment. Resource use is very important in the operation of "Rīgas ūdens", because, if not properly monitored, it can lead to resource depletion and environmental damage, for example, causing water scarcity and pollution. The company seeks solutions that promote reuse, repair and recycling of resources, thus reducing waste and maximising the use of available materials.

Policies of "Rīgas ūdens" include principles of compliance and internal control to ensure that the Company's operation meets the requirements related to the environmental protection. The company has an Environmental Policy in place, which contains a defined objective to reduce environmental pollution and climate change impacts by promoting the use of resources in line with the principles of circular economy. The environmental policy sets out tasks to achieve the policy goals, such as:

- The Company ensures and constantly improves waste management process by promoting sorting

of the waste generated during the daily activities, transfer of recyclable waste to the related service providers and ensuring compliance with the principles of circular economy, as well as ensuring sustainable management of wastewater sludge, thus reducing amount of waste delivered to the dump-sites.

- "Rīgas ūdens" is striving to reduce the use of resources of all kinds through more efficient methods, smarter technologies and a change in everyday habits, supporting principles of the circular economy.

### 2.3.5.2. Incoming resources

Water is necessary not only for domestic consumption, but also for production, which means that availability of clean water is essential for the functioning of all sectors of the economy. Development of the water management sector worldwide is focused on ensuring the availability of drinking water and the proper treatment of wastewater before it is discharged into the environment, in line with the basic principles of sustainable development. The amount of water required for the water supply of Riga is extracted from six water intakes of urban importance - Riga HPP, Baltezers, Baltezers 1, Baltezers 2, Zaķumuiža and Remberģi.

According to the technical guidelines for the water preparation process, water is treated with the following substances before delivery:

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

As a result of the technological process improvements, no more polymer is used in underground water treatment since 2022. The amount of substances in the water is controlled by online measuring equipment. Reagents are mainly used in drinking water preparation and wastewater treatment. The amount of reagents used varies from year to year, depending on air temperature, drinking water consumption and precipitation.

Volume of reagents used for water preparation

Name	Unit	2022	2023	2024
Aluminium sulphate	tons	2049	1933	2226
Flocculant	tons	11	11	13
Calcium hydroxide	tons	124	134	137
Liquefied chlorine	tons	28	29	28



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Amount of reagents used for wastewater treatment

Name	Unit	2022	2023	2024
Iron sulphate	tonnas	3863	4052	4436
Foam extinguisher	tonnas	3	9	10
Flocculant	tonnas	89	88	91
Methanol	m <sup>3</sup>	448	735	639

### 2.3.5.3. Outgoing resources

Economic activities of "Rīgas ūdens" generate various types of waste as by-products, which are managed in accordance with regulatory requirements. Municipal and hazardous waste is transferred to waste managers who have received appropriate waste management permits. Every year, "Rīgas ūdens" submits a waste report to the LEGMC, which contains information on all types, volumes and further management of waste generated by the Company during the year. According to the conditions of the permits No. RII2IB0013 and No. RII9IB0008 for category B polluting activity and waste management permit No. AP22AA0031 issued by State Environmental Service, "Rīgas ūdens" annually submits to the SLLC "Latvijas Vides, ģeoloģijas un meteoroloģijas centrs" (Latvian Environment, Geology and Meteorology Centre) the official environmental statistics forms "No.3-Waste. Waste Report", which provides information on all types, volumes and subsequent management of waste generated by the company during the year, and, from 2023, the company uses the National Waste Shipment Accounting System (APUS) to ensure electronic registration and accurate accounting of waste shipments.

In addition, in 2023 the company has implemented an environmental management system recognised as compliant with the requirements of LVS EN ISO

14001:2015 in the areas of drinking water preparation and supply, as well as municipal wastewater discharge and treatment. The company has assessed all the internal and external aspects that affect or may affect the environment and implements an effective environmental management system. It reflects all the aspects and risks, as well as the measures to be taken to reduce or eliminate environmental impacts. This set of actions includes environmental concerns in the choice and use of energy sources, the application of technology, communication solutions and stakeholder requirements, as well as waste management.

The change in waste generation in 2022 and 2023 is due to both the introduction of the Environmental Management System and the commencement of use of APUS, resulting in improved waste management and accounting procedures. The company does not currently have waste management target indicators, but the State Environmental Service has set limits on the amount of waste produced by the company when issuing permits for polluting activity. Having regard to the provisions of the permits for polluting activities and laws and regulations, the company continuously monitors compliance with the limits set for the amount of waste. Information on the waste generated by waste class as defined in the permits for polluting activities is summarised in the table below.



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Summary of waste produced in 2022, 2023 and 2024, tons

	Base year 2020	2022	2023	2024	Amount of waste transferred to other traders for utilisation in the reporting year
<b>Domestic waste</b>	<b>442,520</b>	<b>303,624</b>	<b>323,896</b>	<b>390,314</b>	<b>100%</b>
200301 Unsorted domestic waste	442,520	303,554	313,240	388,824	100%
200101 Paper and paperboard	0,000	0,070	10,660	1,490	100%
<b>Hazardous waste</b>	<b>3,920</b>	<b>0,000</b>	<b>9,303</b>	<b>14,769</b>	<b>100%</b>
160103 Discarded tyres	3,320	0,000	8,660	9,018	100%
160506 Laboratory chemicals consisting of or containing dangerous substances, including mixtures of laboratory chemicals	0,600	0,000	0,060	5,751	100%
200121 Fluorescent lamps and other mercury-containing waste	0,000	0,000	0,580	0,000	100%
<b>Radioactive waste</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0%</b>

The wastewater treatment process produces biological sludge, which is separated and disposed of during the wastewater treatment process to prevent it from entering the Baltic Sea. The residual compacted sludge is processed in methane tanks producing biogas, which is used for heating. After sludge treatment, the treated sludge is transported to the "Rīgas ūdens" sludge fields at Vārnukrogs in Jūrmala. Sludge treated during the Vārnukrogs sludge field operation is stored in sludge maps and in sludge storage facilities. Disposal of raw sludge in sludge storage facilities is carried out in cases where the maximum load of the existing methane tanks at the biological treatment plant "Daugavgrīva" may be exceeded. Treated sludge is transferred to traders who further manage the treated sludge for agriculture and composting.

\*Information on amounts of generated waste is provided in the national statistical reports "Form no. 3. Waste Report"

## Summary of sludge produced in 2022, 2023 and 2024, tons

	2022	2023	2024
Balance of treated sludge from the previous reporting year	7 715,24	7 185,13	20 398,99
<b>Amount of sludge produced in the reporting year</b>	<b>34 743,45</b>	<b>38 238,39</b>	<b>39 017,06</b>
Untreated sludge	8 717,56	9 064,04	12 550,82
Treated sludge	26 025,89	29 174,35	26 466,24
<b>Sludge use</b>			
<b>Untreated sludge</b>			
Storage	8 717,56	9 064,04	11 191,4
Transferred to other traders (composting)	0	0	13 594,2
<b>Treated sludge</b>			
Transferred to other traders (for agricultural purposes)	26 556,00	15 960,49	36 998,74
Transferred to other traders (composting)	0	0	0
Balance of treated sludge in sludge fields as at 31 December of the reporting year	7 185,13	20 398,99	9 866,49

Since 2023, "Rīgas ūdens" has joined the producer responsibility scheme by signing an agreement with the LLC "Zaļā josta" on participation in the producer responsibility scheme

Information on the amount of packaging waste generated in 2022, 2023 and 2024, kg

	2022	2023	2024
Glass	0	0	6,42
Plastics	154,00	448,73	387,15
Paper, cardboard or other natural fibres	408,81	238,73	426,61
Metal	0	254,40	136
Wood	4526,00	2626,85	3754
<b>TOTAL</b>	<b>5088,81</b>	<b>3568,71</b>	<b>4710,18</b>



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## 2.4. SOCIAL AREA

### 2.4.1. OUR STAFF

S-1

Policies implemented by “Rīgas ūdens” ensure respect for labour rights, fair treatment, a safe and healthy working environment and equal opportunities for all employees. They also promote a work culture that is inclusive and open to diversity. Policies related to our staff, such as Personnel Policy, Personnel Remuneration and Selection Policy, Code of Ethics and internal, organisational procedures such as the Organisation of Labour Protection and the Rules of Procedure apply equally and comprehensively to all our staff, regardless of position or workload.

Majority of staff of “Rīgas ūdens” are permanent employees with contracts of indefinite duration. The Company offers internship opportunities to students of higher, secondary and vocational education institutions on a need-to-know basis and for a fixed period of time, allowing interns to gain valuable experience and become involved in the Company’s operations. “Rīgas ūdens” operates locally (in Riga, Latvia) and its activities do not involve significant negative impacts such as child labour and/or forced labour. There were no infringements in this area during the reporting period.

“Rīgas ūdens” implements various activities that have a positive impact on employees and promote their well-being, motivation and professionalism, such as employee satisfaction surveys, conferences,

team-building and development activities, and training programmes. “Rīgas ūdens” provides health insurance for its employees and grants paid days off for important life events, such as the first day of school for children in grades 1-4, marriages and other major life events. These activities have a positive impact on all our employees by creating a supportive and inclusive working environment – regardless of the duration of the employment contract or the agreed working hours (workload), provided that the employee has passed the trial period.

“Rīgas ūdens” provides a unified and systematic approach to human resources management with a focus on fair treatment, health and safety, as well as professional development of employees. The company provides a safe, stable, innovative and motivating working environment that helps improve employee well-being and satisfaction.

When introducing new processes, “Rīgas ūdens” trains its employees. “Rīgas ūdens” has carried out a risk assessment to identify jobs with a higher likelihood of adverse effects on the employees. High-risk jobs are those in which more than 50% of the working time is spent on the following tasks:

- earthworks, including work in trenches;
- work in confined spaces such as wells;
- work with hydrodynamic and vacuum machines;
- underground utilities servicing.

Risk assessment helps to ensure the safety and well-being of employees by identifying and mitigating potential risks. “Rīgas ūdens” has identified positions where employees face specific working conditions and increased risk of illness due to climatic conditions. These posts are granted an additional two days of leave under the Collective Labour Agreement. In addition, regular monitoring of various staff indicators (average age, length of service, leave accrual, etc.) helps to identify, monitor and mitigate risks, as well as to identify opportunities that could have a positive impact on our staff.

#### 2.4.1.1. Policies in relation to our staff

SI-1

In relation to the Company’s personnel, “Rīgas ūdens” has identified a number of key aspects that are of particular importance to the Company: *occupational safety, freedom of association, the right of employees to information, consultation and participation, training and skills development, safe employment, adequate wages and diversity*. These aspects form the Company’s approach to HR management and reflect its commitment to providing employees with safe, fair and supportive working conditions. Professional, motivated and loyal employees who are satisfied with their working environment is an essential precondition for the implementation of the “Rīgas ūdens” Strategy 2040 and Strategy 2030 and sustainable development of the Company.



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In order to manage significant impacts on our personnel and to identify potential and existing risks and opportunities, "Rīgas ūdens" has developed and regularly updates the following policies and procedures:

#### Main content and scope

<b>Code of Ethics</b>	"Rīgas ūdens" implements the provisions set out in the Code of Ethics, based on the company's core values, in its relations with employees, customers and business partners.	Objective: <ul style="list-style-type: none"> <li>to define and comply with the basic principles of ethical conduct, internal culture and professional behaviour.</li> </ul>
<b>Personnel Policy</b>	Objectives: <ul style="list-style-type: none"> <li>To implement a unified, modern and efficient human resources management to ensure achievement efficiency in its operations, focused on improving the work organisation;</li> <li>To provide a safe, stable and innovative working environment that helps the Employees to discover their talents, abilities and gifts, and encourages them for new achievements and challenges;</li> <li>To establish unified and fair principles within the company enabling to attract, develop and retain professional, motivated and loyal employees.</li> </ul>	
<b>Personnel Remuneration and Selection Policy</b>	The overarching objective is to define a pay system that ensures that employees and members of the Management Board think about their day-to-day performance and achieving of their objectives or results in the most effective way in return for appropriate pay.  Objective in the field of remuneration: <ul style="list-style-type: none"> <li>to establish the basic principles of a remuneration system based on unified and fair conditions for setting and reviewing remuneration and to ensure a motivating working environment in which continuous improvement of performance, development of working organisation, initiative and introduction of innovations form an integral part of everyday life</li> </ul>	Mērķis atlases jomā: <ul style="list-style-type: none"> <li>to ensure the attraction of professional and suitably qualified tenderers, based on a unified recruitment process, ensuring an open, fair and professionally organised recruitment process in line with the principles of good corporate governance practice.</li> </ul>
<b>Rules of Procedure</b>	It provides for the rules for the establishment, amendment and termination of legal employment relations, obligations of employees and employers, the conditions for organising working time, leaves and days off.	Objectives: <ul style="list-style-type: none"> <li>Establish unified internal working procedures within the company</li> </ul>
<b>Procedure "Labour protection organisation"</b>	Ensure a safe and healthy working environment, promoting the well-being of employees Organise training, information and counselling to increase the knowledge and competences of employees. Promote the effective implementation and integration of labour protection requirements into day-to-day work. Ensure monitoring and control of labour protection and safety to continuously improve the working environment and safety standards.	<ul style="list-style-type: none"> <li>Objective:</li> <li>Establish unified internal working procedures within the company</li> <li>Effective operation of the occupational health and safety system and monitoring of the internal environment.</li> <li>Organisation and provision of labour protection briefings and training.</li> <li>Technical supervision of work equipment and hazardous installations.</li> <li>Provision, correct use, maintenance and circulation of personal protective equipment.</li> <li>Implementing and maintaining an electrical safety system.</li> <li>Safe administration and monitoring of chemicals and mixtures.</li> <li>Monitoring and administration of health condition, vaccinations and occupational diseases of the employees.</li> <li>Supervision and control of hazardous works and explosive atmospheres.</li> </ul>





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## Cooperation with our workforce

The Company uses several communication channels to keep employees informed about current developments. Information is published on the Company's intranet, regularly sent to employees' emails and posted on notice boards. Every month, employees receive the "Rīgas ūdens" news on the latest updates. In addition, key announcements are displayed on screens in the company's premises.

Various activities are organised regularly to promote staff involvement and exchange of views. Once a year, an employee satisfaction survey and a "Inter-departmental Cooperation" survey are carried out, as well as an employee conference is held. Employees have the opportunity to participate in discussions with the Company's Management Board and to make an individual appointment to meet the Chairman of the Management Board. Weekly meetings of structural units on operational issues, as well as periodic management and production meetings take place ensuring regular exchange of information and effective cooperation within the company. After the end of each financial year, results of the company and its structural units are also reviewed and the necessary improvements are discussed. Various staff events are organised to celebrate and take pride in the jointly achieved results and to unite staff, such as the World Water Day Ball, Christmas event, summer sports games or team-building events.

## Human rights

"Rīgas ūdens" takes care of compliance with the norms of the Code of Ethics, including human rights, ensuring compliance with the basic principles of professional ethics and conduct. These principles apply to the conduct of employees in the performance of their duties, in their mutual interactions with colleagues, and in their dealings with customers, business partners and other third parties. "Rīgas ūdens" respects the human rights of every individual. In accordance with the requirements of the regulatory enactments and the Code of Ethics, "Rīgas ūdens" applies equal and non-discriminatory treatment to all employees regardless of their gender, race, ethnic or national origin, age, disability, religious, political or other beliefs, social background, property or marital status, sexual orientation, thus ensuring equal opportunities for all employees to realise their potential. At "Rīgas ūdens", every employee is an asset, treated with respect, fairness and equality.

In order to monitor and ensure compliance with the Code of Ethics, an Ethics Commission has been established to review possible violations, resolve conflicts and promote a fair, respectful and ethical company culture. The employee satisfaction survey included questions on discrimination in the working environment to get an objective picture of the current situation in the company:

- doesn't the employee feel discriminated against at work? 93% answered in the affirmative;

- do workers doing the same or similar work receive equal pay regardless of gender? 79% agreed.

## Selection of employees and career development

Recruitment and the establishment of the legal employment relations are carried out by the Human Resources Division in accordance with the Labour Law, the Staff Remuneration and Selection Policy and the procedure governing recruitment. The company has the following recruitment targets:

- To ensure attraction of professional and suitably qualified tenderers with a focus on results rather than process, identifying "the right person with the right skills in the right place at the right time";
- To define principles and methods for staff selection based on a common implementation of staff selection process at all stages - planning, attracting of personnel, conformity assessment for the position and induction;
- To ensure an open, fair and professionally organised human resources selection process in line with the principles of good corporate governance practices.

The company purposefully plans employee training and development, a Competence Centre has been established, and key areas of activity have been deter-



mined, mainly related to employee development and training – *onboarding* programme for new employees, centrally planned development programmes of various types.

Development needs in “Rīgas ūdens” are planned taking into account the results of staff evaluation, interviews with managers on the training needs of the structural units to ensure that objectives are met, the results of the engagement/satisfaction survey, regulatory requirements, as well as the objectives and resulting development needs set out in Strategy 2040 and Strategy 2030. Employees can learn on their own through various training materials in the employee training system: zini.rigasudens.lv.

### 2.4.1.2. Employee engagement

SI-2

#### Employee satisfaction survey

Every year, the Company conducts an employee engagement and satisfaction survey, which asks employees about their satisfaction with the following criteria: working environment, work processes and content of work to be performed, cooperation and communication with colleagues, line manager, development and career opportunities, overall view of work, engagement, remuneration and remuneration system, internal communication, microclimate and company culture, employer’s image. The survey is conducted both electronically and using paper questionnaires, ensuring anonymity.

All the employees of “Rīgas ūdens” are informed about the results of the survey. After presenting the results, each structural unit makes 3-5 proposals for improvement measures to be taken within the unit. The proposals are summarised and coordinated by the Human Resources Division. “Rīgas ūdens” is evaluating the results of the study and is looking for solutions to address weaknesses and improve employee satisfaction.

#### “Inter-departmental cooperation” survey

The company conducts a survey “Inter-departmental Cooperation”, which assesses the performance component of the structural unit – quality of cooperation within the framework of “Rīgas ūdens” in order to improve internal communication and develop cooperation skills. Participating in the survey are “Rīgas ūdens” managing staff and individual specialists who have frequent daily communication and cooperation with employees/managers/deputy managers of the structural units. The survey is carried out at the end of the reporting period, and its results are used to assess the performance of the structural units and their managers.

#### Staff conference

Once a year, a staff conference is organised to inform employees about the company’s strategy, directions and development plans. Information about the conference is available on the company intranet and employees are kept informed. Employees who are not attending the conference in person can log in live on MS Teams.





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## Management's availability to employees

Employees have the opportunity to apply for an individual conversation with the Chairman of the Management Board to discuss both issues and ideas for improvements and efficiency. Regular management and production meetings are held with the heads of the structural units to discuss the latest developments in each structural unit and to resolve inter-departmental issues. There are also regular internal weekly/monthly meetings, where the manager informs staff about the latest developments in the company and the structural unit.

## Collective Labour Agreement

"Rīgas ūdens" and the independent trade union unit representing the interests of the employees of "Rīgas ūdens", "Trade Union's LAKRS LLC "Rīgas ūdens" Trade Organisation", which as of 31.12.2024 included ~33% of all employees, have concluded a Collective Labour Agreement aimed at providing the employees of "Rīgas ūdens" with better working conditions and social protection benefits than those provided for by the Labour Law. The current version of the Collective Labour Agreement was approved on 26 June 2023 at the "Rīgas ūdens" Employees' Representative Conference and is valid until 25 June 2026. The Collective Labour Agreement does not apply to the employees during their trial period.

"Rīgas ūdens" allows elected members of the committee of the autonomous trade union unit "Trade Union's LAKRS LLC "Rīgas ūdens" Trade Union Organisation" to use up to 4 hours of working time per month to perform their duties as committee members, retaining their pay. Compliance with the commitments of the Collective Labour Agreements is controlled by the Trade Organisation and "Rīgas ūdens" as the employer. During the control, both parties cooperate by providing the necessary details and information.

Under the terms of the Collective Labour Agreement, 7 employee trustees have been elected who, together with the employer, take measures to create a safe and healthy working environment and to prevent accidents at work and occupational diseases.

## Digitisation

In 2024, all the "Rīgas ūdens" employees were provided with the opportunity to connect to the "Rīgas ūdens" e-environment, including the creation of the "Rīgas ūdens" e-mail addresses (@rigasudens.lv) and access to shared computers and the "Rīgas ūdens" intranet, thus significantly facilitating and making the process of informing employees about "Rīgas ūdens" news timely and efficient.

## Barriers to cooperation

In order to support Ukrainian civilians in the Ukrainian

war situation, Ukrainians living in Latvia were offered employment opportunities at "Rīgas ūdens". Establishment of legal employment relations with Ukrainian civilians involved the translation of employment contracts, job descriptions and binding internal regulations, as well as communication in a mutually acceptable language. Regular information was provided on Latvian language learning opportunities offered free of charge by the State Employment Agency or the Riga State City Municipality.

## 2.4.1.3. Channels for employees' expression of concern

SI-3

The company has a risk management system in place, within the framework of which risks related to human resources management are also identified, and assessment of, response to, monitoring of these risks and proper reporting are conducted. There are a number of ways for staff to express their concerns and share their observations:

- staff usually initially refer questions to their line manager/head of the structural unit;
- within the framework of the legal employment relations, the parties may communicate electronically by e-mail: [personals@rigasudens.lv](mailto:personals@rigasudens.lv) (as defined in the Rules of Procedure), or directly with the Human



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Resources Division;

- by filling in a suggestion and proposal form (anonymous is also permissible) on various issues related to the company's activities on the company's intranet site;
- by providing answers to the questions included in the employee satisfaction survey;
- by filing an application with the company's Ethics Commission;
- by meeting directly with the Chairman of the Management Board, subject to a prior appointment, at a time announced for that purpose;
- by submitting a whistleblower's report in person to the Head of Corporate Governance Division by sending it to the e-mail: [trauksme@rigasudens.lv](mailto:trauksme@rigasudens.lv), or by placing it into a designated mailbox;
- by a written complaint/proposal (anonymous form is also permissible) by placing it into a designated mailbox;
- by contacting the trade union organisation.

There are several channels available to the employees to report on labour protection matters: e-mail [da@rigasudens.lv](mailto:da@rigasudens.lv), MS Teams, "Rīgas ūdens" intranet, as well as by telephone or oral communication.

The procedure "Internal whistleblowing system" specifies the channels and ways in which an employee can report to an external competent state or municipal authority.

## Complaint handling mechanisms

The conditions for handling staff questions/complaints apply according to their content. The Ethics Committee examines complaints of employees about breaches of ethical standards, corrupt practices, conflicts of interest and whistleblower reports. Matters beyond the competence of the Ethics Commission are dealt with by the Human Resources Division according to the task of the Member of the Management Board of the relevant management field. Whistleblowers' reports are examined according to an internal procedure. A report on alleged violations in the acts taken by the Company's Management Board or Supervisory Board shall be submitted to the competent state authority or by submitting a whistleblower's report to the Riga State City Municipality's contact person for whistleblowing.

## Support for access to channels for employees

Training on anti-corruption and conflict of interest prevention is organised on regular basis. The training recording is available on the company intranet. On the first day of employment, the new staff member is familiarised with the Code of Ethics. It describes procedures for filing complaints, as well as provides channels and information on whistleblowing options. The Management Information System provides employees with access to all the company's policies and procedures, including the Code of Ethics, Collective Labour Agreement, Anti-Corruption and Conflict of Interest Policy, information on the

internal whistleblowing system, remuneration system, etc.

## Employee confidence in reporting channels

"Rīgas ūdens" has developed a Whistleblowing Policy, which includes measures to protect employees who report concerns or illegal activities at the workplace. The Whistleblowing Policy ensures that whistleblowers' identities are protected from unauthorised disclosure and that they are protected from any adverse consequences such as disciplinary action, dismissal or demotion as a result of their report. Furthermore, the Code of Ethics prohibits any retaliation or special treatment of staff who report ethical violations, corruption or conflicts of interest, ensuring their protection and encouraging them to report unethical behaviour.

The employee satisfaction survey includes questions aimed at ascertaining the employees' opinion:

- are the employee's legal interests represented in the company? 90% answered in the affirmative;
- is the employee aware and do they know what to do if it is necessary to blow whistle about possible violations in the company's operations? 93% answered in the affirmative;
- is the employee loyal to the company and positive towards the employer? 97% answered in the affirmative.

#### 2.4.1.4. Managing material opportunities, risks and impacts with relation to our employees

S1-4, S1-10

Review of the most significant impacts on employees, as well as the associated risks and opportunities, clears up the following themes of relevance to the Company:

- occupational safety;
- freedom of association and employees' rights to information, consultation and participation;
- improvement of training and skills;
- safe employment;
- adequate wages and gender equality and equal pay for equal work;
- working hours and work-life balance;
- diversity.

##### Occupational safety

"Rīgas ūdens" has implemented and operates the occupational protection system stipulated in the Labour Protection Law. Having regard to the requirements stipulated by the Labour Law, the Labour Protection Law and the related Cabinet of Ministers Regulation. The occupational protection system is binding on all the company's employees and regulated by the procedure "Organisation of labour protection at the LLC "Rīgas ūdens"". The labour protection system is integrated into a unified risk management system and all the compa-

ny's governing processes.

"Rīgas ūdens" takes care of the health and safety of employees at construction, production and outsourcing sites, paying special attention to occupational safety and its constant monitoring by the Human Resources Division in cooperation with the heads of structural units. Supervisory measures are governed in job descriptions, ordinances, as well as internal monitoring plans for occupational protection at "Rīgas ūdens". "Rīgas ūdens" provides employees and persons of trust with the opportunity to participate in consultations on occupational protection issues and to make proposals for improving working conditions in the company, as well as to participate in the development of the occupational protection system and in the process of assessing risks to the working environment.

##### Improvement of training and skills

Employees are involved in regular and varied skills improvement programmes that contribute to their sense of security in their daily duties – such as regular training in the field of occupational protection, knowledge of artificial intelligence and financial literacy, which are useful both at work and in everyday life. By regularly upgrading their knowledge, employees not only increase their level of competence and knowledge, but also their value on the labour market and their opportunities for promotion and career development. Acquisition of solutions for more efficient performance of work results in improvement of work-life balance, as getting cer-

tain things done takes less time. However, as the employee's skills and knowledge level increase, there is a greater risk that he or she will quit job at the company, thus causing financial losses associated with finding and training a new employee. The company plans to develop and apply a competency-based approach to the maintenance and development of knowledge and skills, including the alignment, maintenance and development of technical competencies. "Rīgas ūdens" has identified "key" positions and successors to these positions to ensure continuity of operations, rapid replacement of critical positions and retention of competence, as well as defined high-potential employees who have the initiative to take the lead, engage in projects of importance to the company or perform "key" functions in the future.

In order to ensure improvement of the training process and staff engagement, staff are asked to provide feedback on the usefulness of the training after completion. Training records are kept to monitor the number of staff trained, training topics, time spent on training on a monthly, quarterly and annual basis. The staff member may apply for 20 working days' study leave to take the final examinations and state exams, retaining the pay, provided that there is no interruption of professional duties. Besides, an employee who has worked continuously for "Rīgas ūdens" for at least 3 years may also take a 10-working-day study leave to take semester examinations or to elaborate promotional thesis to acquire the knowledge necessary for the performance of their duties and related to the Company's activities.



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## Adequate wages, gender equality and equal pay for equal work

“Rīgas ūdens” provides remuneration system providing for equal pay for work of equal importance, having regard to equal treatment regardless of their sex, race, ethnic or national origin, age, disability, religious, political or other beliefs, social background, property or marital status, sexual orientation or other circumstances. “Rīgas ūdens” develops a competitive remuneration system that is oriented towards the achievement of the Company’s objectives, balancing it with financial capabilities.

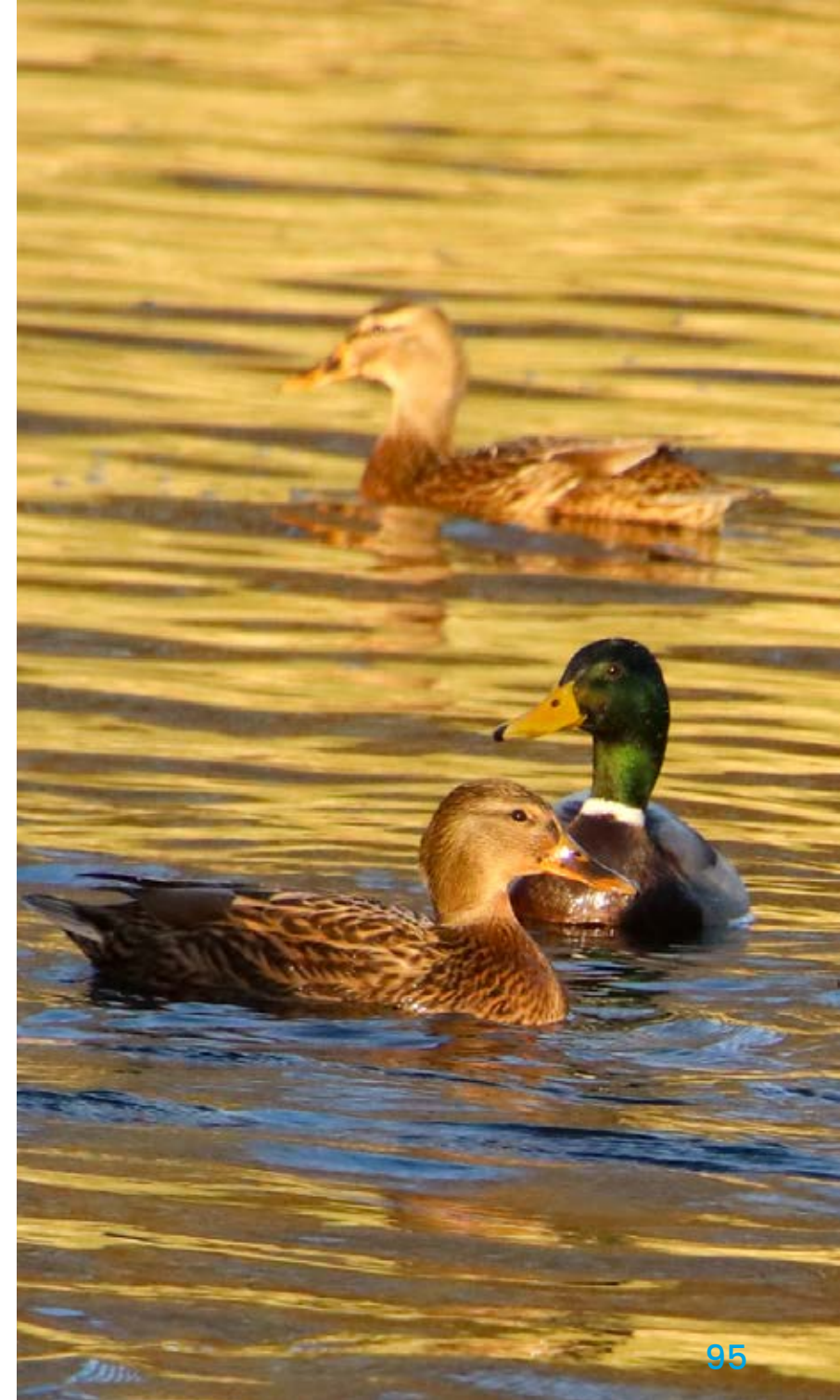
The guiding principles for the development and improvement of the remuneration system are set out in the “Rīgas ūdens” Personnel Remuneration and Selection Policy. “Rīgas ūdens” complies with the provisions of the laws and regulations, and provides all full-time employees with remuneration not less than the national minimum wage. “Rīgas ūdens” takes care of setting a competitive remuneration target level by using quality data on remuneration in the labour market – salary surveys, statistical data, summary of candidates’ salary requirements, information from other companies’ job advertisements, etc., thus ensuring satisfaction of the existing employees and reducing employee turnover due to remuneration. “Rīgas ūdens” implements and improves the internal regulations regulating the remuneration system in such a way as to make all the elements of the remuneration system, as well as the pro-

cedure for their allocation and administration, clear and understandable. In addition, “Rīgas ūdens” also provides payment for extra work, e.g., covering for absent employees (3+ working days), vacant positions, etc. This supplement amounts to 30% of the salary. If an employee is involved in training new employees as a *mentor*, this employee also receives an additional supplement of up to 20% of their salary.

## Working time and Work-life balance

In its activity, “Rīgas ūdens” implements compliance with the principles based on the Company’s core values, including the rational and efficient use of the labour force, observing the provisions of the laws and regulations on the planning and organisation of working time – working time accounting (normal working time, aggregated working time), rest time, full-time and part-time work, remote work. As the company needs to ensure business continuity, majority of employees are subject to aggregated working time accounting, which provides for performance of professional duties on weekends and public holidays as well as nights.

Given the fact that there is a projected growing shortage of highly skilled engineering staff and skilled workers in society, the Company is paying close attention to the workload of its employees to avoid increasing the risk of accidents and significant drops in productivity due to overload and to reviewing work processes. Balanced working hours and adequate workload significantly improves the work-life balance.





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## Mitigating negative impacts

The Company carries out a risk assessment of the working environment and, based on the results of the assessment, draws up an occupational protection plan setting out preventive occupational protection measures, deadlines for their implementation and the employees responsible for their implementation. Following the risk assessment of the working environment, an occupational protection plan is drawn up stipulating the preventive occupational protection measures, timeframe for their implementation and the employees responsible for their implementation.

The need for and scope of preventive measures are also determined by external laws and regulations and reflected in the annual internal plan of measures for the monitoring of working environment. Control over the implementation of measures is monitored by designated responsible persons. "Rīgas ūdens" regularly monitors changes in laws and regulations related to occupational protection and makes appropriate changes to internal regulations.

## Promoting positive impacts

The company has introduced a number of initiatives to promote additional positive impact on the labour force. These include the development and implementation of an onboarding programme for new employees aimed

at increasing staff satisfaction and being above the industry average, the development and implementation of the Competence Centre strategy, as well as the establishment of a fair, performance-based and motivating total remuneration system. The Company also pays great deal of attention to improving the working environment. Once a year, an employee satisfaction survey is carried out and areas for improvement are defined, with action plans being drawn up and responsible persons being determined at the level of both the company, structural units and divisions. Before the next survey, staff are informed of the improvements implemented.

Participation of "Rīgas ūdens" in the "Family Friendly Workplace" programme shows that "Rīgas ūdens" is committed to caring for its employees, to instilling skills that promote humanity and empathy, and to ensuring compliance with the principles of family-friendly employment. The company has been re-awarded and maintains its status as a Family Friendly Workplace, valid until 31.12.2027. "Rīgas ūdens" has established good practice in providing a family-friendly workplace, based not only on compliance with the requirements set out in the laws and regulations in respect of families with children, but also of additional initiatives and activities that allow employees to take care of their work-life balance. For example, employees are provided with a two hours shorter working day before public holidays, and flexibility in working conditions is also offered – with the possibility of semi-remote work.

## Involvement of employees and their representatives

On 26 June 2023, the current version of the Collective Labour Agreement was approved at the Conference of the Representatives of the Employees of "Rīgas ūdens". The approved Collective Labour Agreement was valid for 1 year, but due to the fact that neither "Rīgas ūdens" nor the trade union representatives submitted any proposals for its revision not later than 2 months before the expiry of the Collective Labour Agreement, the Collective Labour Agreement was extended to 2 years and is currently valid until 25.06.2026.

### 2.4.1.5. Indicators and target indicators

S1-5, S1-6, S1-7, S1-8, S1-9, S1-16

In 2024, one of the defined non-financial objectives of "Rīgas ūdens" was "Improve the qualification, motivation and quality of the working environment of employees", with the following action lines and their target indicators:

Sustainability aspect	Objective	2024 target indicators
<b>Improvement of training and skills</b>	Upskill staff, setting a minimum of 2 training sessions per staff member per year	At least 2 training sessions per employee per year are required
<b>Employees' rights to information, consultation and participation</b>	Increase the level of employee engagement by achieving an employee satisfaction index indicator that exceeds the nationwide result	Higher than the nationwide average satisfaction index in state-owned and municipal enterprises
<b>Occupational safety</b>	Ensure a safe working environment by aiming for a Lost Time Injury Frequency Rate (LTIFR) of less than 1.7	LTIFR < 1.7

In 2024, the targets set were met in line with the Company's current strategy. On average, "Rīgas ūdens" employees attended 2.99 training sessions, the satisfaction index was 10 points higher than the nationwide average and 2 points higher than "Rīgas ūdens" result in 2023, and the LTIFR result was 1.57.

Table 1: Company's employee characteristics (S1-6)

	Women	Men	Total
<b>Average number of employees</b>	<b>267</b>	<b>495</b>	<b>761</b>
<b>Number of employees</b>	<b>270</b>	<b>493</b>	<b>763</b>
Employment contract for an indefinite period	269	489	758
Fixed-term employment contract	1	4	5
Full working time	269	486	755
Part-time	1	7	8
<b>Number of staff (non-guaranteed hours)</b>	<b>2</b>	<b>4</b>	<b>6</b>

In 2024, 84 employees terminated labour relations with "Rīgas ūdens", and the company's employee turnover rate was 11%, representing a slight increase compared to the previous reporting period.

#### Calculation methodology

Number of employees calculated at the end of the period, i.e., 31.12.2024., including staff with whom contract has been entered into, but excluding summer students and trainees. The total number of employees includes permanent, fixed-term, full-time and part-time employees. Number of departures and the turnover rate have been calculated using the above conditions. The average number of employees during the reporting period has been calculated using the formula:  $(\text{Number of employees in January '24} + \text{number of employees in December '24}) / 2$ . Staff turnover rate has been calculated using the formula:  $\text{Number of departures} / \text{average number of employees} * 100$ . Senior management – the Supervisory Board and the Management Board – are listed separately as employees with non-guaranteed working hours.

There have been no major fluctuations in staff numbers during the reporting period. Water supply and sewerage services sector is characterised by a large number of representatives of engineering professions and workers, therefore percentage of men is comparatively higher in the employee structure – 65% of the employees were men, 35% – women in 2024.

#### Note

The company operates locally – in Riga, Latvia, so no geographical breakdown is given.





## Diversity indicators (S1-9)

	Women	Men	Women	Men	Total	
1 MANAGEMENT LEVEL	10	20	33%	67%	30	4%
2 MANAGEMENT LEVEL	15	16	48%	52%	31	4%
3 MANAGEMENT LEVEL	6	10	38%	63%	16	2%
4 MANAGEMENT LEVEL	2	27	7%	93%	29	4%
Employees	237	420	36%	64%	657	86%
<b>Total</b>	<b>270</b>	<b>493</b>	<b>35%</b>	<b>65%</b>	<b>763</b>	<b>100%</b>

### Definition of senior management

"Rīgas ūdens" is managed by the Company's Supervisory Board and Management Board. The company's management structure is divided into 4 levels:

- 1st management level is defined as managers reporting directly to the Management Board, i.e., heads and deputy heads of structural units;
- 2nd management level consists of the managers reporting directly to the first management level - heads of sub-structures;
- 3rd management level consists of the managers reporting directly to the 2nd management level;
- 4th management level - operational managers, i.e., work managers or specialists with subordinated staff

In total, 14% of all staff are management and the remaining 86% are employees in various structural units.





Characteristics of the freelance employees of the company's own staff (SI-7)

	Number	Percentage of total number of employees
<b>Non-employees (total):</b>	<b>11</b>	<b>1.4%</b>
Supervisory Board, Management Board	6	0.8%
Contract staff	5	0.7%

Non-employees of "Rīgas ūdens" include members of the Supervisory Board and Management Board, natural persons providing services under company contracts, students gaining experience during the summer holidays and trainees. Taking into account the fact that the Company indicates the number of staff as at the end of the reporting year, the Company had only 11 non-employees, which is 1.4% of the total staff. Of these 11 non-employees, 6 or 0.8% are members of the Supervisory Board and the Management Board, while the remaining 5 or 0.7% are self-employed. At the end of the reporting year, the company did not employ any students or trainees.

Breakdown of staff by age groups

	Women	Men	Women	Men	Total	
<b>Under 30 years</b>	17	22	44%	56%	39	5%
<b>30 to 50 years</b>	145	234	38%	62%	379	50%
<b>Over 50 years</b>	108	237	31%	69%	345	45%
<b>Total</b>	<b>270</b>	<b>493</b>	<b>35%</b>	<b>65%</b>	<b>763</b>	<b>100%</b>

## Collective agreement

At the end of 2024, 98% of employees were covered by a collective agreement. The Collective Labour Agreement does not apply to the employees who have not completed their trial period, which amounted to only 2% of our total workforce as at the end of 2024. Employees during the trial period are not covered by the Collective Labour Agreement, but are subject to all the other Company's policies and internal regulatory enactments.

"Rīgas ūdens" cooperates with the independent trade union unit "Trade Union's LAKRS LLC "Rīgas ūdens" Trade Organisation" and promotes opportunities for employees to join it through internal communication channels. At the end of the reporting period, 33% of the employees were members of the independent trade union unit "Trade Union's LAKRS LLC "Rīgas ūdens" Trade Organisation".

### Note

As the company operates in one geographical location, "Rīgas ūdens" does not indicate the scope of the collective agreement and social dialogue by geographical location.



## Remuneration indicators

Analysis of the employees' basic monthly salaries at the end of the reporting year for the whole enterprise shows a difference between the basic salaries of women and men, with the average basic salary of women being 6.8% higher than that of men.

Pay indicators (pay gap and total pay) (S1-16)

Differences in the average pay between women and men*	+6,8%
Total annual remuneration factor**	3.1

\*Basic salary of the employees is calculated as at the end of the reporting year for normal-hour staff using the formula: contractual monthly salary \* workload; and for aggregate-hours staff using the formula: contractual hourly rate \* 168 hours \* workload

\*\* ratio of the highest paid person's annual total remuneration to the average annual total remuneration of all staff (excluding the highest paid person). The calculations are based on the number of employees who had legal employment relations with "Rīgas ūdens" for full year of 2024.

The proportion of men in the company's staff is higher in the production staff category, where majority of the

employees are under the aggregated working time accounting. This working time model includes working on weekends, public holidays and at night. Productivity bonuses for performance of specific works are applied to certain groups of staff. These factors affect the overall gender pay gaps and, unlike for basic pay, the opposite trend can be observed in this regard: men have higher total pay than women.

### 2.4.1.6. Social protection

S1-11, S1-12, S1-15

As stated in the "Rīgas ūdens" HR policy, the Company ensures compliance with legal frameworks that guarantee equal and fair treatment of the entire workforce. Under the Collective Labour Agreement, employees are protected in various life situations and additional support is provided to promote their well-being. The main social guarantees and benefits under the Collective Labour Agreement include:

- gratuity in relation to employee's anniversary;
- allowances are disbursed to the employee in the event of death of a family member, and, in case of death of an employee - to the employee's family member;
- all the expenses related to organisation of labour protection are covered by the employer, including the training of persons of trust.
- childbirth allowance, annual allowance for large families, allowance for child's (children's) first grade and compensations for children's summer camps, compensation for kindergarten meals;
- upon celebration of World's Water Day, "Rīgas ūdens" disburses a gratuity to long-term employees who have worked for the Company for 15 years or more;

Protection of employees in the event of loss of income due to certain circumstances:

Reason	Employee protection
<b>Disease</b>	In accordance with the requirements of the laws and regulations, "Rīgas ūdens" or the state pays the employee's period of incapacity for work in accordance with the Law on Maternity and Sickness Insurance. "Rīgas ūdens" complies with the requirements of this law, but in addition provides good health insurance for its employees, with the total insurance cover of EUR 6 000 per employee in 2024.
<b>Unemployment</b>	Under the Labour Law, all the residents who have paid social contributions are entitled to financial support in the event of unemployment and support for training and job search in the event of unemployment. The legislation provides for cases in which an employer must pay severance pay when terminating an employee's employment.
<b>Work injury and acquired disability</b>	Whether injured at work or outside work, under the laws and regulations, employee is entitled to pay of sick-leave certificate provided by the employer or the state. In addition, "Rīgas ūdens" offers its employees health insurance, which provides essential support in situations where immediate medical attention is needed, avoiding long waits in queues for state-funded services.

### Parental leave

Parental leave is a right under the Labour Law that allows both parents to take up to 18 months off to care for their child until the child turns eight. This leave may be taken in full or in parts of not less than one continuous calendar week at a time, by giving the employer at least one month's notice in writing. During the leave, the employee's previous job is retained, or the employee is offered an equal job with no worse conditions. This period also counts towards the total length of service. In addition to the statutory benefits, "Rīgas ūdens" provides its employees with a financial allowance of EUR 1 000 for the birth of a child.

### Retirement

In Latvia, the national social insurance system ensures that employees are insured for old-age pension. Mandatory contributions are paid by both the employer and the employee, amounting to 23.59% and 10.50% of gross salary, totalling 34.09%. "Rīgas ūdens" provides social insurance contributions for each employee. If the employee has 20 or more years of service with the company, he/she is entitled to an additional financial support of €715 in the event of retirement.



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In all the above cases, non-employees of the company are also entitled to support under the national laws. However, natural persons providing services under the company contracts are themselves responsible for observing and fulfilling these conditions.

Under the Latvian and EU law, companies are not allowed to accumulate information about employees' disabilities unless it is necessary for specific legal or practical purposes, such as adapting the working environment or fulfilling statutory obligations. An employee's disability is sensitive information that falls under a special category of protection under the General Data Protection Regulation (GDPR). Therefore, accumulation of such data without a valid legitimate reason violates an individual's privacy rights.

"Rīgas ūdens" shall, where necessary, make adaptations of the working environment if there has been an indication in the Mandatory Health Examination Card that the employee requires an adaptation. The Collective Labour Agreement includes financial support for employees with disabled children, such as an annual allowance of €140 and payment for rehabilitation centre services or classes. If an employee faces serious health issues, "Rīgas ūdens" provides financial support according to financial capabilities on a case-by-case basis.

## Work-life balance

Under the Labour Law, all the employees are entitled to additional leave in the following cases:

- 3 working days - for employees who have three or more children under the age of 16 or a disabled child under the age of 18;
- not less than 1 working day - for employees who have one or two children under the age of 14 under their care.

Under the Collective Labour Agreement, "Rīgas ūdens" provides all its employees with five days of additional leave if they pass a trial period. Plus one day of additional leave if they have worked for the company for 10 years or more. The Collective Labour Agreement not

only covers financial support for important life events, but also provides extra paid days off related to these events (weddings, children's first day at school, graduation and other events related to family conditions).

Given that "Rīgas ūdens" complies with the requirements of the Labour Law and also provides additional benefits in accordance with the Collective Labour Agreement, at the end of the reporting period, 99% of employees were entitled to family-related leave, but 1% of employees who had not completed their trial period and were not entitled to additional family-related leave days under the Labour Law were not. 29% of all the employees took the leave days provided for by the Labour Law (additional leave, paternity leave and parental leave):

	Women		Men		Total	
<b>Family-related leave taken*</b>	81	11%	138	18%	219	29%
<b>Not taken or not due</b>	189	25%	355	47%	544	71%

\*Leave under the Labour Law. Paid days of additional leave and days off under the Collective Labour Agreement are not included here.



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### 2.4.1.7. Annual staff evaluation and skills development

S1-13

To assess each employee's contribution to the achievements of the objectives of "Rīgas ūdens", an annual evaluation is held once a year – discussion, during which performance of the previous year is evaluated against certain criteria, and the employee and his/her manager have the opportunity to discuss competences to be improved, as well as to agree on the training and conditions needed to improve performance. Goals for the coming year are also set. "Rīgas ūdens" supports the involvement of employees in shaping the Company's development processes that facilitates performance and achievement of results, therefore performance of the Company, the structural unit and the employee's performance is eval-

uated. The annual evaluation of employees is related to the employees' bonus system. In 2024, staff performance evaluation was carried out for 2023:

Excluded from the evaluation are the employees whose trial period had not expired as at the end of 2023 and the employees whose employment was terminated at the beginning of 2024.

#### Methodology

As the evaluation of the employees was carried out at the beginning of 2024 for the year 2023, in order to calculate the number of the employees who have participated in the performance evaluation discussions, the list of employees as at 29 February 2024 has been used. Performance of the Company's Management Board is evaluated on regular basis by the company's Supervisory Board.

	Women		Men		Total	
<b>Evaluation carried out</b>	<b>246</b>	<b>32%</b>	<b>476</b>	<b>63%</b>	<b>722</b>	<b>95%</b>
Administration	64	8%	30	4%	94	12%
Sales	44	6%	17	2%	61	8%
Production	138	18%	429	57%	567	75%
<b>Did not take part in the evaluation</b>	<b>19</b>	<b>3%</b>	<b>16</b>	<b>2%</b>	<b>35</b>	<b>5%</b>
<b>Total</b>	<b>265</b>	<b>35%</b>	<b>492</b>	<b>65%</b>	<b>757</b>	<b>100%</b>

### Improvement of training and skills

By taking care of the development of employees and improvement of their skills, "Rīgas ūdens" implements the following:

- skill development, professional and motivational training in line with the annual training plan, including in-house training;
- training in the field of labour protection in accordance with the annual plan developed on the basis of the necessity and regularity of training as laid down in the laws and regulations.

In 2024, various types of training were provided for all the staff members, the average hours of employee training during the reporting period are shown below:

	Women	Men	Total
<b>Average training hours</b>	13.5	9.9	11.13



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### 2.4.1.8. Labour protection indicators

S1-14

In accordance with the procedure *Organisation of Labour Protection*, all employees of the Company are included in the labour protection system, thus ensuring 100% coverage of both employees and non-employees. Production labour are subjected to a greater risk than administrative and sales staff because of their daily exposure to hazardous risk factors and working environments. During the reporting period, 2 minor accidents were identified, which were investigated and registered with the State Labour Inspectorate. These were the only recorded cases among the company's staff, and no fatal accidents were recorded in the working environment.

"Rīgas ūdens" regularly maintains and verifies the lost time injury frequency, which is calculated as the *number of accidents in a period / total number of hours worked by employees in a period \* 1 000 000*. During the reporting period, this indicator was 1.57, which is below the 2024 target of keeping the ratio below 1.7.

### 2.4.1.9. Incidents, complaints and serious human rights impacts

S1-17

In 2024, 1 complaint was received from an employee regarding alleged violations of laws and regulations governing legal employment relations - the employee was not satisfied with the response provided by "Rīgas ūdens" and applied to the State Labour Inspectorate, resulting in opening of an administrative case which was terminated in favour of "Rīgas ūdens".

#### Contextual information

The data is compiled, and the information is provided on the basis of conditions of the employment contract (including the job description), explanations of the line manager and the head of a structural unit, and an assessment of compliance with the requirements laid down in the laws and regulations.

There were no human rights violations or incidents during the reporting period, and no material penalties resulting from such cases. The Company is not aware of any complaints to the OECD National Contact Points for Multinational Enterprises.



## 2.4.2. CUSTOMERS AND CONSUMERS

S-4

Our aim is to provide uninterrupted and reliable water management services to our customers improving the quality of service. At the same time, we care about the environment, sustainable use of natural resources, social well-being and economic interests.

The main development directions of "Rīgas ūdens", as identified in the Strategy 2040, which have an impact on customers, are:

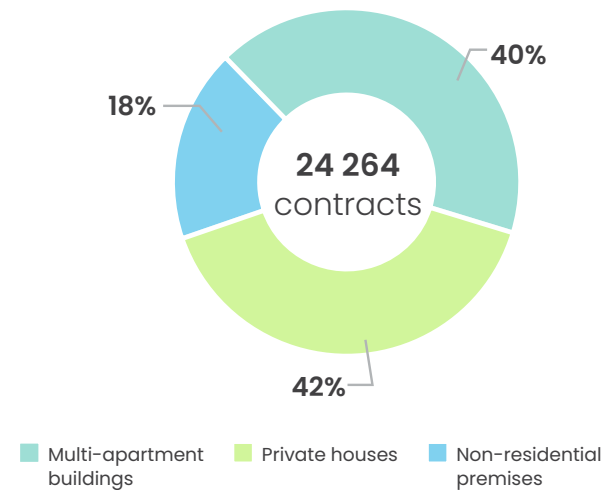
- Available centralised water management services;
- Water supply security and high drinking water quality;

A total of 24 264 contracts have been concluded for the use of the city's water supply and sewerage systems. More than 600 000 residents of Riga and the Greater Riga use services provided by "Rīgas ūdens". In order to facilitate more effective communication and collaboration with customers, the company has segmented them according to the following common characteristics:

- private family houses
- owners and managers of multi-apartment houses
- non-residential premises - businesses, institutions, etc.)

Companies providing decentralised wastewater collection services and companies generating excess pollution are identified separately

Customer division by segment



Multi-apartment buildings Private houses Non-residential premises

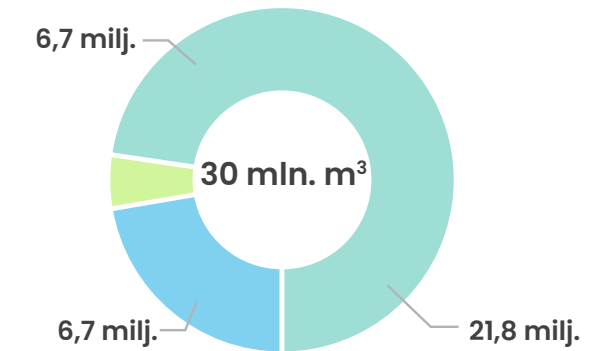
**1830**

Residents connected to centralised sewerage system

**423**

Residents connected to centralised water supply system

Water supply consumption by segment (m<sup>3</sup>)



Multi-apartment buildings Private houses Non-residential premises

**296**

Owners have been provided with support to receive funding from the Riga City

**1628**

New users of the Client Portal



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Assessment of the dual relevance of sustainability themes identified the sustainability themes that are important to customers and consumers, identifying the company's impact, risks and opportunities in these areas. This assessment helps us as a company to better understand and respond to the needs of our customers, while contributing to long-term growth and development. According to the evaluation, the following topics were identified as important for customers and consumers:

- **Service availability and quality**
- **Access to information**
- **Data protection**

### 2.4.2.1. Service availability and quality

Service availability and quality was identified as the topic with the highest relevance and financial impact, as it is closely linked to the company's core business and directly affects the quality of life of all customers and consumers. By providing water management services, "Rīgas ūdens" ensures their continuity, safety, quality and affordability, by following a socially responsible tariff policy and by taking care of public health and well-being. The company ensures equal access to services for all residents.

"Rīgas ūdens" has a duty to provide consumers with quality drinking water and to treat wastewaters. These processes are monitored by "Rīgas ūdens" Joint Wa-

ter Quality Control Laboratory (JWQCL), which is accredited by the Latvian National Accreditation Bureau. JWQCL tests drinking water prepared at the treatment plants and drinking water in the centralised water-pipe distribution network of Riga city. In order to ensure an uninterrupted supply of drinking water, JWQCL monitors the water treatment process on a daily basis, and takes samples in the city's water distribution network every working day and tests them according to a plan set by the Health Inspectorate.

28 797 number of samples tested in the water preparation process

36 204 number of samples tested in the water-pipe distribution network

Poorly delivered water supply services can have a significant impact on the health and safety of customers. In the long term, a deterioration in water quality or a decrease in the flow rate in mains water supply networks can increase the spread of Legionella and other bacteria, which can cause serious health problems. "Rīgas ūdens" takes regular measures to ensure high drinking water quality, including flushing, chlorination and rehabilitation of water supply networks. In order to successfully implement the water supply network flushing plan (at least every 5 years) and ensure safe and high quality drinking water, two new flushing plants were purchased

in 2024. Introduction of the flushing programme has significantly reduced the number of complaints from residents about water turbidity, with a positive impact on citizens.

In 2024, the Company received three complaints about the possible presence of Legionella bacteria in water pipes. After testing water samples, all cases were found to be unfounded. "Rīgas ūdens" has added 17 indicators for testing, including PFAS and pesticides. In 2024, 30 different pesticides were tested, and none of them exceeded the set values.

### 2.4.2.2. Availability of information on the services provided

Availability of information on the services provided is important for customers and consumers. To foster mutual trust and cooperation, the company ensures effective communication with customers, service users, stakeholders and the public through different communication channels.

Objectives of external communication are:

- To provide information on the company's operations
- To educate the public about protection of the environment and water resources
- To promote recognisability and positive image of the company
- To get feedback



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Communication takes place through different channels, choosing the most appropriate one to precisely reach the target audience. The following communication channels and measures are used for the Company's external communication and customer service:

<p><b>Communication channels</b></p> <ul style="list-style-type: none"> <li>• website <a href="http://www.rigasudens.lv">www.rigasudens.lv</a></li> <li>• customer self-service portal <a href="https://portals.rigasudens.lv/">https://portals.rigasudens.lv/</a></li> <li>• free 24-hour hotline 80002122</li> <li>• e-mails <a href="mailto:klienti@rigasudens.lv">klienti@rigasudens.lv</a> and <a href="mailto:pr@rigasudens.lv">pr@rigasudens.lv</a></li> <li>• SMS notifications</li> <li>• Customer Service Centre at 49/5 Brīvības Street</li> <li>• social media accounts on X, Facebook, Instagram, LinkedIn, YouTube.</li> </ul>	<p><b>Events</b></p> <ul style="list-style-type: none"> <li>• publications in media and the Company's publicity events</li> <li>• customer day events</li> <li>• connection promotion measures of the EU Cohesion Fund project, phases 4, 5 and 6</li> <li>• educational classes for schoolchildren and posting educational posters in all schools in Riga, environmental advertisement in the city</li> </ul>
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The company keeps customers and consumers regularly informed about important events, service changes and emergencies, providing timely and accurate information. A free 24-hour hotline is available for customers' daily contact with the Company (weekdays) and for reporting emergencies (24/7). To inform about scheduled or emergency repairs, flushing works, construction works, disinfection works in water management networks, "Rīgas ūdens" posts daily notices on the website's interactive Damage map, as well as on the social net-

works X and Facebook. If the repair works affect a large number of residents, information is also distributed in the traditional media through press releases.

In 2024, we have actively communicated to raise awareness about the company's activities, its impact on the environment and society, and to create environmentally friendly habits. We have shared various topics such as advice on the use of household sewers, the process of waterway formation, Legionella prevention,

the process of flushing water-pipes, etc. in email newsletters and on social networks.

Lack of information can have a negative impact on consumers, interfering with business and daily life in the event of service disruption. Customers with service contracts, notifications of scheduled and emergency works are informed by email and SMS. Addresses of special interest are separated, such as hospitals, schools, kindergartens, factories, logistics and shopping centres, where the continuity of water management services needs to be ensured as a priority. Repair works at these places are planned and harmonised with users at least five days in advance, and, in case of emergency, they are contacted immediately.

According to the Customer Satisfaction Survey, 88% of customers indicated that they were satisfied with the timely and accessible information on current affairs.

"Rīgas ūdens" organises annual meetings with different customer groups, neighbourhood residents and stakeholders to improve mutual cooperation. Face-to-face meetings with customers and stakeholders are valuable. Such events raise awareness of stakeholders' needs, allowing them to discuss issues, challenges and make improvements accordingly. They also provide an insight into the company's operations, allowing us to share our knowledge on sustainable water management.



In 2024, the Company organised the following meetings:

- “Customer Days 2024” with apartment building managers;
- “Development Conference 2024” with builders, designers, sustainability and financial experts and other stakeholders;
- Educational seminars with major apartment building managers and their specialists;
- Individual meetings with residents in the Bieriņi and Pleskodāle neighbourhoods, the Ziepniekkalns and Bišumuiža neighbourhoods, Bolderāja, Beberbeķi, Berģi, Imanta and Teika;
- Conference in Arkādijas Park – meeting with representatives of neighbourhood associations.

### 2.4.2.3. Data protection

S4-1

Data protection is an important topic for the company, as it directly affects regulatory compliance, customer confidence and the company’s reputation in the event of a negative impact. Inadequate data protection or processing can lead to data leaks and privacy breaches, causing not only reputational risk (negative PR in the media) but also financial losses (fines, compensation). No complaints about alleged personal data breaches were lodged with the Company in 2024. “Rīgas ūdens”

takes a responsible approach to ensuring information and personal data protection requirements by maintaining an internal data protection system. Personal data is processed and stored in accordance with internal procedures and national and European Union laws and regulations. They define the purposes and areas of personal data processing, the basic principles, the rights, duties and responsibilities of staff and the organisation of data processing. The company has a privacy policy in place, which is regularly reviewed and updated. Its main purpose is to explain to data subjects (customers, visitors, business partners, etc.) in a clear and relatively simple way what data of natural persons are processed by the Company and on what legal basis, what security conditions are observed for data protection, what are the rights of the data subject, etc. The privacy policy can be found on the Company’s homepage [www.rigasudens.lv](http://www.rigasudens.lv).

The management of risks on topics relevant to customers and end-users is carried out in accordance with the Company’s Risk Management Policy, Environmental Policy, Privacy Policy and Internal Control System Policy. The objective of the Risk Policy and Internal Framework is to promote risk management by improving the Company’s performance monitoring and decision-making to ensure the provision of quality and reliable water management services in the most efficient manner.

### 2.4.2.4. Customer service and satisfaction

S4-2

The company’s Corporate Social Responsibility and Sustainability Policy states that the company voluntarily pursues social and environmental objectives, taking into account human rights (UN Universal Declaration of Human Rights, European Convention on Human Rights and Charter of Fundamental Rights of the European Union). The principles and directions of the corporate social responsibility and sustainability policy contained in the Policy have been developed in line with the United Nations 2030 Agenda for Sustainable Development. We treat our clients and business partners with respect, professionalism, equal courtesy and tolerance, respecting everyone’s legitimate interests. We treat every customer equally and fairly.

“Rīgas ūdens” actively engages its customers through various communication platforms – social media, e-mails and online surveys – to receive feedback and to assess the quality of services provided and identify opportunities for improvements

A customer satisfaction survey is carried out annually in the autumn, measuring overall customer satisfaction and assessing various aspects of cooperation. In 2024,



89% of customers said they were satisfied with the company's services, 34% of which were very or completely satisfied (compared to 30% last year, in 2023). Analysts of the LLC "RAIT Custom Research Baltic" point out that, compared to other utility providers, indicators of "Rīgas ūdens" in this aspect are similar to those of other companies in this sector (90%).

Customers are most satisfied with the invoice preparation and payment procedure – 92% are satisfied, 59% of which are very satisfied. Other aspects such as continuity of water and sewerage services, easy meter reading and sufficient water pressure were also highly rated. Satisfaction with all the aspects of cooperation has increased over the last five years. Every year, the company takes the results of the survey and the open-ended responses into account to develop an action plan to improve customer satisfaction. Priority is given to analysing the aspects assessed below, as well as looking at the satisfaction of different customer groups in order to provide tailored solutions for each customer segment, initiated by the Customer Service Department.

In 2024, Customer Pulse Surveys were introduced in Customer Service to get immediate feedback on aspects of the service provided, allowing for rapid response to problems or opportunities for improvement.

Complaints made to the company are dealt with promptly and resolved within 15 calendar days of receipt of the complaint. In 2024, the average period of examination of a complaint and provision of a reply was 10 calendar days. We accept complaints both verbally

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

- Poor quality water supply – adjustment of the amount of consumption without charging for the period when the service was of poor quality;
- Internal water network breakdown and water leakage – recalculation of the sewerage service, reducing the sewerage bill if the water leakage has been within the customer's responsibility;
- Invalid meter – recalculation of the water supply service provided;
- Other losses caused by the Company's acts or omissions – compensation, based on an assessment of the Company's liability and the extent of the loss.

No complaints of discrimination were received last year. A detailed overview of the number of complaints received and the resolution is available in the Report on the Contract for the Provision of Public Water Management Services in 2024, posted on the Company's homepage [www.rigasudens.lv](http://www.rigasudens.lv).

"Rīgas ūdens" has introduced a whistleblowing policy providing protection against retaliation to people who lodge complaints. The policy promotes openness and security by ensuring that stakeholders are free to report irregularities or complaints without fear of retaliation.





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## 2.5. GOVERNANCE AREA

G-1

### 2.5.1. GOVERNANCE

IRO-1, G1-1, G1-2, G1-3

We ensure compliance with the Company's core principles by continuously improving the Company's regulatory framework. In 2024, "Rīgas ūdens" developed a Responsible Business Policy, which sets out key guidelines for ensuring and promoting high ethical standards throughout the company's value chain and corporate environment by monitoring suppliers against the Corporate Sustainability Reporting or CSRD social standards.

#### Risks

- "Rīgas ūdens" standards, requirements limit the circle of suppliers

#### Opportunities

- ESG reporting improves the reputation of "Rīgas ūdens"
- Develop and refine the GHG emission system
- GHG reporting data requirements encourage suppliers to improve their performance

**Company's activities and services:** "Rīgas ūdens" provides Riga's residents with drinking water and manages wastewater by operating centralised water supply and sewerage systems. The company maintains the networks, repairs breakdowns and promotes the connection of residents to these systems.

**Responsible business:** "Rīgas ūdens" pursues responsible and ethical business practices, focusing on infrastructure rehabilitation, technological development and service quality. The company works with suppliers to create value that impacts end consumers and society as a whole, balancing economic benefits, employee and community well-being, and environmental protection.

**Ethical standards:** "Rīgas ūdens" promotes high ethical standards throughout the value chain by informing suppliers about its responsible business policy and requiring compliance with the Supplier Code of Conduct. The company also follows a privacy policy to protect the rights of data subjects.

**Procurement process:** "Rīgas ūdens" complies with EU and Latvian laws and regulations by organising open procurement procedures and promoting competition between suppliers. The company has digitised its procurement to improve efficiency and promote environmentally friendly document flows. "Rīgas ūdens" applies "green" procurement, assessing the environmental impact and economic viability of goods and services.

**Ethical standards:** "Rīgas ūdens" promotes high ethical standards throughout the value chain by informing suppliers about its responsible business policy and requiring compliance with the Supplier Code of Conduct. The company also follows a privacy policy to protect the rights of data subjects.

**Recognition and prizes:** "Rīgas ūdens" has been recognised as one of Latvia's most valuable companies, receiving awards for good performance in the fields of corporate governance and sustainable management practices. The company voluntarily pursues social and environmental objectives with respect for human rights.

**Corporate culture:** The company's employees observe high ethical standards, treating clients and business partners with respect and professionalism, and respecting everyone's legitimate interests.

When beginning partnership with suppliers, the "Rīgas ūdens" informs of the implementation of the Company's Responsible Business Policy and the requirement to ensure high standards of business ethics throughout the supply chain. Whereas, the Supplier Code of Conduct forms an integral part of all the contracts between suppliers and the Company, therefore, when signing any cooperation agreement, suppliers commit to comply with all the requirements set out in the Code for responsible business conduct.



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## Anti-corruption measures

“Rīgas ūdens” ensures the following anti-corruption measures:

- corruption risk management, including the development, implementation and monitoring of an anti-corruption action plan, as well as the assessment of the results of the planned actions
- assessment of the company’s functions and positions that are exposed to corruption risk
- setting procedures for the assessment of requests for the dual jobholding of all the employees and for the prevention of conflicts of interest
- setting procedures for the recognition of employees as public officials, obtaining permission for the dual jobholding and for prevention of conflicts of interest
- upon commencement of legal employment relations, new employees whose position is exposed to the corruption risk are provided with training and knowledge testing on the prevention of corruption risks and conflicts of interest
- regular assessment of the need to update the Code of Ethics by updating the fundamental principles of ethics and conduct

- regular provision of information on current vacancies and the requirements for applicants
- In 2024, information on 84 vacancies was posted on the homepage
- provision of a convenient and publicly available whistleblowing form “Information for Whistleblowers” on the “Rīgas ūdens” homepage.

In order to prevent situations where corruption risks are foreseeable, “Rīgas ūdens” has developed an anti-corruption action plan (Action Plan) covering five areas where corruption risks are likely to prima facie arise. The Action Plan includes specific measures to limit corruption risks, identifies the persons responsible for the implementation of the measures and the deadlines for implementation, and report on the results of the implementation of the measures is filed with the Management Board on bi-annual basis.

In order to create awareness of employees’ duties and conduct in line with the Company’s defined standards of ethical behaviour, “Rīgas ūdens” organises periodic anti-corruption training for employees and conducts employee knowledge testing. Upon commencement of legal employment relations, new employees whose position is exposed to the corruption risk are provided with training and knowledge testing on the prevention of corruption risks and conflicts of interest. In 2024, 53 new employees were trained and tested.

There is a special training approach for employees whose duties are related to the organising of the procurement process. In 2024, employees participated in a number of webinars, which, among other things, covered the latest developments in the field of public procurements of construction works and PMB, case-law, and various current events in public procurement matters. ‘Rīgas ūdens’ pays special attention to positions that may be exposed to high risk of corruption, assessing them according to a certain methodology and focusing on certain circumstances and functions where the risk of corruption is the highest.

The Company’s senior management is also involved in training activities – both the Management Board and the heads of structural units have attended educational seminars. The Company’s management participated in the seminars “Prevention of Conflict of Interest and Professional Ethics of Public Officials” and “Advanced Course on Prevention of Conflict of Interest” organised by the School of Public Administration. There have been no incidents of corruption or bribery in the Company during the reporting period.

In 2024, “Rīgas ūdens” has joined the Zero Tolerance to Corruption initiative. In 2024, there were no corruption incidents in “Rīgas ūdens” and no whistleblower reports were received.

### 2.5.1.1. Governance indicators and targets

G1-4

In 2024, "Rīgas ūdens" developed the Sustainable Development Strategy 2025 -2040, which set out the key long-term target indicators:

Sustainability aspect/priority direction of development	Objective	Target indicator 2040
<b>Business ethics / Responsible corporate governance</b>	Company's governance processes are fully in line with good corporate governance regulation and good practice	International Corporate Governance Indicators rating above the Baltic average  (BICG** average rating in the Baltic States 62%, rating of "Rīgas ūdens" in 2022 - 72%)
<b>Supplier relations / Developed value chain management</b>	Create a value chain choosing suppliers who operate business responsible, take active care for the environmental and social matters	100% of the suppliers of "Rīgas ūdens" have joined the requirements set in the Code of Ethics for responsible business***  At least 75% of the business partners of "Rīgas ūdens" have set ESG objectives***  75% of suppliers have set GHG targets, perform measurements and provide ESG data sharing***
<b>Suppliers' working conditions / stakeholder involvement &amp; influence</b>	15 Maintain and improve constant and effective communication with all the stakeholders involving them in the decision making	≥ 3 activities for cooperation with the stakeholders every year

\*\*\* baseline value will be set in the MTS taking into account the number of business partners in 2024



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## Whistleblowing

The Company has an Internal Whistleblowing System in place providing an opportunity for employees to report certain potential violations that may harm the Company's interests – Rīgas ūdens supports and encourages whistleblowing in good faith, rather than discouraging from it. The Company has defined in its Whistleblowing Policy that the purpose of the system is to promote a Company culture where employees, business partners and other persons working for "Rīgas ūdens" can act with confidence to report a suspected breach. The goal of "Rīgas ūdens" is to create and maintain a corporate culture in which whistleblowing is supported and valued.

No whistleblowing reports were received at "Rīgas ūdens" in 2024.

In the 2024 Employee Engagement and Satisfaction Survey, employees of "Rīgas ūdens" indicated that they were informed and knew what to do if there was a necessity for whistleblowing regarding possible irregularities in the operation of "Rīgas ūdens" (95 points).

No incidents of corruption or bribery have occurred at "Rīgas ūdens" in 2024.

### 2.5.1.2. Involvement in sectoral processes

G1-5

Active involvement in important social and sectoral processes has become an integral part of "Rīgas ūdens"'s business.

Being aware of the impact of operations of "Rīgas ūdens" as the largest water management company in Latvia on the overall sectoral policy and development, the Company has participated in working groups of the Ministry of Environmental Protection and Regional Development (MEPRD) to address water management issues, as well as has been involved in the development of the sectoral policy:

- By developing a national position on draft EU legislation on urban wastewater treatment;
- By preparing a position on a strategy for sewage sludge management in Latvia;
- By preparing an opinion on the implementation of the requirements of the Directive on the quality of drinking water in the laws and regulations of the Republic of Latvia;
- By reviewing and providing opinions on various issues related to EU laws and regulations and policy planning documents in the water management sector

and their implementation in Latvia and the development of the Latvian water management sector.

As representatives of ALWSSC, we work in the working groups of the EurEau European Water Management Association and ensure the exchange of relevant information, documents and opinions with ALWSSC and the MEPRD during the approval phase of EU directives and regulations. "Rīgas ūdens" has also been actively involved in the preparation of planning documents important for the development of Riga State City and environmental sustainability, and in projects related to the promotion of development and accessibility of Riga's public open space.

The prerequisites for the Company's participation in non-governmental organisations stem from a number of documents regulating the activities of "Rīgas ūdens", such as the guidelines already included in the Corporate Governance Policy, for the implementation of which participation in non-governmental organisations is one of the proven ways in practice, providing an opportunity not only to keep up to date, but also to implement best practices, share experience and actually create own circle of stakeholders. The company's membership in non-governmental organisations is regulated by the "Guidelines for the Assessment of Membership of the LLC "Rīgas ūdens" in Non-governmental Organisations" for the periodic review of existing memberships and the assessment of new



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membership proposals. Proposal for the Company's membership of non-governmental organisations is accepted by the company's Management Board upon harmonisation with the Supervisory Board, and a representative for regular representation of interests is delegated. "Rīgas ūdens" pays membership fees, but does not fund political contributions to NGOs of its membership, nor does it make any other payments related to lobbying of interests.



### Society "Latvian Platform for Corporate Social Responsibility" (CSR Latvia)

CSR Latvia brings together companies, governmental and non-governmental organisations and institutions, as well as experts to implement corporate social responsibility practices and achieve sustainability development goals. The association implements a Responsible Business Ambassador Programme, the main theme of which is to provide sustainability competences to the employees of the programme participants, including the companies represented by the members. The association regularly shares its knowledge on sustainability and corporate responsibility issues and represents the interests of CSR Latvia members in negotiations on the transposition of sustainability issues into national laws and regulations.



### Society "Baltijas Korporatīvās pārvaldības institūts" (Baltic Institute of Corporate Governance) (BICG)

BICG brings together companies and business leaders to promote better corporate governance practices in public and private sector companies in Lithuania, Latvia and Estonia. BICG membership strengthens corporate governance culture and practices, which have a positive impact on corporate value, access to capital, operational efficiency and reputation.



### Association of Latvian Water Supply and Sewerage Companies (ALWSSC)

ALWSSC is the largest non-governmental association in the sector, bringing together water management companies with shared interests and goals to represent the interests of the Latvian water management sector and jointly promote the development of water supply and sewerage companies. At the moment, the ALWSSC unites 53 sectoral companies, 39 of which are public water management service providers, while 14 associated members are companies providing services and goods related to water supply and sewerage sector. "Rīgas ūdens" can quickly share its experience on various water sector development issues and cooperate in the development

of laws and regulations affecting the sector. In 2024, "Rīgas ūdens", in cooperation with ALWSSC, actively worked on promoting significant changes in the context of the Water Management Services Law and the European Parliament's Urban Waste Water Directive.



BNI is the world's leading business networking organisation, operating in Latvia since 2015. In the BNI system, entrepreneurs meet once a week, and it should be valued as mentoring support for their business. During the reporting period, BNI members or the companies they represent have provided the Company with opinion or recommendations on various issues.



### Society "Latvijas Darba devēju konfederācija" (Employers' Confederation of Latvia) (ECL)

ECL is the largest and most influential employers' organisation in Latvia. As a member of the ECL, "Rīgas ūdens" has the opportunity to influence processes not only at the company or association level, but also at the national level - by participating in social dialogue, influencing policy planning and document development



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processes, as well as achieving significant changes in laws and regulations, thus promoting the development of the sector represented by "Rīgas ūdens", its relations with the state, employees and society as a whole.

In 2024, "Rīgas ūdens" participated in discussions organised by the ECL on amendments to the following laws: the Law On Prevention of Conflict of Interest in Activities of Public Officials, the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof and the State Administration Structure Law. Through its membership of the ECL, the Company also implements engagement in social dialogue at the highest level.



### Society "Biznesa efektivitātes asociācija" (Business Efficiency Association) (BEA)

BEA provides opportunities for the Company's employees to gain knowledge and practical experience on efficiency improvement and to participate in experience exchange events. "Rīgas ūdens" learns about the implementation of efficiency measures in companies of different sectors, the benefits and the latest trends in the area of productivity and efficiency improvement.



### Society "Latvijas Personāla vadīšanas asociācija" (Latvian Association for People Management) (LAPM)

As one of the opinion leaders in HRM in Latvia, LAPM is shaping HRM best practice in Latvia. Membership of the organisation provides opportunities to gain knowledge and practical experience in improving staff efficiency and to participate in experience exchange events. This enables the Company to improve its HRM practices, promoting sustainability in HRM and the professional development of employees in line with global objectives. The benefits of membership of the LAPM are integrated into the Company's employee welfare and development planning.



### Social Initiative "Mission Zero" (Mission Zero)

Mission Zero is a voluntary, public initiative aimed at making health and safety a corporate priority, both in every stage of core activity and in interactions with society, by eliminating the number of fatalities at work and those caused by related external conditions, significantly reducing the number of accidents at work, aiming for "0" and implementing preventive measures to protect and preserve employees' health.



### "Zero Tolerance Against Corruption" social initiative

CSR Latvia in cooperation with the "Delna Society for Transparency" has launched the "Zero Tolerance Against Corruption" initiative. By joining this initiative, "Rīgas ūdens" confirms its progress towards becoming a sustainable company. The Company has developed and implemented a number of policies that promote responsible business conduct, including a Responsible Business Policy and the Anti-Corruption and Conflict of Interest Policy, which are directly aligned with the guiding principles of the "Zero Tolerance Against Corruption" initiative.

## 2.5.1.3. Payment practices

G1-6

"Rīgas ūdens" follows and develops responsible business practices and expects its business partners to follow the same responsible approach. The Responsible Business Policy includes the Company's commitment to comply with all tax requirements. Standard invoice payment term practised at "Rīgas ūdens" is 20 days after receipt of the invoice, unless a different term has been contractually agreed with suppliers.



	Timely payments	Average invoice payment term (days)
Construction	97%	11
Services	99%	17
Receipt of goods	99%	22

The company is not involved in any legal proceedings related to late payments.

## 2.5.2. CORPORATE GOVERNANCE STATEMENT

“Rīgas ūdens” pursues in its operations the principles of good corporate governance, which, as an entirety of measures, contributes to sustainable development of the company, achievement and supervision of the operational goals, are to be deemed a very important tool of good governance, which “Rīgas ūdens” will continue to improve in the future.

The Corporate Governance Statement is a part of the Sustainability Report. Given that the Company qualifies as a large capital company as defined in the laws and regulations<sup>34</sup> and operates in a strategically important sector, performing a municipal function in the field of water supply and sewerage services, providing public water

management services, the Company falls within the target audience of the Code and is subject to the obligation to prepare an annual corporate governance report as set out in the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof. Since 2020, “Rīgas ūdens” has been preparing Corporate Governance Reports in accordance with the Corporate Governance Code developed by the Corporate Governance Advisory Board (hereinafter referred to as – the Code)<sup>35</sup>.

According to the Code, “Rīgas ūdens” has prepared its fourth Corporate Governance Report 2024 (hereinafter referred to as – the Report). In accordance with the “comply or explain” principle, the Report also provides information on those principles that the company partially complies with in its operations or which criteria are not directly applicable to the company, explaining the circumstances or the regulatory framework that justifies this. The report will be published at the same time as the Company’s annual report and will be available on the Company’s website.

The governance model of “Rīgas ūdens” has been designed having regard to the good corporate governance practice, separating strategic and operational management. The governance of the company is implemented by the meeting of its shareholders, Supervisory Board and Management Board.

**Shareholder** (owner of capital shares) by adopting decisions at a meeting of shareholders in accordance with the Commercial Law, the Capital Share Management Law, the Company’s Articles of Association, and by giving con-

sent to the Management Board to take certain actions;

“Rīgas ūdens” is a company owned by the Riga State City Municipality, and 100% of its shares are held by the Riga State City Municipality. Riga City Council is the supreme decision-making body of the Riga State City Municipality, adopting the decisions stipulated in the Law On Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof. The decisions that are within the competence of the meeting of shareholders of “Rīgas ūdens” are taken by a representative of the holder of capital shares – Executive Director of the Municipality.

The Supervisory Board by adopting decisions at Supervisory Board meetings in accordance with the Commercial Law, the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof, the Company’s Articles of Association, the Supervisory Board’s Rules of Procedure, other external and internal regulatory enactments, as well as by giving consent to the Management Board to take certain actions;

Composition of the Supervisory Board as at the date of publication of this notification:

Chairperson of the Supervisory Board Dace Ljusa, Vice-Chairperson of the Supervisory Board Tālis Juhna, Member of the Supervisory Board Imants Paeglītis. <https://www.rigasudens.lv/lv/investoriem#4>

**The Supervisory Board** of “Rīgas ūdens” was established on 08.09.2020 and is composed of three members, providing sufficient overall competence to represent the necessary sectoral, strategic, corporate governance, financial management, risk management, compliance

<sup>34</sup> Section 5(5) of the Law on Annual Statements and Consolidated Annual Statements

<sup>35</sup> Corporate Governance Code. Good corporate governance recommendations for companies in Latvia.



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and legal competences.

The Supervisory Board is a supervisory body of the capital company and represents the shareholder's interests between the meeting of shareholders and supervises the operation of the Management Board of "Rīgas ūdens", engages in the strategic development of "Rīgas ūdens", as well as in the supervision of the finance and risk management system. The principles of operation of the Supervisory Board of "Rīgas ūdens", as well as the main duties are laid down in the Company's Articles of Association and the Supervisory Board's Rules of Procedure.

The Management Board, by exercising its competence in accordance with the Commercial Law, the Capital Share Management Law, the Company's Articles of Association, the Management Board's Rules of Procedure, other external and internal regulatory enactments.

**The Management Board** of "Rīgas ūdens" consists of three members. At the time of preparation of the notification, the following persons have been appointed to the Management Board: Chairman of the Management Board Krišjānis Krūmiņš, Member of the Management Board Agnese Ozolkāja, Member of the Management Board Normunds Zvaunis. <https://www.rigasudens.lv/lv/investoriem#5>

The Management Board knows and manages the Company's business activities and is responsible for proper accounting in accordance with the laws and regulations. The Management Board manages the property of "Rīgas ūdens" and disposes of its funds in accordance with the laws and regulations, the Articles of Association, and the resolutions of the shareholder, meeting of shareholders

and the Supervisory Board. Tasks and responsibility of "Rīgas ūdens" are governed by the laws and regulations. The principles governing the functioning of the Management Board, as well as its main responsibilities, are laid down in the Articles of Association and the Regulations of the Management Board.

The Management Board of "Rīgas ūdens" represents the Company jointly. Members of the Management Board may authorise one or several Members of the Management Board to enter into certain transactions or transactions of certain type.

#### Strategy and budget

The Company's Management Board is responsible for the achievement of the Company's objectives, implementation of the guidelines set out in the strategy and policies and the overall performance of the Company. The Management Board monitors the implementation of "Rīgas ūdens"'s strategy, non-financial objectives and budget, controls the achievement of planned results and reports regularly to the Supervisory Board on performance.

The medium-term operational strategy and the annual report are prepared by the Management Board and assessed and approved by the Supervisory Board. The annual budget proposal (three-year budget framework) is prepared by the Management Board and assessed and approved by the Supervisory Board. The Supervisory Board approves the Company's Annual Activity Plan for each year to achieve the non-financial objective and controls its implementation four times a year.

The Management Board sets corporate and individual objectives for the members of the Management Board, the assessment of which is approved by the Supervisory Board after the approval of the annual report. The Management Board is responsible for the management and operation of the company in accordance with the approved strategy and annual budget. The Supervisory Board monitors implementation of the strategic objectives, as well as the annual budget and corporate objectives.

#### Internal control and risk management

The Management Board reports to the Supervisory Board on the internal risk management and the functioning of the control system. The Company's management is responsible for regular assessment and improvement of controls. Internal Audit function examines the operation of controls and assesses their effectiveness; the external auditor gives an opinion on the fairness and adequacy of the financial statements. All supervisory bodies are independent in their functioning.

Continuous monitoring is included in all processes of the Company's core and supporting activities, in monitoring elements embedded in information systems, in the Company's self-assessment reports or in data analyses that affect decision-making. Risk assessment is carried out at internal process level. An annual risk review is assessed by the Supervisory Board. The Risk Report is also used to prepare the Internal Audit Work Plan.

## 2. SUSTAINABILITY REPORT

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# 3

## ANNUAL REPORT

Financial statements are prepared in accordance with the requirements of the international financial reporting standards, approved by the European Union



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### 3.1. INFORMATION ON THE COMPANY

<b>Company's name</b>	LLC "Rīgas ūdens"
<b>Legal status of the company</b>	Limited Liability Company
<b>Registration number, place and date</b>	40103023035 Rīga, 24 September 1991 Date of re-registration in the Commercial Register 12 January 2004, under the unique registration number 40103023035
<b>Type of activity according to NACE 2.1 classification</b>	36.00 Water collection, treatment and supply 37.00 Sewerage collection and treatment
<b>Address</b>	1 Zigfrīda Annas Meierovica Blvd Rīga, LV-1495, Latvia
<b>Sole shareholder</b>	Rīga City Municipality (100%) 1 Rātslaukums, Rīga, LV-1050, Latvia
<b>Names, surnames and titles of members of the Supervisory Board</b>	Dace Ljusa - Chairperson of the Supervisory Board as of 15.08.2023 Tālis Juhna - Deputy Chairperson of the Supervisory Board Imants Paeģlītis - Member of the Supervisory Board as of 10.08.2023 Māris Kleinbergs - Chairman of the Supervisory Board until 21.02.2023 Term of office of members of the Supervisory Board – 5 years

<b>Names, surnames and titles of members of the Management Board</b>	Krišjānis Krūmiņš - Chairman of the Management Board Normunds Zvaunis - Member of the Management Board Agnese Ozolkāja - Member of the Management Board as of 25.09.2023
<b>Responsible Accounting Officer</b>	Sandijs Māliņš – Director of the Finance Department
<b>Reporting period</b>	1 January – 31 December 2024
<b>Name and surname of the auditor and of the responsible certified auditor</b>	"POTAPOVIČA UN ANDERSONE" LLC Commercial Company Licence No. 99 12 Ūdens Street, Office 45, Rīga, LV-1007, Latvia  Responsible auditor Anna Temerova-Allena Certified Auditor's Certificate No. 154



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## 3.2. MANAGEMENT REPORT

### CHARACTERISTICS OF THE OPERATING ENVIRONMENT

The main tasks of actors in the water sector are to ensure access to drinking water and sanitation. According to World Bank figures, 97% of the residents in Latvia use safely managed drinking water management services. Whereas, UN data shows that 85% of the residents in Latvia use safely managed sanitation services.

In Latvia, water administration and management are provided as a public service – organising water management services for the residents is one of the autonomous functions of local governments. “Rīgas ūdens” is a capital company owned by the Municipality, which, on the basis of a Public Service Contract, provides public water management services by carrying out commercial activities in a strategically important sector involving a natural monopoly.

There are 57 water management service providers in Latvia, including “Rīgas ūdens”, which is the largest water management service provider in Latvia in terms of the volume of water extracted and wastewater treated, as well as the volume of water supplied and wastewater collected (according to the PUC data for 2023 (information provided on the service providers that were included in the register of water management service providers as at 31 December 2023)).

According to the Wastewater Management Investment

Plan 2021–2027 of the Ministry of Smart Administration and Regional Development, expansion works of the centralised water management system and increase in the number of connected facilities are planned in the wastewater agglomerations of municipalities of Riga and the Greater Riga.

The Company’s business environment is characterised not only by the operational context of the water management sector, but also by stakeholder expectations. These expectations are reflected in various policy and planning documents, as well as in the decisions and strategies of regulatory and supervisory authorities and the municipality. The vision and needs of business and cooperation partners, “Rīgas ūdens” employees and the Supervisory Board, as well as customers, also play an important role.

For information on the Company’s services and water management infrastructure, see Section 1.1 *Services* of the Report.

### THE COMPANY’S OPERATION IN THE REPORTING YEAR AND DEVELOPMENT

See Section 1.6 *Highlights 2024* of the Report.

### PERFORMANCE INDICATORS, FINANCIAL RESULTS AND INVESTMENTS

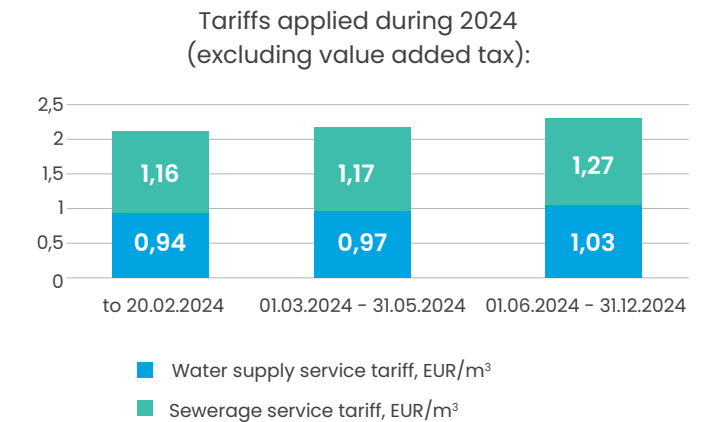
See the Report’s Section 1.1 *Services*, 1.2 *Customers*, 1.4 *Financial Indicators* and 1.8 *Financial Results*.

### PERSONNEL

See the Report’s Section 1.3 *Staff*.

### WATER MANAGEMENT SERVICE TARIFFS

During the reporting period, changes were made to water management service tariffs due to an increase in depreciation of fixed assets and write-off of the value of intangible assets, decrease in energy costs, increase in maintenance and repair costs of fixed assets, increase in other operating costs, and decrease in volume of water management services.



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## FINANCING

The Company finances its investment projects from its own funds and long-term external borrowings, which are regularly and timely raised on the financial markets. Timely planned raising of borrowed funding is essential for optimal loan refinancing risk management, as well as for the repayment of principal loan amounts within the binding term.

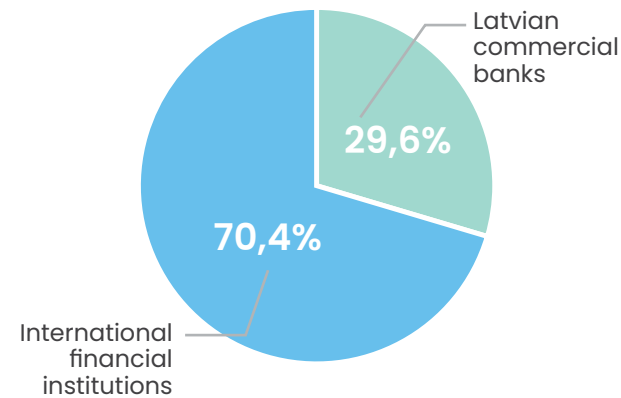
During the reporting period, part of the loan amounting to EUR 10 million was received from the European Investment Bank. Agreement with the European Investment Bank was signed on 16 June 2022 for the total amount of EUR 60 million, of which EUR 52 million were attracted at the end of the reporting period.

On 27 September 2024, a new agreement was signed with the JSC (AS) "Swedbank" to attract a long-term loan of EUR 15 million, of which an EUR 8 million loan was attracted during the reporting period.

Balance of the outstanding principal amount of borrowings from credit institutions at 31 December 2024 was EUR 68.09 million.

In addition, on 25 September 2024, the Company entered into an agreement with OP Corporate Bank plc branch in Latvia for a credit line of EUR 5 million. At the end of the reporting year, the credit line had not been used.

Long-term loan structure at the end of the reporting period



All the restrictions of the financial indicators set in the Company's existing loan agreements have been complied with during the reporting year and at the end thereof.

## CORPORATE GOVERNANCE

The Corporate Governance Report 2024 is published alongside the Company's financial performance. The Corporate Governance Statement is a part of the Sustainability Report.

See Section 2.5.2 *Corporate Governance Statement* of the Report.

### MEASURES TAKEN BY THE LLC "RĪGAS ŪDENS" IN 2024 TO PREVENT CORRUPTION RISK

The Company complies with the guidelines and principles set out in the Anti-Corruption Strategy of the Riga State City Municipality 2022-2025, the Company's "Anti-Corruption and Conflict of Interest Policy", as well as the binding laws and regulations.

In 2024, "Rīgas ūdens" has joined the Zero Tolerance to Corruption initiative. In 2024, there were no corruption incidents in "Rīgas ūdens" and no whistleblower reports were received.

For more information on the anti-corruption measures provided by the Company, please see Section 2.5.1 *Governance, Sub-section Anti-corruption Measures*.

## PREPARATION OF NON-FINANCIAL STATEMENT

Along with the Company's Annual Report including the Management Report and the Financial Statements, the Company's Sustainability Report 2024 shall also be prepared.

"Rīgas ūdens" is currently in the transition phase towards preparing a sustainability report that will meet the requirements of the European Union's Non-Financial and Corporate Sustainability Reporting Directive 2022/2464 (CSRD) and related European Sustainability Reporting Standards (ESRS). Although the Sustainability Report 2024 has not been fully prepared in accordance with the new standards yet, it already includes a number of key data and indicators that reflect our sustainability initiatives and progress, including the Company's environmental, social and employment impacts, stakeholder engagement, as well as other non-financial elements.

The Company's Sustainability Report, Annual Report and other reports characterising the Company's activities are available on "Rīgas ūdens" website here <https://www.rigasudens.lv/>.

For more information, see Section 2 *Sustainability Report* of the Report.

## FINANCIAL RISKS AND FINANCIAL RISK MANAGEMENT

The Company's operation is exposed to various financial risks, including market risk, credit risk, liquidity risk and interest rate risks. The Company's management minimises the negative impact of potential financial risks on the Company's financial position. For more information on financial risks and their management, see Annexes 10 and 36 to the Financial Statements. Derivative financial instruments are not used.

## INFORMATION ON THE SHARE CAPITAL OF THE COMPANY

Share capital of the Company as at 31 December 2024 is EUR 127 686 123 divided into 127 686 123 capital shares with a nominal value of EUR 1 per each.

## FUTURE DEVELOPMENT

See the Report's Section 1, *General Information*, speech by Krišjānis Krūmiņš, Chairman of the Board.

## CIRCUMSTANCES AND EVENTS AFTER THE END OF THE REPORTING YEAR

On 1 January 2025, new tariffs for water management services entered into effect, approved by the Decision of the Council of the Public Utilities Commission No. 86 of 21 November 2024 "On tariffs for water management services of the LLC "Rīgas ūdens"":



On 29 January 2025, the Riga City Council adopted a decision "On a different share of profit of LLC "Rīgas ūdens" to be disbursed as dividends during the reporting years 2024 to 2030", which affects the share of the Company's profit to be disbursed as dividends for 2024. The decision stipulates that the Company's share of the profit of 2024 to be disbursed as dividends amounts to 30%, including 20% of the profit of the reporting year 2024 disbursed as dividends is earmarked by the Riga State City Municipality for the continuation of co-financing programmes for the connection of immovable properties to the centralised water supply system or centralised sewerage system.



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In February 2025, the Company received the remaining share of the long-term loan from the European Investment Bank amounting to EUR 8 million.

Negotiations with the European Investment Bank for a long-term loan of EUR 70 million for the financing of the Company's investments scheduled for 2025–2028 are nearing completion. The long-term loan agreement is expected to be signed in the first half of 2025.

There have been no other events during the period since the last day of the reporting year that have had a material effect on the financial position of the Company as at 31 December 2024 or that require further explanation in the annexes to the Financial Statements.

### USE OF PROFITS RECOMMENDED BY THE MANAGEMENT BOARD

The share of the Company's comprehensive income for the reporting year that is included in the retained earnings amounts to EUR 8 391 360.

Paragraph 2 of Decision No. 691 of the Riga City Council of 16 June 2021 "On Dividends in Capital Companies in which Riga City Municipality has a Decisive Influence" stipulates that the minimum foreseeable profit share to be disbursed as dividends is 40% of the capital company's profit for the reporting year, unless a separate decision on a different share of profit to be disbursed as dividends is adopted by the Riga City Council according to Paragraph 7 of the Decision. The capital compa-

ny calculates, pays and reflects corporate income tax in its accounts in accordance with the procedure established by the laws and regulations regulating corporate income tax. Paragraph 7 of the aforementioned Decision of the Riga City Council stipulates that, if a capital company, when developing a draft strategy, includes a proposal for a share of profit to be disbursed as dividends that is lower than that stipulated in Paragraph 2 of the Decision, the matter shall be examined by the Riga City Council by adopting a separate Decision of the Riga City Council on a different share of profit to be disbursed as dividends.

On 29 January 2025, the Riga City Council adopted Decision "On different share of profit of LLC "Rīgas ūdens" to be disbursed as dividends in during the reporting years 2024 to 2030", stipulating that *the share of profit of the Company to be disbursed as dividends in 2024 is 30%, including 20% of the profit of the reporting year 2024 disbursed as dividends to be earmarked by the Riga City Municipality for continuation of co-financing programmes for connection of immovable properties to the centralised water supply system or centralised sewerage system.*

Paragraph 3 of the Decision instructs *the representative of the holder of capital shares of the LLC "Rīgas ūdens" to ensure that the share of profit not disbursed as dividends in 2024 in the amount of 10% of the total annual profit is earmarked for the implementation of the water management system development project of the Mangaļsala wastewater agglomeration and that the share*

*of profit not disbursed as dividends in 2025, 2026, 2027, 2028, 2029 and 2030 in the amount of 30% of the total annual profit in each year is earmarked for the development of centralised water supply and sewerage systems in Dārziņi.*

According with Decision No. 691 of the Riga City Council of 16.06.2021 "On Dividends in Capital Companies in which Riga City Municipality has a Decisive Influence" and Decision No. RD-25-4256-lē of the Riga City Council of 29.01.2025 "On Different Share of Profit of LLC "Rīgas ūdens" to be disbursed as dividends in the period between reporting years 2024 to 2030", the Management Board of the Company proposes the following use of the result 2024 in the amount of EUR 8 391 360, excluded from the retained earnings:

- 30% or EUR 2 517 408 to be distributed and disbursed in dividends;
- to retain a profit share of 10% or EUR 839 136 and to earmark it for the implementation of the water management system development project of the Mangaļsala wastewater agglomeration;
- to retain a profit share of 60% or EUR 5 034 816 and to earmark it for the provision of public water management services and the development of commercial activities in accordance with the medium-term operational strategy of the LLC "Rīgas ūdens".

Decision on disbursement of dividends shall be made by the meeting of shareholders of the Company.

## 3.3. SEPARATE FINANCIAL STATEMENTS

### 3.3.1. SEPARATE COMPREHENSIVE INCOME STATEMENT

	Annex	2024 EUR	2023 EUR
Revenue		76 336 396	76 447 839
Other operating revenue	12	6 425 565	5 314 953
Raw materials and supplies	13	(29 202 748)	(31 795 449)
Personnel costs		(25 194 580)	(23 717 443)
Other operating expenses	15	(2 514 567)	(2 567 356)
<b>EBITDA*</b>		<b>25 850 066</b>	<b>23 682 544</b>
Depreciation and amortisation of long-term as-sets	18 (f)	(42 489 471)	(14 870 478)
<b>Operating profit after impairment</b>		<b>(16 639 405)</b>	<b>8 812 066</b>
Financial revenue	16	239 364	57 889
Financial costs	17	(1 874 528)	(1 336 650)
<b>Profit/(loss) for the reporting year</b>		<b>(18 274 569)</b>	<b>7 533 305</b>
Income from revaluation of non-current assets	25	451 296 418	
Impairment of revalued assets		(82 000 000)	-
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>369 296 418</b>	<b>-</b>
<b>Total comprehensive income recognised in the reporting year</b>		<b>351 021 849</b>	<b>7 533 305</b>
Including comprehensive income for the reporting year:			
- included in the long-term asset revaluation re-serve***	25	342 630 489	-
- included in retained earnings**		<b>8 391 360</b>	<b>7 533 305</b>

\* For the definition of an alternative performance indicator, see Section Alternative performance indicators in Annex 2.

\*\* Result that is included in retained earnings and on which dividends can be calculated.

\*\*\* Long-term asset revaluation reserve is not available for distribution into dividends.

Annexes on pages 131 to 183 form an integral part of these financial statements.



### 3.3.2. SEPARATE STATEMENT OF FINANCIAL POSITION

	Annex	31.12.2024	31.12.2023
<b>Assets</b>		EUR	EUR
<b>Long-term assets</b>			
Intangible assets	18 (a)	754 354	786 464
Fixed assets	18 (b)	688 379 459	324 621 897
Right of use assets	18 (c)	775 716	541 372
Other loans and other non-current debtors	21	-	366
<b>Total long-term assets:</b>		<b>689 909 529</b>	<b>325 950 099</b>
<b>Current assets</b>			
Stocks	19	2 628 389	3 097 974
Receivables from contracts with customers	20	9 738 373	8 990 623
Other receivables	21	1 202 281	1 509 253
Next period costs		517 488	823 123
Cash	22	12 725 465	18 924 439
<b>Total current assets before non-current assets held for sale:</b>		<b>26 811 996</b>	<b>33 345 412</b>
Non-current assets held for sale	23	531 245	531 245
<b>Total current assets</b>		<b>27 343 241</b>	<b>33 876 657</b>
<b>Total assets</b>		<b>717 252 770</b>	<b>359 826 756</b>

Annexes on pages 131 to 183 form an integral part of these financial statements.



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	Annex	31.12.2024	31.12.2023
		EUR	EUR
<b>Liabilities</b>			
<b>Equity:</b>			
Share capital (fixed capital)	24	127 686 123	127 588 333
Long-term asset revaluation reserve	25	342 630 489	-
Retained earnings		63 707 026	56 068 997
<b>Total equity:</b>		<b>534 023 638</b>	<b>183 657 330</b>
<b>Creditors:</b>			
<b>Long-term creditors:</b>			
Borrowings from credit institutions	26	62 442 922	50 136 201
Lease liabilities	29	622 943	358 902
Advance payments received	31	-	803 481
Trade payables		1 841 889	2 247 666
Provisions	34	1 291 130	1 046 740
Next period income	30	85 648 327	86 273 887
<b>Total long-term creditors:</b>		<b>151 847 211</b>	<b>140 866 877</b>

	Annex	2024	2023
		EUR	EUR
<b>Short-term creditors:</b>			
Borrowings from credit institutions	26	5 933 945	4 600 945
Lease liabilities	29	195 868	234 064
Advance payments received from customers	31	3 180 404	4 038 122
Trade payables		4 560 494	5 250 925
Taxes, state social insurance contributions	35	2 082 613	1 867 232
Other creditors	32	1 181 313	1 037 842
Next period income	30	3 711 722	3 728 018
Accrued liabilities	33	8 785 469	11 954 923
Provisions	34	1 750 093	2 590 478
<b>Total short-term creditors:</b>		<b>31 381 921</b>	<b>35 302 549</b>
<b>Total creditors:</b>		<b>183 229 132</b>	<b>176 169 426</b>
<b>Total liabilities</b>		<b>717 252 770</b>	<b>359 826 756</b>

### 3.3.3. SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital earnings	Reserves Equity	Retained earnings EUR	Equity EUR
<b>31.12.2022</b>	<b>127 586 633</b>	-	<b>49 051 827</b>	<b>176 638 460</b>
Contribution	1 700	-	-	1 700
Dividends	-	-	(516 135)	(516 135)
<b>Total transactions with a shareholder and other changes recognised in equity</b>	<b>1 700</b>	-	<b>(516 135)</b>	<b>(514 435)</b>
Profit for the reporting year	-	-	7 533 305	7 533 305
<b>Total comprehensive income</b>	-	-	<b>7 533 305</b>	<b>7 533 305</b>
<b>31.12.2023</b>	<b>127 588 333</b>	-	<b>56 068 997</b>	<b>183 657 330</b>
Contribution	97 790	-	-	97 790
Dividends	-	-	(753 331)	(753 331)
<b>Total transactions with a shareholder and other changes recognised in equity</b>	<b>97 790</b>	-	<b>(753 331)</b>	<b>(655 541)</b>
Loss for the reporting year	-	-	(18 274 569)	(18 274 569)
Revaluation of non-current assets	-	451 296 418	-	451 296 418
Impairment of revalued assets	-	(82 000 000)	-	(82 000 000)
Exclusion of revaluation reserve	-	(5 054)	5 054	-
Depreciation of the long-term asset revaluation reserve	-	(26 660 875)	26 660 875	-
<b>Total comprehensive income</b>	-	<b>342 630 489</b>	<b>8 391 360</b>	<b>351 021 849</b>
<b>31.12.2024</b>	<b>127 686 123</b>	<b>342 630 489</b>	<b>63 707 026</b>	<b>534 023 638</b>

Annexes on pages 131 to 183 form an integral part of these financial statements.



### 3.3.4. SEPARATE CASH FLOW STATEMENT

Annex	2024 EUR	2023 EUR
	<b>(18 274 569)</b>	<b>7 533 305</b>
18 (a,b)	42 102 446	15 104 827
18 (c)	316 312	275 790
	(3 693 483)	(3 534 153)
	(595 995)	724 504
16	(239 364)	(57 889)
17	1 822 999	1 294 185
	<b>21 438 346</b>	<b>21 340 569</b>
	(1 127 682)	739 923
	469 585	(1 255 979)
	(4 763 182)	4 035 595
	<b>16 017 067</b>	<b>24 860 108</b>
27	(2 151 963)	(1 740 804)
	<b>13 865 104</b>	<b>23 119 304</b>

#### Operating cash flow

#### 1. Profit / (loss) before corporate income tax

Corrections:

- a) Amortisation, depreciation, impairment of fixed assets and intangible assets, and profit or loss from exclusion
- b) depreciation the right of use assets
- c) amortisation of co-financing of fixed assets
- d) changes in provisions
- e) other interest and similar income
- f) interest payments and similar costs

#### 2. Profit before adjustments for the effects of changes in the balances of current assets and liabilities

Corrections:

- a) (increase) or decrease in accounts receivable balances
- b) (increase) or decrease in balance of inventories
- c) increase or (decrease) in balances due to suppliers, contractors and other creditors

#### 3. Gross operating cash flow

Expenditure on interest payments

#### Net operating cash flow

Annexes on pages 131 to 183 form an integral part of these financial statements.

### 3.3.4. ATSEVIŠĶAIS NAUDAS PLŪSMAS PĀRSKATS

#### II. Cash flow from investing activities

Acquisition of fixed assets and intangible assets

Proceeds from the sale of fixed assets and intangible assets

Interest received

#### Net cash flow from investing activities

#### III. Cash flow from financing activities

Borrowing received

Borrowing repayment expenditure

Cohesion Fund co-financing received

Lease payments

Disbursed dividends

#### Net cash flow from financing activities

#### V. Net cash flow for the reporting year

VI. Balance of cash and cash equivalents at the beginning of the reporting year

VII. Balance of cash and cash equivalents at the end of the reporting year

Annex	2024 EUR	2023 EUR
		(34 581 045)
	394 444	139 008
16	239 364	57 889
	<b>(33 721 453)</b>	<b>(34 384 148)</b>
27	18 000 000	22 000 000
27	(4 464 299)	(18 666 667)
	1 199 816	749 017
28	(324 811)	(259 933)
	(753 331)	(516 135)
	<b>13 657 375</b>	<b>3 306 282</b>
	<b>(6 198 974)</b>	<b>(7 958 562)</b>
	<b>18 924 439</b>	<b>26 883 001</b>
22	<b>12 725 465</b>	<b>18 924 439</b>

Annexes on pages 131 to 183 form an integral part of these financial statements.



### 3.3.5. ANNEXES TO THE SEPARATE FINANCIAL STATEMENTS

#### 1. THE REPORTING COMPANY

The Company is a capital company owned by the Riga City Municipality, which operates in a strategically important sector, performing the municipal function in the field of water supply and sewerage services (according to NACE Rev. 2.1 codes: code 36 - water extraction, treatment and supply, code 37 - wastewater collection and treatment).

Holder of the Company's capital shares is the Riga State City Municipality. On matters not regulated by the Articles of Association, provisions of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof and the Commercial Law shall apply.

Information about the Company required by the Law on Annual Statements and Consolidated Annual Statements of the Republic of Latvia is presented in a separate Section on Page 107 of this Annual Report.

#### 2. FINANCIAL REPORTING GUIDELINES AND REPORTING PERIOD

These financial statements have been prepared in ac-

cordance with the Accounting Standards of the International Financial Reporting Standards as adopted by the European Union (hereinafter referred to as - IFRS). The financial statements have been prepared in accordance with the initial cost accounting principle, modified for the recognition of certain property, plant and equipment in revalued amounts and non-current assets held for sale, as disclosed in the accounting policies described below.

The reporting period is 12 months from 1 January 2024 to 31 December 2024.

The cash flow statement has been prepared according to the indirect method.

#### Comprehensive Income Statement - retrospective format change

In the Company's annual reports for 2023 and the prior years, the separate comprehensive income statement has been prepared according to the function of expenses. From 2024 onwards, the separate comprehensive income statement in the Company's annual report is restructured and expenses are classified by type: raw materials, personnel costs, depreciation and other. The Company's management considers that such approach provides a detailed picture of the costs associated with the Company's activities.



Comparison of the Company's Comprehensive Income Statement (CIS) 2023 after the change of structure is as follows:

	Previously reported CIS	Modified CIS	Explanation of changes
	Jan - Dec, 2023	Jan - Dec, 2023	
	EUR	EUR	
Revenue	76 447 839	76 447 839	No changes
Expenditures for the achievement of revenue	(64 084 749)	-	
<b>Gross profit</b>	<b>12 363 090</b>	-	Expenses have been reclassified to "Raw materials and supplies", "Staff costs", "Other operating costs" and "Impairment of long-term assets"
Cost of sales	(2 586 320)	-	
Administration costs	(5 474 810)	-	
Other operating revenue	5 314 953	5 314 953	No changes
Raw materials and supplies	-	(31 795 449)	Expenditures have been reclassified from "Expenditures for the achievement of revenue", "Sales costs", "Personnel costs"
Personnel costs	-	(23 717 443)	
Other operating expenses	(804 847)	(2 567 356)	Expenditures have been increased by reclassification of part of "Expenditures for the achievement of revenue", "Sales costs", "Personnel costs"
<b>EBITDA</b>	<b>-</b>	<b>23 682 544</b>	Calculated operating profit before impairment of long-term assets
Impairment of long-term assets	-	(14 870 478)	Expenditures have been isolated in a separate item for the achievement of revenue, "Sales costs", "Personnel costs"
<b>Operating result</b>	<b>8 812 066</b>	<b>8 812 066</b>	No changes
Financial revenue	57 889	57 889	No changes
Financial costs	(1 336 650)	(1 336 650)	No changes
<b>Profit for the reporting year</b>	<b>7 533 305</b>	<b>7 533 305</b>	No changes
Other comprehensive income	-	-	No changes
<b>Total comprehensive income</b>	<b>7 533 305</b>	<b>7 533 305</b>	No changes





1. GENERAL INFORMATION

2. SUSTAINABILITY REPORT

3. ANNUAL REPORT

### Alternative performance indicators

From 2024 onwards, the Company has been using alternative performance indicators not specified in IFRS or the Accounting Law of the Republic of Latvia:

EBITDA - operating profits before impairment of long-term assets (amortisation, depreciation and impairment of the value of intangible assets, fixed assets and right-to-use assets), before financial items and corporate income tax (Earnings Before Interest, Tax, Depreciation and Amortisation).

Along with this change, the company aims for greater clarity and transparency in its financial reports, which can improve the decision-making process among investors and other stakeholders.

The Company's management believes that EBITDA provides valuable additional information to stakeholders and management and can help investors and analysts compare the profitability of companies without taking into account differences in their funding structure and asset base.

These financial indicators should not be considered as a substitute for those measured in accordance with IFRS and are not comparable to those used by other entities.

## 3. FUNCTIONAL AND PRESENTATION CURRENCY

The Company's functional and presentation currency is EUR.

## 4. ESTIMATES AND JUDGEMENTS

In preparing the financial statements, the Company's management makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

The estimates and related assumptions are regularly verified. Changes in accounting estimates are recognised in the period in which the estimates are revised and in subsequent periods.

The most important reasons for inaccuracy of estimates are related to the determination of the useful life of fixed assets and their impairment, determination of provisions, as well as determination of the revalued amount of fixed assets. Information about the judgements and estimates made in applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the notes:

- Annex 7, Sub-paragraph 7.3 Intangible assets and fixed assets (including revaluation of fixed assets). Estimates for fixed assets, Sub-paragraph 7.12 (i) Impairment of non-financial assets and Appendix 18;
- Annex 7, Sub-paragraph 7.8 Accrued liabilities and provisions: key assumptions and Annexes 33 and 34.

## 5. FAILURE TO PREPARE CONSOLIDATED FINANCIAL STATEMENTS

This is the Company's separate financial statement. The Company does not prepare a consolidated annual report as it has had only one subsidiary, which is excluded from the Commercial Register as of 2 December 2021.

## 6. BASIS OF EVALUATION AND KEY ACCOUNTING PRINCIPLES

The financial statements have been prepared according to the initial cost basis for assets and liabilities, modified for the recognition of certain property, plant and equipment in revalued value and non-current assets held for sale, as disclosed in the accounting policies described below.



Items in the financial statements have been evaluated in accordance with the following accounting principles:

- (i) Assumption that the Company will continue as a going concern.
- (ii) Except for the evaluation of certain Company's property, plant and equipment in revalued values (see Section 7.3, Paragraph Revaluation of Property, Plant and Equipment), the same valuation techniques were used as in the previous year.
- (iii) Evaluation has been carried out with due care:
  - the statement includes only profits up to the balance sheet date;
  - all the foreseeable risk amounts and losses that have arisen during the current or prior years are taken into account, even if they became known between the balance sheet date and the date of preparation of the financial statements;
  - all the impairment and depreciation amounts are calculated and taken into account, regardless of whether the reporting year ends with profit or loss.
- (iv) Revenue and costs related to the reporting year are taken into account, irrespective of the date of payment and the date of receipt or invoicing. Costs are aligned with revenue during the reporting period.
- (v) Components of assets and liabilities are evaluated separately.

(vi) The opening balance of the reporting year matches the closing balance of the previous year.

(vii) All the items that have a significant effect on the evaluation of users of the financial statements or decision-making are disclosed; immaterial items are merged and detailed in the annex.

(viii) Economic transactions are presented in the financial statements on the basis of their economic contents and substance rather than their legal form.

## 7. KEY ACCOUNTING POLICIES

### 7.1 Monetary unit and revaluation of foreign currencies in euro

The Company's accounts are kept in euro. All the transactions in foreign currencies are revalued into euro at the foreign exchange rate used for accounting purposes at the beginning of the business day. Monetary assets and liabilities denominated in foreign currencies are converted into euro at the euro reference rate published by the European Central Bank. Foreign currency profit or loss arising from the conversion of settlements of transactions in foreign currencies and value of monetary assets and liabilities denominated in foreign currencies are included in the profit or loss statement for the period.

### 7.2 Financial instruments

The Company does not hold or use derivative financial instruments.

#### (i) Recognition and classification

Financial assets and liabilities are recognised in the statement of financial position on the date when the contractual terms of the instrument become binding on the Company. Acquisitions of financial assets within regular transactions are recorded on the settlement date.

Financial assets are initially recognised at fair value plus transaction costs. Receivables from contracts with customers are initially evaluated at the transaction price.

Financial liabilities, including borrowings, are initially recognised at the amount of cash received, minus of borrowing costs.

Classification and subsequent measurement of financial assets and liabilities depend on the business model for managing the financial assets and liabilities and the contractual terms of the cash flows. The Company does not change the classification of financial assets according to their initial recognition, except when the Company's business model for managing financial assets changes.



The Company's financial assets that are held for the collection of contractual cash flows and whose contractual terms generate cash flows are classified as financial assets to be evaluated at amortised costs. These financial assets include trade and other receivables and cash and cash equivalents.

Cash and cash equivalents are cash balances and demand deposits with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in fair value and are used by the Company to settle short-term liabilities.

Financial liabilities, which include borrowings, trade payables and other financial liabilities arising from the Company's operations, are classified as other liabilities evaluated at amortised prime cost.

#### (ii) Evaluation

After the initial evaluation, receivables are evaluated at amortised prime cost using the effective interest rate method less impairment losses (see Sub-paragraph 7.12).

After the initial recognition, financial liabilities are measured at amortised costs using the effective interest method. Interest expenses, profit and losses are recognised in profit or loss.

The effective interest rate is the rate that exactly dis-

counts the future cash flows of a financial instrument through its expected life, or possibly a shorter period, to the net carrying amount of the financial asset or liability. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related financial instrument and amortised based on the effective interest rate of the financial instrument.

The Company has no financial assets and liabilities that are evaluated at fair value through profit or loss after initial recognition. See note 7.12 to the financial statements on impairment of financial instruments.

#### (iii) Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the relevant financial instrument have expired or when the Company has transferred all the risks and rewards of the financial asset. Any rights or obligations created or retained as a result of the transfer are recognised separately as assets or liabilities. Financial liabilities are derecognised upon redemption.

The Company also derecognises certain assets when it writes off balances relating to assets that are considered irrecoverable. Each asset is evaluated individually before balances are written off.

#### (iv) Offsetting

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only if there is a legal right to do so and there is an intention to settle on a net basis or to sell the asset and settle the liabilities simultaneously.

### 7.3 Intangible assets and fixed assets

#### Intangible assets

Intangible assets include licenses and computer software, which are accounted for at purchase value less accumulated amortisation and accumulated impairment losses. Depreciation is calculated over the useful lives of these investments using the linear method. The Company has determined the following useful lives and corresponding amortisation rates for intangible assets :

	Years	annual %
Licenses and computer software	5	20%
Specialised information systems	10	10%

If any events or changes in circumstances indicate that the book value of intangible assets may be impaired, value of the asset in question is reviewed. An impairment loss is recognised when the book value of intangible assets exceeds its recoverable amount.

#### **Fixed assets**

The initial value of fixed assets comprises the purchase price, including import duties, fees and non-deductible acquisition taxes, and any directly attributable costs of preparation of the assets for its working condition and delivery to their location for the intended use. After acquisition, fixed assets are accounted for at the initial value thereof, less accumulated depreciation and impairment losses. Depreciation is calculated from the month following that in which the fixed assets are put to its intended use. From 2024 onwards, civil engineering structures (underground networks) are carried at revalued amounts (see Section Revaluation of property, plant and equipment).

Land is not subject to depreciation. For other assets, depreciation is calculated according to linear method throughout the period of useful lives of the relevant fixed assets to write down the fixed asset purchase or revaluation value to its estimated residual value at the end of its useful life.

Where the useful lives of individual components of the fixed asset differ, they are accounted for as separate components of fixed assets (significant components).

Depreciation is calculated in accordance with the following useful lives determined by management:

<b>Group of fixed assets</b>	<b>Average useful life of fixed assets (years) up to 31.12.2023</b>	<b>Average useful life of fixed assets (years) up to 01.01.2024</b>
Buildings	15-150	15-150
Building structures	10-25	10-25
Water supply system:		
Water-pipes	30-50	50-100
Water-pipe equipment	5-15	5-15
Wastewater system:		
Sewerage lines	30-50	50-100
Sewerage line equipment	5-15	5-15
Wells	20-25	20-25
Reservoirs	20-40	20-40
Technological equipment and devices	5-40	5-40
Pumps and electrical equipment	5-10	5-10
Laboratory equipment	5	5
Lifting devices	5	5
Office equipment	3-5	3-5
Furniture	10	10
Vehicles:		
Light	7	7
Trucks	8	8





## 1. GENERAL INFORMATION

The initial carrying amount of fixed assets acquired for no consideration, from donations, or as part of an EU Cohesion project is written off gradually over their useful lives using the linear method. Recognising such fixed assets at the same time, amount of next period income is accounted for, which is gradually written off (amortised) over the useful life of the asset and included in other income in the profit or loss statement.

Construction in progress represents the costs of establishment of fixed assets and construction in progress and is accounted for at the initial value. Initial value includes construction costs and other direct costs. No depreciation is calculated for construction in progress.

Interest on borrowings incurred in connection with creation of objects of the construction in progress is capitalised in accordance with IAS 23 "Borrowing Costs" in proportion to the amount of the relevant construction in progress costs during the construction of fixed asset, see Annex 18(b) on capitalised interest.

For construction and/or reconstruction projects, the costs and liabilities for the creation of fixed assets and construction in progress are recognised when the completed works are accepted and approved, drawing up appropriate documentation supporting performance of the works. When the facility is put to its intended use, costs of the above project are included in the related fixed assets. Where construction in progress is completed during the reporting period but the settlement docu-

ments are accepted after the end of the reporting year, total amount of the relevant works is shown as accrued liabilities for construction in progress at the end of the reporting year.

If an investment project is carried out in accordance with FIDIC (International Federation of Engineering Consultants) Rules, the costs and liabilities for construction work in progress are recognised at the time of receipt of the Engineer's approval of the Interim Payment, accompanied by documents supporting performance of the works. Costs of the above project are included in the relevant fixed assets after all the risks related to rights provided for ownership and rights to possible benefits from takeover of the relevant thing or a totality of things.

If any events or changes in circumstances indicate that the book value of fixed assets may be irrecoverable, value of the relevant fixed assets is reviewed for impairment. Where the book value of a fixed asset exceeds its recoverable amount, value of the fixed asset in question is written off immediately to its recoverable amount. The recoverable amount is the higher of the respective fixed asset's fair value less sale costs or its values of use. See also Annex 7, Paragraph 7.12(i) Impairment of non-financial assets.

Subsequent costs are capitalised to the book value of the asset or recognised as a separate component of the asset only if it is very likely that future economic benefits associated with the item will flow to the Company and

the costs of the item can be determined reliably. Such costs are written off over the remaining useful life of the fixed asset. Costs of the installed spare part are added to the value of the asset if they meet the criteria for recognition of fixed asset. When the asset is increased by the amount of costs of the installed spare part, it is simultaneously reduced by the remaining book value of the removed part. If such data is not available, accounted amortised replacement costs of the part or component are used, calculated by deducting the total estimated depreciation from the carrying amount of the new part or component for the period over which the part or component was used.

Costs of current repair and maintenance of fixed assets are included in the profit or loss statement covering the period in which they have incurred. The costs of capital repairs of leased fixed assets are written off according to the linear method within the shortest of the useful lives of the capital improvements and the lease term.

Profit or losses on exclusion of fixed assets are calculated as the difference between the book value of the fixed asset and the proceeds from sale and are included in the profit or loss statement of the period in which they have incurred.

The following basic conditions are applied to account of the Company's network infrastructure assets (e.g., pipelines, gate valves, hydrants):

## 2. SUSTAINABILITY REPORT

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(i) when repairing water-pipe and sewerage pipelines (hereinafter referred to as - pipelines), the costs related to the repair are capitalised if the works completed increase capacity or the service area is extended. Costs of pipeline repairs are also capitalised when the repairs are carried out as a preventive measure to avoid a potential emergency, and when a sewerage line is repaired using the trenchless method;

(ii) laterals are integrated components of the water-pipe and sewerage line system, and their repair costs are recognised as an asset or included in the profit or loss statement depending on how the repair costs of the pipeline repair are classified;

(iii) the value of installed gate valves with a diameter of less than 100 mm (excluding) is included in profit and loss, while gate valves with a diameter of 100 mm and more are recognised as separate components of the asset;

(iv) hydrants are recognised as separate components of the asset;

(v) all the costs incurred in relation to with breakdowns (both in the case of water-pipes and sewerage lines) are included in the profit or loss statement as incurred, unless the works performed correspond to rehabilitation works, the costs of which are capitalised as an asset;

(vi) up to and including 2023, the costs of asphaltting works were recognised as an asset if the cost of the

repairs was capitalised in full as part of a single project or as part of the financing terms of specific projects. In other cases, the costs of asphaltting works were included in the profit-loss statement. From 2024 onwards, all costs of asphaltting works are capitalised.

### Revaluation of fixed assets

From 2024 onwards, the Company has changed its accounting policy with regard to accounting for certain categories of property, plant and equipment after initial recognition to the revaluation method. The effect of the revaluation method is reflected from 1 January 2024.

The revaluation of fixed assets is carried out to ensure that the carrying amount of fixed assets subject to revaluation is not materially different from the amount that would be determined when measuring them at fair value at the end of the reporting period.

The following Company's assets (fixed assets) - underground civil engineering structures - are revalued regularly, but at least every 5 years:

- (i) water-pipe pipelines;
- (ii) sewerage pipelines;
- (iii) sewage wells;
- (iv) gate valves;
- (v) hydrants.

Revaluation of individual fixed assets are carried out by independent, external, certified appraiser using the amortised replacement cost method or the income method. The valuation is carried out in accordance with international property appraisal standards, based on the current use of the fixed assets, which is considered to be the best and most efficient use, including the most appropriate appraisal method for each revalued group of fixed assets.

The increase in value resulting from the revaluation is recognised in the comprehensive income statement as a changes in "Long-term asset revaluation reserve" in equity. If the revaluation results in an impairment loss, it is first written off against the value increase of the previous years' comprehensive income; if the impairment exceeds the revaluation reserve, the excess is recognised in the reporting year's profit or loss statement.

On the date of revaluation, the initial carrying amount and accumulated depreciation are increased or decreased in proportion to changes in the carrying amount of the asset, so that the carrying amount of the asset after revaluation equals its revalued amount.

The revalued property, plant and equipment have been determined a non-depreciable (scrap) value of 1% of their revalued amount.

The long-term asset revaluation reserve is reduced in full and transferred to retained earnings when the asset is derecognised (the revalued asset is written off or disposed of).



A part of the long-term asset revaluation reserve is reduced and transferred to retained earnings when the asset is used by the Company. In such a case, the amount of the decrease in the revaluation reserve for non-current assets would be the difference between the depreciation based on the revalued carrying amount of the asset and the depreciation based on the initial costs of the asset.

The revaluation reserve may not be distributed as dividends, invested in fixed capital, used to cover losses, included in other reserves or used for any other purpose.

#### 7.4 Inventories

Inventories are accounted for at the lower value between the prime cost or net sales value. Reagents and fuel are accounted for according to purchase costs applying the FIFO method. Raw materials and supplementary materials consist of materials for maintenance and upkeeping. They are accounted for on the basis of actual invoiced costs applying the FIFO method.

Inventories also include accounted for components of infrastructure assets, such as hydrants, gate valves, until they are installed on site and ready for their intended use.

At the end of each reporting year, inventories are reviewed during the stock-taking to identify signs of their obsolescence - no turnover in the last 12 months. When

obsolete or damaged inventories are found, their value are written off to the recoverable amount. In accordance with the adopted procedure, provisions for inventories that have not been in circulation for the last 12 months are built in the amount of 50% of the carrying amount.

#### 7.5 Non-current assets held for sale

Non-current assets held for sale are those assets whose carrying amount will be recovered through a sale transaction rather than through future use of the asset and which meet both of the following classification criteria:

- the items are available for immediate sale in their present condition and are subject only to the normal conditions of the sale of such items;
- their sale is probable (based on management's decision to sell, the sale process has been initiated and completion is certain within one year from the date of initiation of the process).

Non-current assets held for sale are initially recognised at purchase costs and subsequently measured at the lower of cost and net realisable value. When facts or events indicate that non-current assets held for sale are impaired, those assets are verified for impairment, and impairment losses on those investments are measured and recognised in the comprehensive income statement.

#### 7.6 Advance payments received

Advance payments received by the Company are recognised when cash is received and reflected as a liability within creditors in the balance sheet. Where advance payments are received from contracts with customers, they are accounted for as "Contractual liabilities". Where advance payments are received for the execution of projects in connection with funding received, they are carried forward to deferred revenue when the facilities are put into operation.

#### 7.7 Grants, donations, long-term assets received for no consideration

Grants received for specific types of capital investment (after reclassification from long-term advance payments at the time of commencement of the use of the asset for its intended purpose), donations and the value of long-term assets received for no consideration are accounted for as next period income, which is gradually included in / (amortised to) revenue over the useful lives of the fixed assets received or acquired with the grant.



## 7.8 Accrued liabilities and provisions

Accrued liabilities and provisions are recognised to allow recognition of costs in the period in which they have incurred.

### Provisions

Provisions are established when, as a result of a certain past event, the Company has a present obligation to take certain actions for the benefit of another party within the next reporting years (hereinafter referred to as - the obligation) based on a law, contractual or constructive obligation and it is expected that an outflow of resources embodying economic benefits will be required to settle the obligation and the Company can measure (estimate) reliably the amount required to settle the obligation.

At the end of each reporting period, the Company assesses the reasonableness and adequacy of the amounts of provisions made. If the accumulation is no longer justified, it is deleted. Provisions are made by including the estimated amounts into the profit or loss statement as costs in one reporting year or gradually over a number of reporting years (depending on the nature of the provision in question). Reversal of provisions is stated in the profit or loss statement as revenue.

The Company makes the following provisions (See Annex 34 to the Financial Statements):

- Provisions for the estimated costs and expenses of repairs and clean-up of in relation to elimination of consequences of accidents of water supply and sewage networks are made in full as at the end of the reporting period if the accident has occurred and has been identified during the reporting period. Costs necessary to eliminate consequences of the above accidents and carry out the repairs of networks are calculated by preparing estimates of the work to be carried out and their costs, based on experience and knowledge.
- Provisions for the removal of production waste are made according to the residual wastewater treatment sludge, ground mixture and sand from the sand catchers, determined as a result of the inventory, as at the end of the reporting year, estimating the costs required for their disposal;
- Provisions for litigation are made in accordance with the management's estimates by measuring the foreseeable amount of outflow of the economic benefits;
- Specific provisions are made for foreseeable liabilities for damage to third parties caused by accidents, based on a measuring of the consequences and damage caused by a particular accident. If necessary, provision for foreseeable liabilities related to damage caused to third parties arising from accidents may be adjusted upon receipt of additional

information on the extent of the consequences and damage caused by a particular accident.

### Accrued liabilities

The balance sheet item "Accrued liabilities" shows the following (see Annex 33 to the Financial Statements):

- the amounts clearly known to be due to suppliers of goods and services for goods or services received during the reporting year for which, because of delivery, purchase or contractual conditions or for other reasons, the appropriate supporting document (invoice) has not been received yet for payment on the balance sheet date. These commitment amounts are calculated on the basis of the price agreed in the relevant contract and supporting documents for the actual receipt of goods or services, and include expenditure in various areas.
- The accrued liabilities for projected employee costs consist of the accrued liabilities for unexpended leaves and the liabilities for bonuses under remuneration policies. The amount of costs of accrued unexpended leaves is determined by multiplying the average daily remuneration of employees during the last six months of the reporting period by the number of days of unexpended leaves accrued at the end of the reporting period. The accrued costs of unexpended leaves are recognised in the Accrued Liabilities.



## 7.9 Lease transactions

The Company is primarily a lessee in lease transactions. The Company has no other lease transactions in which it is the lessor, except for certain insignificant leases of immovable property and insignificant sublease transactions of certain premises.

### The Company as lessee

When entering into a contract, the Company assesses whether the contract is a lease or includes a lease. A contract is, or contains, a lease if the contract confers the right to control the use of an identified asset for a specified period of time in exchange for consideration.

To assess whether a contract conveys the right to temporarily control the use of an identified asset, the Company assesses whether it has both of the following rights throughout the period of use: (a) the right to obtain substantially all the economic benefits from the use of the identified asset during its useful life; and (b) the right to determine the use of the identified asset.

At the moment of commencement or modification of a lease, the Company allocates the consideration included in the contract to each component of the lease based on the proportion of the lease component.

The Company recognises a right-of-use asset and lease liabilities at the moment of commencement of the lease.

### Right of use assets

Right-of-use assets are initially recognised in the amount of costs, which comprises the initial amount of evaluation of the lease liabilities plus the initial direct costs incurred by the Company and an estimate of the costs that the lessee will incur to demolish and dispose of the leased asset, if any, lease payments made on or before the commencement date less any lease incentives received.

Right-of-use assets are further measured applying the cost model, i.e., minus accumulated depreciation and accumulated impairment losses. The Company amortises a right-of-use asset over the period until the earlier of the end of the right-of-use asset's useful life or the lease term, whichever occurs earlier.

### Lease liabilities

Lease liabilities on the lease commencement date is measured as the present value of the lease payments remaining at that date. Lease payments are discounted using the interest rate included in the lease, if this can be readily determined. If this rate is not readily determinable, the Company uses the interest rate of comparable borrowings. The comparable borrowing rate has been predominantly used when calculating the lease liabilities on the Company's balance sheet.

The lease liabilities initially includes the following payments:

- a) fixed lease payments (including substantially fixed lease payments) less lease incentive payments;
- b) variable lease payments that depend on an index or rate and were originally calculated using the index or rate on the start date;
- c) any residual value guarantees given to the lessor by the Company, a party related to the Company or a third party not related to the lessor that is financially capable of performing its obligations under the guarantee;
- d) the exercise price of the call option if there are reasonable grounds to believe that the Company will exercise this option;
- e) penalties for early termination of the lease, unless there are reasonable grounds to believe that the Company will not exercise this option to terminate the lease;
- f) lease payments for contract extension periods if there are reasonable grounds to believe that the Company will exercise the option to extend the contract.

The Company's management assesses whether there are reasonable grounds to believe that the Company will exercise an option to extend the lease contracts, a call option or an option to terminate the lease contract.

Lease liabilities are further measured at amortised costs applying the effective interest rate. Lease liabilities



ities are revalued if there is a change in the lease payments depending on the index or rate, the expected payment in relation to the residual value guarantee, or a change in the Company's estimate of whether there is a reasonable basis to believe that the Company will exercise an option to extend lease contracts, a call option or an option to terminate the lease contract.

The Company does not recognise right-of-use assets and lease liabilities for lease contracts with a lease term of 12 months or less on the commencement date and for leases with low-value underlying assets (new asset value of less than EUR 5 000). The Company recognises payments related to such contracts as an expense on linear basis over the lease term.

Lease liabilities are recognised as any other liability, split into non-current and current liabilities.

The key estimates relate to the determination of lease terms and management considers all facts and circumstances that provide an economic incentive to exercise an option to extend a lease or not to exercise an option to terminate a lease. Options to extend the lease (or periods after the lease expires) are included in the lease term if there is a reasonable certainty that the lease will be extended (or not terminated). The measurement is reviewed upon the occurrence of a significant event or significant changes in circumstances affecting the measurement that is within the lessee's control.

### The Company as lessor

At the moment of commencement of a lease, the Company assesses whether the lease is a finance lease or an operating lease by assessing whether, as part of the lease, the Company transfers all the risks and rewards of ownership of the leased asset.

Lease of assets in which substantially all the risks and rewards of ownership are not transferred to the lessee are classified as operating lease.

The Company, as the principal lessor, has only operating lease transactions. Lease income arising from property operating lease contracts is recognised over the lease term using the linear method.

### Sub-lease contracts

The Company has classified sublease contracts that sublease part of the assets that it leases itself from the lessor and that have a term equal to the term of the contracts in which the Company itself leases the underlying properties from the lessor as finance lease.





## 7.10 Corporate income tax

### Tax payable

In the Republic of Latvia, the Corporate Income Tax Law, effective from 1 January 2018, provides for the tax rate 20% of the taxable base, which is determined by dividing the value of the object subject to corporate income tax by a factor of 0.8 and includes:

- distributed profits (calculated dividends, costs equal to dividends, conditional dividends); and
- conditionally distributed profit (e.g. non-operating expenses and other specific cases provided for by law).

The new tax regime does not apply to the distribution of retained earnings accumulated before 31 December 2017 and subject to corporate income tax according to the previous law. As at 31 December 2024, balance of retained earnings accumulated up to 31 December 2017 amounts to EUR 15 055 699.

### 7.11 Cash and cash equivalents

Cash and cash equivalents consist of balances in current bank accounts.

The cash flow statement is prepared under the indirect method, with adjustments made to reconcile operating

profit with cash flows from operating activities, investing activities and financing activities.

### 7.12 Impairment

Impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment loss is recognised in a separate comprehensive income statement.

#### Financial assets

At each reporting period end date, the Company assesses evidence of impairment of amounts due from contracts with customers and other receivables at both an individual and collective level.

Impairment losses for assets shown at amortised prime cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, discounted at the asset's original effective interest rate.

The Company measures impairment by assessing the expected credit losses (ECL) for financial assets measured at amortised value in accordance with paragraph IFRS 9.

The Company applies a simplified model to determine impairment of its receivables portfolio, grouping them by similar signs of credit loss risk in relation to debtors

from the Company's core business of water supply and sewerage services and other debtors by using number of days of delay as the primary risk characteristic.

The simplified model assumes that the financial asset's allocations for such losses are equal to the credit losses expected over the entire period of operation applying the provision matrix, the Company recognises ECL for receivables based on historical information about the amounts lost to default and taking into account factors that affect the future ECL.

The Company applies the simplified approach to measure ECL for individually significant receivables and accounts for ECL based on the percentage (rate) of default to debt recovery.

Losses are recognised in the profit or loss statement of the comprehensive income statement and presented as provisions for assets that reduce receivables. Interest on a depreciated asset continues to be recognised by removing the discount. If, as a result of an event occurring after the recognition of the losses, the impairment losses decrease, the decrease is reversed through profit or loss statement.

Based on the credit ratings of the relevant credit institutions, the Company considers the risk of credit losses on cash and cash equivalent balances to be low.

**(i) Non-financial assets**

At the end date of each reporting period, the Company measures whether there is any indication that non-financial assets other than inventories may have been impaired. If it is determined that such indicators exist, the recoverable amount of the asset is estimated. Impairment losses are recognised when the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash flows that are independent of other assets and groups of assets. Impairment losses are recognised in the profit or loss statement of the comprehensive income statement. Impairment losses recognised in respect of cash-generating units are initially allocated to reduce the carrying amount of the corporate assets attributable to them and, subsequently, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the higher of its use or value of use, or actual value, less sale costs. In measuring value of use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks associated with the relevant asset or cash-generating unit.

Impairment losses recognised in the previous reporting period are reviewed at each reporting period end date

to determine whether there is any evidence that the loss has decreased or no longer exists. Impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. Impairment losses are reversed only to the extent that the carrying amount of the asset in question does not exceed the carrying amount, less depreciation, that would have been determined if the impairment losses had not been recognised.

**7.13 Related parties**

In accordance with the definition of related parties included in IAS 24 Related Party Disclosures, related parties are both legal entities and individuals that are related to the Company in the following way:

- a)** A person or a close member of that person's family is related to the reporting enterprise if:
  - i) that person has control or joint control over the reporting enterprise;
  - ii) that person has a significant influence over the reporting enterprise; or
  - iii) that person is a member of the senior management of the reporting enterprise or its parent company.
- b)** An enterprise is related to a reporting enterprise if it meets the following conditions:

- i) the enterprise and the reporting enterprise belong to the same group of enterprises (which means that the parent company, subsidiary and sister companies are related parties to each other);
- ii) one enterprise is an associate or joint venture of the other enterprise (or an associate or joint venture of the group enterprise that owns the other enterprise);
- iii) both enterprises are joint ventures of the same third party;
- iv) one enterprise is a joint venture of a third party and the other enterprise is an associate of the same third party;
- v) the enterprise has a post-employment benefit plan for employees of the reporting enterprise or employees of an enterprise affiliated with the reporting enterprise. If the reporting enterprise itself is a plan of this type, the sponsoring employers are also related parties;
- vi) the enterprise is controlled or jointly controlled by a person identified in (a);
- vii) the person identified in (a) (i) has significant influence over the enterprise or is a member of the enterprise's (or its parent company's) senior management;
- viii) the enterprise, or any member of the group which the enterprise is a part of, provides manage-



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ment personnel services to the company or to the company's parent company.

viii) uzņēmums, vai jebkurš koncerna, kurā ietilpst uzņēmums, dalībnieks, sniedz vadības personāla pakalpojumus sabiedrībai vai sabiedrības mātes sabiedrībai.

The Company's related parties are the Riga State City Municipality, which has significant control over the Company, as well as managers of the housing resources the owner of which is the sole owner of the Company - the Riga State City Municipality, members of the Management Board, directors of the Company's departments, their close family members and companies in which the above persons have control or significant influence.

All transactions of the Company with the Companies owned by the Riga State City Municipality are conducted in the ordinary course of business of the Company.

#### 7.14 Revenue recognition and revenue from liquidated damages

Revenue (net turnover) is the total value of services provided during the reporting period, less discounts granted and value added tax.

Revenue from contracts with customers according to the criteria included in IFRS 15 are goods sold and services rendered in the ordinary course of business (core activity). The Company uses the following criteria to identify contracts with customers:

- the parties to the contract have approved the contract (in writing, orally or in accordance with other customary commercial practice) and have undertaken to perform their respective obligations;
- may determine each party's rights in respect of the goods or services to be transferred;
- may set payment terms for the goods or services to be transferred;
- the contract is commercial in nature (i.e., the risk, timing or amount of the enterprise's future cash flows is expected to change as a result of the contract);
- there is a likelihood that the enterprise will collect the consideration due in exchange for the goods or services to be transferred to the customer.

The main types of revenue and their characteristics are as follows:

##### *Revenue from water supply and sewerage services*

Revenue is recognised in accordance with tariffs approved by the Public Utilities Commission at the end of each month or quarter. In accordance with the Riga City Council Binding Regulation No.4 of 18.10.2017 "On the Terms and Conditions of the Public Water Management Services Contract, its Conclusion, Amendment and Termination Procedures", water consumption is determined according to the commercial meter readings of customers (landlords and building managers) who have contractual relations with the Company. In the absence of a commercial metering device (until it is installed),





according to the level of amenities in the apartment and the respective consumption norms for water supply and/or sewerage services. See below for information on tariffs.

#### **Revenue from ancillary sewerage services**

Revenue is provided in accordance with Paragraph 6 of Cabinet of Ministers Regulation No. 174 of 22 March 2016 "Regulations Regarding the Provision and Use of Public Water Management Services" and is recognised at the end of each month, with the amount determined on the basis of meter readings reported by the customer. See below for information on tariffs.

#### **Tariffs**

In 2024, the following water management service tariffs were in force:

	01.01.2024. – 29.02.2024.	01.03.2024. – 31.05.2024.	01.06.2024. – 31.12.2024.
<b>Water supply service tariff</b>	1,16 EUR/m <sup>3</sup>	1,17 EUR/m <sup>3</sup>	1,27 EUR/m <sup>3</sup>
<b>Sewerage service tariff</b>	0,94 EUR/m <sup>3</sup>	0,97 EUR/m <sup>3</sup>	1,03 EUR/m <sup>3</sup>
<b>Wastewater treatment service tariff</b>	0,40 EUR/m <sup>3</sup>	0,41 EUR/m <sup>3</sup>	0,40 EUR/m <sup>3</sup>

Having regard to the precautionary measure, liquidated damages for overdue payment of invoices for the provided water supply and sewerage services are recognised in revenue only when received under the "Other operating revenue" item.

#### *Revenue from branch design and construction services*

Duration of these services is short and the revenue per project is low. These projects are most often completed within a week, but the service period can rarely last for a few months. Revenue is not recognised over time, but is recognised at the moment when the client has accepted the work actually performed.

#### *Revenue from water management infrastructure relocation charges*

Revenue is generated in accordance with Paragraph 49 of the Cabinet of Ministers Regulation of 15 December 2017 "Binding Regulations on Operation, Use and Protection of the Centralised Water Supply and Sewerage System of Riga City" and is recognised as revenue at the time when the service is provided to the customer.

#### *Other non-recurring commercial services from contracts with customers*

Revenue is recognised when the service is provided.

### **7.15 Contractual assets and contractual liabilities**

Contractual assets include rights to remuneration for services rendered for which the Company has fulfilled its obligations but for which invoices have not yet been issued as on the reporting date. Contractual assets are reclassified to trade receivables when the right to receive consideration becomes an unconditional right, which is usually when the customer is invoiced. These rights are recognised in trade receivables balances.

Given the nature of the Company's contracts with customers, significant contractual assets are not typical to the Company.

Contractual liabilities consist mainly of advance payments received from customers for services rendered by the Company and prepayments for which revenue will be recognised over time.

See Annex 31 for the information on amounts recognised in revenue during the reporting period from contractual liabilities that were reported at the beginning of the year.

### **7.16 Events after the balance sheet date**

The financial statements reflect events after the end of the reporting year that provide additional information about the entity's financial position as at the balance



sheet date (adjusting events). If events after the end of the reporting year are not adjusting, they are disclosed in the annexes to the financial statements only if they are material.

### 7.17 Contingent liabilities and assets

Contingent liabilities and possible assets are not recognised in the balance sheet. If any exist on the balance sheet date, explanatory information in this regard has been disclosed in the annex.

### 7.18 Other operating revenue

*Revenue for water management services for previous periods*

In cases where it is adjusted that the provision of water management services has taken place in previous reporting periods, including in the cases specified in Paragraph 53 of the Cabinet of Ministers Regulation of 22 March 2016 "Regulations Regarding the Provision and Use of Public Water Management Services", revenue is recognised in the reporting period at the time when the fact of use of water management services was established as other revenue.

*Revenue from compensation for exceeding the max-*

*imum allowable concentration of pollutants in waste water and penalties*

In accordance with the precautionary principle, compensations for exceeding the concentration limit of pollutants in wastewater discharged into the centralised sewerage system, as well as liquidated damages for non-compliance with contractual conditions and payment deadlines are recognised as revenue when their receipt is reasonably foreseeable, i.e., on a cash-flow basis - upon receipt of payment into the Company's bank account.

### 7.19 Employee benefits

Short-term employee benefits, including salaries, bonuses and leave allowances, are measured without discounting and included in net operating expenses on an accruals basis. The Company contributes to the State Social Insurance Fund for each employee in the specified amount throughout the period of employment in accordance with the requirements of laws and regulations, and the Company has no liabilities in relation to making further contributions in respect of services rendered by retired employees. The Company does not participate in defined long-term pension plans and does not provide long-term employee benefits.

## 8. INTRODUCTION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

**8.1 Standards and amendments that first became effective in the reporting year** (effective for annual periods beginning on or after 1 January 2024)

### Amendments to IAS 1: Classification of liabilities as current or non-current

These amendments clarify that liabilities are classified as current or non-current depending on the rights that exist at the end of the reporting period. A liability is non-current if the entity has a significant right at the end of the reporting period to defer settlement for at least twelve months. The Guidelines no longer require this right to be unconditional. Amendments of October 2022 stated that loan conditions to be met after the reporting date do not affect the classification of debt as current or non-current liabilities on the reporting date. Management's plans as to whether it will exercise its right to defer settlement after the end of the year do not affect the classification of liabilities. Liabilities are classified as current if a condition is breached on or before the reporting date, even if the lender has obtained a waiver of that condition after the end of the reporting period. And, conversely, a borrowing is classified as non-current if the terms of the borrowing are not breached until after the reporting date. In addition, the amendments



clarify the classification requirements for debts that the company could settle by converting them into its equity. "Settlement" is defined as the repayment of liabilities in cash, other resources including economic benefits or the company's equity instruments. There is an exception for convertible instruments that could be converted into equity, but only for those instruments whose conversion feature is classified as an equity instrument as a separate component of the compound financial instrument.

Amendments to a regulated area are significant to the Company's operations, but implementation of the amendments has not had a material impact on the Company's financial statements.

#### Other amendments

The following changes, effective for periods beginning on or after 1 January 2024, have no material impact on the Company's financial statements:

- Amendments to IFRS 16 Leases, which applies to sale of lease liability and leaseback transactions;
- Amendments to IAS 7: Cash Flow Statement and IFRS 7 Financial Instruments: Disclosure of information governing the disclosure of information about suppliers' financing arrangements.

### 8.2 Standards and amendments that are effective for the first time for annual periods beginning on or after 1 January 2024 or that are

#### not endorsed for use in the EU

The Company expects that the adoption of the following standard will have an impact on the presentation of the information in the 2027 financial statements and the included comparative information .

- **18 IFRS Presentation and Disclosures in Financial Statements** (effective for reporting periods beginning on or after 1 January 2027, not endorsed by the EU yet)

In April 2024, the IASB issued its IFRS 18 - the new standard on presentation and disclosure of information in financial statements, with an emphasis on updates to the profit or loss statement. Key new concepts introduced in the IFRS 18 apply to the structure of the profit or loss statement; mandatory disclosures in the financial statements about certain measures of profit or loss performance that are reported outside the entity's financial statements (i.e., performance indicators determined by management); and improved aggregation and disaggregation principles that apply to the primary financial statements and notes as a whole. IFRS 18 will replace IAS 1; many other existing principles in IAS 1 are retained with limited changes. IFRS 18 will not affect the recognition or measurement of items in the financial statements, but may change what an enterprise reports as "operating profit or loss". IFRS 18 will apply to reporting periods beginning on or after 1 January

2027 and comparative information for prior periods.

The Company expects that the amendments listed below will not have a material impact on the Company's financial statements:

- Amendments to IAS 21: Lack of Exchangeability (effective for reporting periods beginning on or after 1 January 2025);
- Annual improvements to IFRS Accounting Standards (issued in July 2024 and effective from 1 January 2026, not endorsed by the EU yet);
- IFRS 19 Subsidiaries without public accountability: disclosures (effective for reporting periods beginning on or after 1 January 2027, not endorsed by the EU yet).

The Company is still assessing the impact of the future amendments listed below on the Company's financial statements:

- Amendments to Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026, not endorsed by the EU yet );
- Nature-dependant electricity contracts, amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026, not endorsed by the EU yet ).



## 9. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in an underlying market at the measurement date or, if no market exists, in the most advantageous market to which the Company has access on that date. The fair value of liabilities reflects the risk of default.

In accordance with the Company's accounting policies and disclosure requirements, fair value is to be determined for financial and certain non-financial assets and liabilities.

In measuring the fair value of an asset or liability, the Company uses observable market data to the extent possible. Fair value is classified into different levels within the fair value hierarchy based on the inputs used in the measurement techniques:

- Level 1: quoted market prices (unadjusted) of identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: Input data on asset or liabilities other than based on observable market data (unobservable data).

If the input data used in the fair value measurement of

an asset or liabilities may be categorised into different levels of the fair value hierarchy, the fair value measurement is generally categorised into the level of the fair value hierarchy that includes the lowest level of input data that is significant to the entire measurement.

A reclassification between levels of the fair value hierarchy is recognised by the Company at the end of the reporting period in which it occurs.

For measurement and disclosure purposes, fair values were determined using the methods set out below. Where appropriate, more information about the assumptions made in determining fair value is disclosed in the notes to the financial statements for that asset or liabilities.

Level 1 includes cash and cash equivalents. Cash and cash equivalents are financial assets with maturities of 3 months or less. The Company considers the fair value of these financial assets to be consistent with their initial nominal value and carrying amount on any subsequent date.

The Company has no financial assets and liabilities that are included in Level 2.

Level 3 includes:

- Borrowings from credit institutions and lease liabilities;
- Accounts payable and receivable.

### 9.1 Borrowings from credit institutions and lease liabilities

Non-derivative financial liabilities are measured at fair value at the moment of initial recognition and, for disclosure purposes, at each reporting period end date. The fair value of financial liabilities determined for disclosure purposes with maturity period exceeding 6 months is calculated based on the present value of future principal amount and interest cash flows discounted by the market interest rate on the measurement date. The Company's borrowings comprise fixed and variable rate components and it assesses changes in the fixed portion of the bank borrowing rate each year in line with market conditions. The borrowing rate is assumed to be close to the market rate on all the balance sheet dates presented.

For lease liabilities, the market interest rate is determined by using the interest rate on comparable borrowings. For financial liabilities with a shorter term, their value at initial recognition and subsequent carrying amount are assumed as the approximate fair value because the effect of discounting is considered immaterial.

### 9.2 Accounts payable and receivable

Due date of trade receivables, amounts due from affiliated companies, other debtors, other financial assets, trade payables, amounts due to affiliated companies, and other financial liabilities is generally six months or



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less, therefore, the Company considers the fair values of these financial assets and liabilities are consistent with their initial nominal value and carrying amounts on any subsequent date.

## 10. FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to various financial risks: market risks, credit risk and liquidity and cash flow risk. The Company's management is focused on minimising the potential negative effect of these risks on its financial results. As a part of its financial risk management, the Company uses financial risk controls and hedging measures to reduce its open-to-risk positions.

This note presents information on the Company's exposure to each of the above risks, the Company's objectives, policies and processes for assessing and managing risks and the Company's principles for managing financial risks and capital. Further quantitative information is included later in these financial statements.

### Risk management structure

The Company's management is responsible for establishing and monitoring the Company's risk management structure. In order to achieve the Company's risk management objectives, risk management is integrated into the Company's core business and governance. Risk management is the process of identifying, assessing and managing the risks inherent in the Company,

the occurrence of which could hinder or jeopardise the achievement of its objectives.

The Company is improving its risk management processes, including its Risk Management Policy, other internal regulations and their application in practice, in order to be more successful in a changing business environment and to ensure safe service delivery. The objective of the Company's risk management is to identify and manage the Company's most significant risks in a timely manner to ensure the achievement of strategic objectives and to minimise potential losses and other damage.

The Company's most significant financial instruments are financial assets - trade and other receivables - and financial liabilities - borrowings, lease liabilities, trade and other payables. The Company's activities expose it to various financial risks, including credit, liquidity and interest rate risks.

### Market risk

The risk of price changes may have a negative impact on the Company's financial performance, as a result of which the need for tariff changes is regularly assessed on the basis of raw material/service cost increases. Indexation clauses are included in contracts for the purchase of services and goods. The cost of electricity, which is fixed once a year, has a significant impact.

### Credit risk

Financial assets that potentially expose the Company

to a degree of concentration of credit risk are mainly cash and trade receivables. A significant share of net turnover applies to one particular customer, accounting for up to 28% of sales. The Company's management has mitigated the negative impact of potential financial risks on the Company's financial position by implementing a set of control and analysis measures. The Company has developed an internal procedure for the monitoring of receivables, setting out individualised measures for the monitoring of receivables by customer group, including taking into account the risks of credit risk concentration.

The Company's debtors are adequately monitored. Trade receivables are stated at the recoverable amount and the Company regularly monitors the payment behaviour of its debtors. The basic services provided by the Company are largely essential services for customers and in case of non-payment the Company has the option not to provide the service.

The Company's counterparties in cash transactions are financial institutions with an appropriate credit history.

As of 1 October 2015, the laws and regulations provide for the option for the owners of multi-apartment houses to pay for the water management services provided to the house without the intermediary of a manager, by paying directly to the service provider. The company must provide direct payments for services. In 2024, direct payments were used by customers in 28 apartments (one site).



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### *Liquidity and cash flow risk*

The Company's management analyses the maturity structure of assets and liabilities to prevent liquidity risk. The Company's management monitors liquidity risk by ensuring timely availability of funding. The objective of the Company is to maintain cash balances or to provide available and unused credit funds according to the investment plan. Project timelines, current expenditure, credit limits and cash balances in the accounts are regularly assessed to meet the foreseeable commitments and offset cash flow fluctuations.

During the reporting period, part of the loan amounting to EUR 10 million was received from the European Investment Bank. Agreement with the European Investment Bank was signed on 16 June 2022 for the total amount of EUR 60 million, of which EUR 52 million were attracted at the end of the reporting period.

On 27 September 2024, a new agreement was signed with the JSC (AS) Swedbank to attract a long-term loan of EUR 15 million, of which an EUR 8 million loan was attracted during the reporting period.

Balance of the outstanding principal amount of borrowings from credit institutions at 31 December 2024 was EUR 68.09 million. Annex 26 to the Report provides information on the structure of borrowings by repayment period.

Cash balances as at 31 December 2024 (cash and short-term deposits of up to one month) amounted to EUR 12.73 million. As regards cash balances, financial assets are balanced by placing them in short-term deposits or receiving interest income on account balances, diversifying account balances in various commercial banks.

The Company has provided sufficient availability of cash and cash equivalents and long-term and short-term borrowings through sufficient credit facilities to meet existing and foreseeable liabilities and to offset fluctuations in cash flows due to various financial risks. The management of the Company is of the opinion that it will not have liquidity problems, that it will settle its creditors within the agreed time limits and that it will have sufficient cash resources to avoid compromising the liquidity.

### *Interest rate risk*

Interest rate risk arises mainly from borrowings at floating interest rates, with the risk of a significant increase in financing costs due to rising interest rates. To hedge such a risk, the Company maintains a balanced portfolio of fixed and floating rate borrowings, thereby reducing the risks associated with significant future interest rate fluctuations.

45% of the outstanding borrowings as at 31 December

2024 were fixed-rate borrowings, while 55% were floating-rate borrowings. The interest rate fixing period for interest rates is 5 years.

### **Capital management**

The Company is owned by the Riga State City Municipality (100%). The objective of capital risk management is to ensure the sustainable operation and development of the Company, the financing necessary for the implementation of the medium- and long-term strategy, and fulfilment of the restrictive conditions set out in the loan agreements.

During the reporting period, the restrictive conditions in the loan agreements were not breached. Regular analysis of financial performance is carried out to ensure that the restrictive conditions stipulated in the loan agreements are met.



## 11. REVENUE

	2024 EUR	2023 EUR
Income from water supply services	37 087 843	35 627 554
Income from sewer services	35 827 139	37 514 272
Revenue from construction services	1 642 516	731 935
Other revenue from contracts with customers	1 778 898	2 574 078
	<b>76 336 396</b>	<b>76 447 839</b>

All of the Company's revenue from contracts with customers is generated in Latvia.

Revenue from construction services consists of revenue from the provided water-pipe and sewerage branch construction services in the areas of Riga where water management infrastructure has been constructed by attracting also the Cohesion Fund co-financing.

### Assets and liabilities arising from contracts with customers

This table summarises contract balances, including receivables and contractual liabilities:

	31.12.2024. EUR	31.12.2023. EUR
Accounts receivable (gross) reported under "Debts from contracts with customers" (Annex 20)	10 376 750	9 569 530
Contractual Obligations (Annex 31)	(3 180 404)	(4 038 122)
	<b>7 196 346</b>	<b>5 531 408</b>



## 12. OTHER OPERATING REVENUE

	31.12.2024. EUR	31.12.2023. EUR
Amortisation of Cohesion project funding (Annex 30)	3 224 138	3 116 630
Sewage pollution surcharge	404 026	779 384
Net profit from disposal of fixed assets and non-current assets held for sale	89 882	29 640
Revenue from donations received (Annex 30)	211 065	216 284
Revenue from investment projects	244 692	198 661
Revenue from the performance security payments	258 523	-
Revenue from the construction and management of free taps	130 653	-
Lease income	89 817	116 377
Late payment and liquidated damages received	636 964	221 568
Revenue for water management services from previous periods	47 867	47 894
Changes in provisions for litigation and foreseeable liabilities for damage to third parties caused by accidents	16 240	-
Changes to right-of-use asset contracts	14 426	-
Decrease in provisions for cleaning up network repair sites	329 195	82 037
Reduction of provisions for advance payment recovery costs	356 543	-
Reduction in the provisions for production waste removal costs	94 920	114 592
Other revenue	276 614	391 886
	<b>6 425 565</b>	<b>5 314 953</b>

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### 13. RAW MATERIALS AND SUPPLIES

	2024 EUR	2023 EUR
Water supply and sewage network repair works	10 742 749	10 807 904
Electricity expenses	5 140 225	8 008 909
Equipment repair and maintenance	2 574 237	2 248 515
Costs of reagents	2 408 425	2 213 311
Immovable property maintenance costs	1 913 118	2 002 046
Sludge disposal expenses	1 941 214	1 613 864
Natural resource tax	1 004 099	1 025 580
Materials and low-value accessories	822 159	688 014
Natural gas costs	600 708	990 016
Fuel	544 271	513 334
Thermal energy costs	370 647	599 393
Vehicle maintenance	695 161	592 662
Replacement and verification of commercial meters	179 492	252 219
Other costs of raw materials and supplies	266 243	239 682
	<b>29 202 748</b>	<b>31 795 449</b>

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## 14. STAFF COSTS AND HEADCOUNT

	2024 EUR	2023 EUR
Remuneration for work	19 974 612	18 856 408
Mandatory state social insurance contributions	4 657 839	4 395 973
Staff health insurance and medical check-ups	477 087	391 274
Staff allowances	81 722	70 462
State duty of the business risk	3 320	3 326
	<b>25 194 580</b>	<b>23 717 443</b>
	2024 EUR	2023 EUR
Remuneration of the members of the Management Board included in staff costs:		
- remuneration for work	290 550	217 143
- mandatory state social insurance contributions	68 547	51 259
	<b>359 097</b>	<b>268 402</b>
Remuneration of members of the Supervisory Board included in staff costs:		
- remuneration for work	100 800	84 044
- mandatory state social insurance contributions	23 779	19 841
	<b>124 579</b>	<b>103 885</b>
Average number of persons employed by the Company during the reporting period:		
- Members of the Supervisory Board	3	3
- Members of the Management Board	3	2
- other staff	758	763
	<b>764</b>	<b>768</b>

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## 15. OTHER OPERATING EXPENSES

	2024 EUR	2023 EUR
Information technology expenses	762 049	627 232
Consultancy expenses	115 006	163 595
Training expenses	105 732	98 460
Provisions for recovery expenses of the advance payments paid	-	356 543
Property tax	177 573	183 280
State fee to the PUC	127 001	108 115
Communication and postal services	162 480	183 797
Economic organisational measures	110 916	79 730
Changes in provisions for litigation and foreseeable liabilities for damage to third parties caused by accidents	-	4 107
Provisions for inventories	62 772	11 633
Provisions for doubtful customers' debts	56 900	69 259
Bad debt write-off costs	86 129	67 556

	2024 EUR	2023 EUR
Business trips	59 050	40 094
Annual report audit and financial advisory expenses	26 250	25 000
Membership fees in Public organisations	26 086	22 759
Changes to right-of-use asset contracts	-	52 915
Public relations expenses	38 461	100 826
Third-party liability insurance	25 414	27 372
Labour protection expenses	20 653	19 781
Recruitment expenses	24 188	35 963
JWQC laboratory accreditation expenses	9 015	7 131
Legal services	13 350	168
Other costs	505 542	282 040
	<b>2 514 567</b>	<b>2 567 356</b>

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## 16. FINANCIAL REVENUE

	2024 EUR	2023 EUR
Interest income from banking services (deposits)	239 336	57 645
Interest revenue from LTA sublease	28	244
	<b>239 364</b>	<b>57 889</b>

## 17. FINANCIAL COSTS

	2024 EUR	2023 EUR
Interest costs to credit institutions	1 791 480	1 282 283
Bank charges	44 556	42 319
Interest costs on lease liabilities	31 519	11 902
Exchange rate losses	134	146
Fundraising costs	6 839	-
	<b>1 874 528</b>	<b>1 336 650</b>

## 18. INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND ASSETS OF RIGHT TO USE (LTA)

### (a) Intangible assets

Statement of intangible assets for 2024, EUR:

	Concessions, patents, licences, trademarks and similar rights
<b>Initial value</b>	
<b>31.12.2023</b>	<b>4 560 985</b>
Acquired	192 243
Excluded	(179 009)
<b>31.12.2024</b>	<b>4 574 219</b>
<b>Amortisation</b>	
<b>31.12.2023</b>	<b>3 774 521</b>
Calculated amortisation	224 353
Excluded	(179 009)
<b>31.12.2024</b>	<b>3 819 865</b>
<b>Book value 31.12.2023</b>	<b>786 464</b>
<b>Book value 31.12.2024</b>	<b>754 354</b>



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As at 31 December 2024, the Company uses in its financial accounting fully depreciated intangible assets with an initial acquisition value of EUR 1 655 097 (31.12.2023: EUR 1 837 546). Intangible assets are excluded from accounting only when they are no longer used or are sold.

**Statement of intangible assets for 2023, EUR:**

Initial value	Concessions, patents, licences, trademarks and similar rights
<b>31.12.2022</b>	<b>4 308 801</b>
Acquired	231 709
Reclassified from establishment of fixed assets	20 475
<b>31.12.2023</b>	<b>4 560 985</b>
Amortisation	
<b>31.12.2022</b>	<b>3 536 934</b>
Calculated amortisation	237 587
<b>31.12.2023</b>	<b>3 774 521</b>
<b>Book value 31.12.2022</b>	<b>771 867</b>
<b>Book value 31.12.2023</b>	<b>786 464</b>



**(b) Fixed assets****Statement of movement in fixed assets for 2024, EUR:**

	Land	Buildings and structures	Engineering structures (underground networks)	Investments in leased fixed assets	Technological equipment and devices	Other fixed assets	Creation of fixed assets	Advance payments	TOTAL
<b>Initial value:</b>									
<b>31.12.2023</b>	<b>17 454 203</b>	<b>141 368 905</b>	<b>363 701 297</b>	<b>1 114 082</b>	<b>49 025 591</b>	<b>14 861 853</b>	<b>16 098 227</b>	<b>2 454 332</b>	<b>606 078 490</b>
Acquired	187 248	830 234	2 706 274	-	1 525 035	2 435 069	26 853 131	1 733 533	<b>36 270 524</b>
% of borrowings capitalised	-	-	-	-	-	-	463 156	-	<b>463 156</b>
Excluded	-	(296 577)	(39 035)	-	(612 463)	(78 369)	-	(259 482)	<b>(1 285 926)</b>
Reclassified from establishment of fixed assets	-	2 936 351	23 588 955	-	1 112 156	-	(27 637 462)	-	-
Reclassified from advance payments	-	13 009	-	-	170 043	-	2 404 742	(2 587 794)	-
Capitalised depreciation	-	-	187 367	-	-	-	-	-	<b>187 367</b>
Increase in the value of assets due to revaluation	-	-	303 182 968	-	-	-	-	-	<b>303 182 968</b>
Reclassified	-	(76 802)	189 756	-	(120 355)	7 401	-	-	-
Reclassified to/from inventories	-	-	-	-	-	(740)	-	-	<b>(740)</b>
<b>31.12.2024</b>	<b>17 641 451</b>	<b>144 775 120</b>	<b>693 517 582</b>	<b>1 114 082</b>	<b>51 100 007</b>	<b>17 225 214</b>	<b>18 181 794</b>	<b>1 340 589</b>	<b>944 895 839</b>



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## Depreciation and impairment:

	Land	Buildings and structures	Engineering structures (underground networks)	Investments in leased fixed assets	Technological equipment and devices	Other fixed assets	Creation of fixed assets	Advance payments	TOTAL
Accumulated depreciation	-	89 563 480	147 801 208	799 666	33 294 868	9 246 293	-	-	280 705 515
Accumulated impairment	396 908	79 559	192 299	-	-	32 251	50 061	-	751 078
<b>Total 31.12.2023</b>	<b>396 908</b>	<b>89 643 039</b>	<b>147 993 507</b>	<b>799 666</b>	<b>33 294 868</b>	<b>9 278 544</b>	<b>50 061</b>	<b>-</b>	<b>281 456 593</b>
Calculated depreciation	-	6 251 577	31 567 987	170 765	2 774 895	1 313 078	-	-	42 078 302
Depreciation of excluded fixed assets	-	(297 300)	(24 305)	-	(582 470)	(77 289)	-	-	(981 364)
Capitalised depreciation	-	-	-	-	-	187 367	-	-	187 367
Reclassified	-	(9 620)	122 246	-	(119 944)	7 318	-	-	-
Reclassified from/to inventories	-	-	-	-	-	(740)	-	-	(740)
Transfer of provisions	-	(7 940)	(192 299)	-	-	89 912	-	-	(110 327)
Decrease in accumulated depreciation due to revaluation	-	-	(148 113 451)	-	-	-	-	-	(148 113 451)
Impairment of revalued assets (18(e))	-	-	82 000 000	-	-	-	-	-	82 000 000
<b>31.12.2024</b>	<b>396 908</b>	<b>95 579 756</b>	<b>113 353 685</b>	<b>970 431</b>	<b>35 367 349</b>	<b>10 798 190</b>	<b>50 061</b>	<b>-</b>	<b>256 516 380</b>
Including:									
Accumulated depreciation	-	95 508 137	31 353 685	970 431	35 367 349	10 676 027	-	-	173 875 629
Decrease in value	396 908	71 619	82 000 000	-	-	122 163	50 061	-	82 640 751
Residual carrying value:									
<b>31.12.2023</b>	<b>17 057 295</b>	<b>51 725 866</b>	<b>215 707 790</b>	<b>314 416</b>	<b>15 730 723</b>	<b>5 583 309</b>	<b>16 048 166</b>	<b>2 454 332</b>	<b>324 621 897</b>
<b>31.12.2024</b>	<b>17 244 543</b>	<b>49 195 364</b>	<b>580 163 897</b>	<b>143 651</b>	<b>15 732 658</b>	<b>6 427 024</b>	<b>18 131 733</b>	<b>1 340 589</b>	<b>688 379 459</b>



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As at 31 December 2024, the Company uses in its financial accounting fully depreciated fixed assets with an initial acquisition value of EUR 109 765 140 (31.12.2023: EUR 116 371 435). Fixed assets are excluded from accounting only when they are no longer used and are liquidated or sold. When no future economic benefits are expected from further use of an asset, provisions are made for the entire residual value of the asset.

The Company owns a total of 74 properties comprising land and buildings, of which 48 are unified properties comprising buildings and land, 9 are undeveloped land and 17 are properties with buildings (structures).

Revaluation of civil engineering structures conducted in the reporting year. See Annex 18(d).



## Statement of movement in fixed assets for 2023, EUR:

	Land	Buildings and structures	Investments in leased fixed assets	Technological equipment and devices	Other fixed assets	Creation of fixed assets	Advance payments	TOTAL
<b>Initial value:</b>								
<b>31.12.2022</b>	<b>17 462 382</b>	<b>448 186 476</b>	<b>1 114 082</b>	<b>39 556 107</b>	<b>11 552 128</b>	<b>48 368 631</b>	<b>4 207 455</b>	<b>570 447 261</b>
Acquired	1 700	1 303 040	-	1 810 173	2 909 341	26 060 275	4 036 115	36 120 644
% of borrowings capitalised	-	-	-	-	-	560 529	-	<b>560 529</b>
Excluded	(9 879)	(448 152)	-	(916 510)	(534 480)	-	(465 504)	<b>(2 374 525)</b>
Reclassified from establishment of fixed assets	-	55 535 469	-	8 544 390	7 227	(64 107 561)	-	<b>(20 475)</b>
Reclassified from advance payments	-	75 950	-	31 431	-	5 216 353	(5 323 734)	-
Reclassified from/to investment property	-	416 457	-	-	927 637	-	-	<b>1 344 094</b>
Reclassified to/from inventories	-	962	-	-	-	-	-	<b>962</b>
<b>31.12.2023</b>	<b>17 454 203</b>	<b>505 070 202</b>	<b>1 114 082</b>	<b>49 025 591</b>	<b>14 861 853</b>	<b>16 098 227</b>	<b>2 454 332</b>	<b>606 078 490</b>



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## Statement of movement in fixed assets for 2023, EUR:

	Land	Buildings and structures	Investments in leased fixed assets	Technological equipment and devices	Other fixed assets	Creation of fixed assets	Advance payments	TOTAL
<b>Depreciation and impairment:</b>								
Accumulated depreciation	-	226 801 806	628 883	31 780 583	7 787 155	-	-	266 998 427
Accumulated impairment	396 908	271 858	-	-	-	50 061	-	718 827
<b>Total 31.12.2022</b>	<b>396 908</b>	<b>227 073 664</b>	<b>628 883</b>	<b>31 780 583</b>	<b>7 787 155</b>	<b>50 061</b>		<b>267 717 254</b>
Calculated depreciation	-	10 660 126	170 783	2 406 074	1 194 527	-	-	14 431 510
Depreciation of excluded fixed assets	-	(402 703)	-	(891 789)	(504 530)	-	-	(1 799 022)
Reclassified to/from inventories	-	609	-	-	-	-	-	609
Reclassified from/to investment property	-	304 850	-	-	769 141	-	-	1 073 991
Transfer of provisions	-	-	-	-	32 251	-	-	32 251
<b>31.12.2023</b>	<b>396 908</b>	<b>237 636 546</b>	<b>799 666</b>	<b>33 294 868</b>	<b>9 278 544</b>	<b>50 061</b>	-	<b>281 456 593</b>
<b>Including:</b>								
Accumulated depreciation	-	237 364 688	799 666	33 294 868	9 246 293	-	-	280 705 515
Decrease in value	396 908	271 858	-	-	32 251	50 061	-	751 078
<b>Residual carrying value:</b>								
<b>31.12.2022</b>	<b>17 065 474</b>	<b>221 112 812</b>	<b>485 199</b>	<b>7 775 524</b>	<b>3 764 973</b>	<b>48 318 570</b>	<b>4 207 455</b>	<b>302 730 007</b>
<b>31.12.2023</b>	<b>17 057 295</b>	<b>267 433 656</b>	<b>314 416</b>	<b>15 730 723</b>	<b>5 583 309</b>	<b>16 048 166</b>	<b>2 454 332</b>	<b>324 621 897</b>



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**(c) Right-of-use assets****Movement of right-of-use assets in 2024, EUR**

	Right to use:	Land	Buildings	Other assets	TOTAL
<b>Initial value:</b>	<b>31.12.2023</b>	<b>517 805</b>	<b>307 348</b>	<b>288 732</b>	<b>1 113 885</b>
Acquired		434 515	116 141	-	550 656
Excluded		(304 080)	(249 728)	-	(553 808)
	<b>31.12.2024</b>	<b>648 240</b>	<b>173 761</b>	<b>288 732</b>	<b>1 110 733</b>
<b>Accumulated depreciation:</b>	<b>31.12.2023</b>	<b>226 645</b>	<b>230 993</b>	<b>114 875</b>	<b>572 513</b>
Calculated depreciation		56 468	38 765	91 583	186 816
Excluded		(222 618)	(201 694)	-	(424 312)
	<b>31.12.2024</b>	<b>60 495</b>	<b>68 064</b>	<b>206 458</b>	<b>335 017</b>
<b>Residual carrying value:</b>	<b>31.12.2023</b>	<b>291 160</b>	<b>76 355</b>	<b>173 857</b>	<b>541 372</b>
	<b>31.12.2024</b>	<b>587 745</b>	<b>105 697</b>	<b>82 274</b>	<b>775 716</b>

**Movement of right-of-use assets in 2023:**

	Right to use:	Land	Buildings	Other assets	TOTAL
<b>Initial value:</b>	<b>31.12.2022</b>	<b>474 290</b>	<b>384 960</b>	<b>276 449</b>	<b>1 135 699</b>
Acquired		43 515	-	12 283	55 798
Excluded		-	(77 612)	-	(77 612)
	<b>31.12.2023</b>	<b>517 805</b>	<b>307 348</b>	<b>288 732</b>	<b>1 113 885</b>
<b>Accumulated depreciation:</b>	<b>31.12.2022</b>	<b>166 714</b>	<b>180 078</b>	<b>27 543</b>	<b>374 335</b>
Calculated depreciation		59 931	54 120	87 332	201 383
Excluded		-	(3 205)	-	(3 205)
	<b>31.12.2023</b>	<b>226 645</b>	<b>230 993</b>	<b>114 875</b>	<b>572 513</b>
<b>Residual carrying value:</b>	<b>31.12.2022</b>	<b>307 576</b>	<b>204 882</b>	<b>248 906</b>	<b>761 364</b>
	<b>31.12.2023</b>	<b>291 160</b>	<b>76 355</b>	<b>173 857</b>	<b>541 372</b>





### (d) Revaluation of fixed assets

In 2024, the Company's civil engineering structures were revalued. The revaluation effect of EUR 451 296 418 is included in the long-term asset revaluation reserve (Annex 25).

The revalued values of the civil engineering structures are as at 1 January 2024. The revaluation was carried out by an independent, licensed expert. The replacement cost method was used in the valuation. The appraiser determined the costs of creating a new facility and then, applying depreciation (50 years), determined the replacement value of the existing facilities by setting the scrap value in the amount of the last year's depreciation.

Fixed assets were revalued in 5 groups: hydrants, gate valves, sewage wells, water supply and sewage networks. For each group, the appraiser identified the main characteristics affecting value: length, diameter, hierarchy, operational status, type, material and other. Information on the sites was taken from the GIS system maintained by the Company. The GIS system records for each object the material, location, length in metres and year of creation.

The valuation model is based on the replacement cost of each asset. The appraiser selected as the main source of actual cost data the Company's actual accounting data for the period 2020 -2023.

The calculation methodology provides for the following:

- - To determine the average replacement costs for each fixed asset group;
- To differentiate certain costs according to the above influencing factors in each group;
- To determine depreciation, taking into account physical and functional deterioration as well as the effects of external factors.

The valuation assumes that there are no special conditions or defects that would depreciate the assets being valued.

The revaluation resulted in the recognition of an increase of EUR 451 million, of which EUR 148 million was attributed to accumulated depreciation and EUR 303 million was attributed to the acquisition value of assets (see Annex 18(b)). The long-term asset revaluation reserve initially recognised in the reporting year has been reduced by the revaluation portion of the assets excluded, as well as the depreciation portion of the revalued assets. Please see also Annex 18(e).



Carrying amounts of the revalued classes of fixed assets compared to account at cost of acquisition, EUR, are as follows:

<b>Revalued value, 31.12.2024</b>	
<b>Engineering structures (underground networks)</b>	
Revalued amount (after reduction of recoverable amount)	841 631 033
Accumulated depreciation and impairment	(261 467 136)
<b>Residual carrying value</b>	<b>580 163 897</b>
<b>Acquisition value 31.12.2024</b>	
Initial value	390 342 751
Accumulated depreciation and impairment	(152 809 343)
<b>Residual carrying value</b>	<b>237 533 408</b>
<b>31.12.2024</b>	
<b>Residual carrying value, long-term asset revaluation reserve</b>	<b>342 630 489</b>

### (e) Impairment of long-term assets

The Company has performed a recoverable amount test for property, plant and equipment as at 31 December 2024. Calculation was made by using discounted cash flow. Defined as cash-generating unit was all of the Company's property, plant and equipment as a single unit. The recoverable amount has been determined as the sum of the discounted cash flows with the EU funding received for the creation of the assets accounted as next period income.

The calculation has been made for a period spanning 100 years (the period over which the assets could theoretically be used).

The discount rate used in the calculation is 4.87%, calculated taking into account the rate of return on capital set by the PUC, the financing rate actually available to the Company and the fact that the water management sector has lower discount rates than other companies.

The calculation is based on EBITDA determined on the basis of the Company's historical performance, budget, long-term strategy and forecast, including by taking into account changes in the EBITDA expected after including the impact of revaluation results and future replacement capital expenditure (CAPEX) in the tariff calculation.

	31.12.2024, mln EUR
Residual value of fixed assets	770,38
<i>Less next period income</i>	(89,36)
<b>Value subject to the recoverable amount test</b>	<b>681,02</b>
Discounted future cash flows	599,44
<b>Accumulated value (impaired)</b>	<b>(81,58)</b>

In addition to the discounted cash flow calculation, the Company's management has estimated that the increase in the value of non-current assets recognised as a result of the revaluation, which is not included in the tariff calculation under current regulations, net of the EU funding received for asset creation, is approximately 81.6 million EUR.

Consequently, the result of the calculations as rounded off and an impairment of revalued non-current assets of EUR 82 million has been recognised in the 2024 financial data.

The estimated recoverable amount is a significant estimate, and any adverse change in the assumptions used in the calculation will result in an additional reduction in the recoverable amount.



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Additional reduction in recoverable amount due to negative change in assumptions:	31.12.2024, mln EUR
0.5 percentage point increase in the discount rate	(47)
EBITDA down by EUR 2 million per year from 2026	(37)
Reduction of the calculation period to 50 years	(52)

#### (f) Depreciation and amortisation of long-term assets

	2024 EUR	2023 EUR
Amortisation of intangible assets	224 353	237 587
Depreciation of fixed assets	42 078 302	14 431 508
Depreciation the right of use asset	186 816	201 383
	<b>42 489 471</b>	<b>14 870 478</b>

## 19. INVENTORIES

Raw materials, basic materials and consumables:	31.12.2024 EUR	31.12.2023 EUR
Raw materials and supplementary materials	1 679 224	1 799 993
Reagents	464 449	797 694
Spare parts		775 357
Fuel	31 967	30 593
Provisions for inventory value write-downs	(368 275)	(305 663)
	<b>2 628 389</b>	<b>3 097 974</b>

The impairment of inventory provisions consists mainly of provisions made by assessing the inventory circulation intensity for specific infrastructure elements and spare parts.

## 20. RECEIVABLES FROM CONTRACTS WITH CUSTOMERS

	31.12.2024 EUR	31.12.2023 EUR
Carrying amount of trade receivables	10 376 750	9 569 530
Portfolio provisions for doubtful trade receivables (ECL)	(638 377)	(578 907)
	<b>9 738 373</b>	<b>8 990 623</b>

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Movement in provisions:	2024	2023
Provisions at the beginning of the year	578 907	517 237
Additional provisions made	489 502	378 249
Cancelled because recovered	(419 447)	(276 263)
Written off as irrecoverable	(10 585)	(40 316)
<b>Provisions at the end of the year</b>	<b>638 377</b>	<b>578 907</b>

Impairment losses are shown in profit or loss statement item  
Other operating costs.

### Impairment analysis as at 31 December 2024 for operating activities (including receivables from related companies):

Trade receivables	Debtors as at 31.12.2024	ECL rate	General provisions	Net debts
Not overdue	7 470 821	0.17%	12 515	7 458 306
Overdue 1-30 days	1 623 737	0.68%	10 969	1 612 768
Overdue 31-60 days	369 716	3.75%	13 880	355 836
Overdue 61-90 days	170 074	11.31%	19 235	150 839
Overdue 91-120 days	76 917	24.11%	18 547	58 370
Overdue 121-150 days	65 287	35.62%	23 256	42 031
Overdue 151-180 days	53 977	47.27%	25 517	28 460
Overdue 181-210 days	30 710	56.30%	17 291	13 419
Overdue 211-240 days	24 544	64.53%	15 838	8 706
Overdue 241-270 days	27 898	74.99%	20 921	6 977
Overdue 271-300 days	11 976	85.25%	10 209	1 767
Overdue 301-330 days	12 381	92.78%	11 487	894
Overdue > 331 days	438 712	100%	438 712	-
<b>TOTAL</b>	<b>10 376 750</b>		<b>638 377</b>	<b>9 738 373</b>



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**Impairment analysis as at 31 December 2023 for operating activities (including receivables from related companies):**

<b>Trade receivables</b>	<b>Debtors as at 31.12.2023</b>	<b>ECL rate</b>	<b>General provisions</b>	<b>Net debts</b>
Not overdue	6 894 573	0.20%	13 746	6 880 827
Overdue 1-30 days	1 640 894	0.95%	15 605	1 625 289
Overdue 31-60 days	305 260	7.45%	22 756	282 504
Overdue 61-90 days	131 669	18.87%	24 843	106 826
Overdue 91-120 days	61 937	32.68%	20 243	41 694
Overdue 121-150 days	35 107	43.32%	15 209	19 898
Overdue 151-180 days	24 442	51.03%	12 473	11 969
Overdue 181-210 days	18 827	58.89%	11 087	7 740
Overdue 211-240 days	15 583	69.81%	10 879	4 704
Overdue 241-270 days	12 985	77.44%	10 056	2 929
Overdue 271-300 days	16 931	84.45%	14 298	2 633
Overdue 301-330 days	37 638	90.41%	34 028	3 610
Overdue > 331 days	373 684	100%	373 684	-
<b>TOTAL</b>	<b>9 569 530</b>		<b>578 907</b>	<b>8 990 623</b>



## 21. OTHER RECEIVABLES

	31.12.2024 EUR	31.12.2023 EUR
Debtors from sublease agreements	-	366
<b>Long-term part</b>	<b>-</b>	<b>366</b>
Other receivables	880 270	807 440
Accrued revenue	619 146	8 597
Cohesion Fund co-financing*	-	992 905
Debtors from sublease agreements	422	438
Provisions for other doubtful debts (ECL)	(297 557)	(300 127)
<b>Short-term part</b>	<b>1 202 281</b>	<b>1 509 253</b>
	<b>1 202 281</b>	<b>1 509 619</b>

\* Final payment within the framework of the project No. 5.3.1.0/18/l/002 "Water Management Development in Riga, Phase 5", co-financed by the Cohesion Fund.

	2024 EUR	2023 EUR
<b>Movement in provisions:</b>		
Provisions at the beginning of the year	300 127	292 539
Additional provisions made	-	10 626
Reduced	(2 158)	-
Cancelled because recovered	(390)	(5)
Written off as irrecoverable	(22)	(3 033)
<b>Provisions at the end of the year</b>	<b>297 557</b>	<b>300 127</b>

Impairment losses are shown in profit or loss statement item  
Other operating costs.

### Impairment analysis as at 31 December 2024 other operations:

Other receivables	Debtors as at 31.12.2024	ECL rate	General provisions	Net debts
Not overdue	560 556	0.18%	986	559 570
Overdue 1-30 days	8 526	4.75%	405	8 121
Overdue 31-60 days	555	12.18%	68	487
Overdue 61-90 days	151	23.40%	35	116
Overdue 91-150 days	2 350	24.17%	568	1 782
Overdue 151-300 days	264	35.95%	95	169
Overdue 301-360 days	199	49.11%	98	101
Overdue > 361 days	295 302	100.00%	295 302	-
<b>TOTAL</b>	<b>867 903</b>		<b>297 557</b>	<b>570 346</b>



Impairment analysis as at 31 December 2023 other operations:

Other receivables	Debtors as at 31.12.2023	ECL rate	General provisions	Net debts
Not overdue	428 480	0.24%	1 028	427 452
Overdue 1-30 days	23 949	4.62%	1 105	22 844
Overdue 31-60 days	21 634	6.74%	1 457	20 177
Overdue 61-120 days	20 403	7.31%	1 492	18 911
Overdue 121-210 days	468	7.31%	34	434
Overdue 211-240 days	35	7.31%	3	32
Overdue 241-270 days	1 895	7.31%	139	1 756
Overdue 271-360 days	168	7.31%	12	156
Overdue > 361 days	294 857	100.00%	294 857	-
<b>TOTAL</b>	<b>791 889</b>		<b>300 127</b>	<b>491 762</b>

## 22. CASH AND CASH EQUIVALENTS

	31.12.2024 EUR	31.12.2023 EUR
Overnight deposits*	8 787 275	12 101 435
Cash at banks, EUR	3 938 190	6 716 707
Cash in the Treasury account - for Cohesion phase 6**	-	106 297
	<b>12 725 465</b>	<b>18 924 439</b>

\* Deposits consist of cash balances placed in short-term overnight deposits.

\*\* Balance in the Treasury account consists of the Cohesion Fund co-financing received. In accordance with the Company's internal procedures, funds in the Treasury account shall be used only for the settlements in transactions of the project co-financed by the Cohesion Fund to the extent of eligible costs.

## The Company's cash balances in banks according to the credit ratings issued by the Moody's agency:

CREDIT RATING	31.12.2024 EUR	31.12.2023 EUR
A3	-	1 902 642
A2	1 021 045	-
Aa3	10 826 884	16 025 182
Baa1	877 536	-
Baa2	-	996 615
	<b>12 725 465</b>	<b>18 924 439</b>



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## 23. NON-CURRENT ASSETS HELD FOR SALE

	31.12.2024 EUR	31.12.2023 EUR
Long-term assets held for sale	666 413	666 413
Impairment provision	(135 168)	(135 168)
	<b>531 245</b>	<b>531 245</b>

Long-term assets held for sale include lands and buildings. Information on movements and impairment of long-term assets held for sale is as follows:

	2024 EUR	2023 EUR
Carrying amount at the beginning of the period	666 413	666 413
Losses on value write-offs at the beginning of the period	(135 168)	(135 168)
<b>Net value at the beginning of period</b>	<b>531 245</b>	<b>531 245</b>

Disposed during the period, net	-	-
Carrying amount at the end of the period	666 413	666 413
Value write-off losses at the end of the period	(135 168)	(135 168)
<b>Net value at the end of the period</b>	<b>531 245</b>	<b>531 245</b>

Impact on separate comprehensive income statement of the as a result of disposal of non-current assets held for sale is profit in the amount of EUR 0 (2023: 0 EUR).

## 24. SHARE CAPITAL

The Company's authorised and fully paid-up fixed capital as at 31 December 2024 is EUR 127 686 123 divided into 127 686 123 shares with a nominal value of EUR 1 per each.

	Number of capital shares	Value of capital shares, EUR
31 December 2022	127 586 633	127 586 633
Changes in fixed capital in 2023	1 700	1 700
31 December 2023	127 588 333	127 588 333
Changes in fixed capital in 2024	97 790	97 790
31 December 2024	127 686 123	127 686 123

In 2024, the Company's fixed capital was increased by a material contribution.



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## 25. LONG-TERM ASSET REVALUATION RESERVE

	31.12.2024 EUR	31.12.2023 EUR
Revaluation of non-current assets (Annex 18(d))	451 296 418	-
Impairment of revalued assets (Annex 18(e))	(82 000 000)	-
Exclusion of revaluation reserve	(5 054)	-
Depreciation of revaluation reserve	(26 660 875)	-
	<b>342 630 489</b>	-

Revaluation reserve is a non-cash reserve built to reflect the revalued amount of an asset which would be approximated to the fair value of the asset. The revaluation reserve for non-current assets is the difference between the revalued value and the carrying value of the asset. The revaluation reserve may not be distributed as dividends, invested in fixed capital, used to cover losses, included in other reserves or used for any other purpose. Information on the revaluation of non-current assets is provided in Annex 7.3 and Annex 18(d).



## 26. BORROWINGS FROM CREDIT INSTITUTIONS

	31.12.2024 EUR	31.12.2023 EUR
EIB loan with a repayment term of 2-5 years *		11 010 753
EIB loan with a repayment term after 5 years*		26 903 226
Loan from Swedbank JSC with a repayment period of 2-5 years **	17 971 286	12 222 222
<b>Long-term part</b>	<b>62 442 922</b>	<b>50 136 201</b>
Borrowing from EIB – short-term part *	3 442 342	2 752 688
Borrowing from Swedbank JSC – short-term part **	2 205 993	1 666 667
Accrued interest	285 610	181 590
<b>Short-term part</b>	<b>5 933 945</b>	<b>4 600 945</b>
	<b>68 376 867</b>	<b>54 737 146</b>

On 27 September 2024, a new agreement was signed with the JSC (AS) “Swedbank” to attract a long-term loan of EUR 15 million, of which loan in the amount of EUR 8 million was attracted during the reporting period. The borrowing schedule is based on a 15-year amortisation method, and the outstanding balance is due on the last repayment date in September 2029. The loan balance at the end of the reporting period was EUR 7 955 057.

89.1% of the long-term borrowings from the JSC (AS) “Swedbank” are due within 2-5 years.

Additional funding in the amount of EUR 7 million is available under the Agreement, planned to be attracted in the 2nd half of 2025.

In addition, on 25 September 2024, the Company entered into an agreement with OP Corporate Bank plc branch in Latvia for a credit line of EUR 5 million. At the end of the reporting year, the credit line had not been used.

The Company’s existing loan agreements do not require collateral, however, the agreements impose certain restrictions and require compliance with certain financial indicators. Also, the agreements impose certain restrictions on transactions that require the bank’s prior written consent (including certain profit-sharing limits, reduction of share capital, pledging of assets, etc.). All the financial indicators and restrictions have been complied with in the reporting year and at end thereof.

\*on 16 June 2022, the Company signed a long-term loan agreement with the European Investment Bank (EIB) for a loan of EUR 60 million. The loan can be withdrawn in parts and the repayment period and interest rates for each part of the loan are determined individually. At the end of the reporting period, the principal balance of the loan amounted to EUR 47 913 978, of which 64.1% is due in 5 years. Additional funding in the amount of EUR 8 million is available under the Agreement, planned to be attracted in the 1st half of 2025.

\*\* On 6 April 2022, the Company entered into a loan agreement with the JSC (AS) “Swedbank” with the repayment term until 6 April 2027 for EUR 15 million. The purpose of the loan was to refinance the loan and make investments in the rehabilitation and development of the infrastructure for the provision of public water management services. The loan is due according to a schedule starting from the thirteenth month after the conclusion of the loan agreement and the schedule is based on a 10-year amortisation method. The outstanding balance under the schedule is due on the last repayment date in April 2027. The loan balance at the end of the reporting period was EUR 12 222 222.



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## 27. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in the liabilities arising from financing activities can be reflected as follows:

2024	Borrowings EUR	Lease liabilities EUR	Total liabilities arising from financing activities EUR
<b>Liabilities from financing activities 01.01.2024</b>	<b>54 737 146</b>	<b>592 966</b>	<b>55 330 112</b>
Cash flow	(4 464 299)	(324 811)	(4 789 110)
Impact of new contracts	18 000 000	550 656	18 550 656
Estimated interest expenses (incl. capitalised)	2 255 983	31 519	2 287 502
Interest paid	(2 151 963)	(31 519)	(2 183 482)
<b>Liabilities from financing activities 31.12.2024</b>	<b>68 376 867</b>	<b>818 811</b>	<b>69 195 678</b>
Including:			
Up to one year	5 933 946	195 868	6 129 814
2 to 5 years	31 740 655	52 232	31 792 887
Over 5 years	30 702 266	570 711	31 272 977

2023	Borrowings EUR	Lease liabilities EUR	Total liabilities arising from financing activities EUR
<b>Liabilities from financing activities 01.01.2023</b>	<b>51 301 804</b>	<b>797 101</b>	<b>52 098 905</b>
Cash flow	(18 666 667)	(259 933)	(18 926 600)
Impact of new contracts	22 000 000	55 798	22 055 798
Estimated interest expenses (incl. capitalised)	1 842 813	11 901	1 854 714
Interest paid	(1 740 804)	(11 901)	(1 752 705)
<b>Liabilities from financing activities 31.12.2023</b>	<b>54 737 146</b>	<b>592 966</b>	<b>55 330 112</b>
Including:			
Up to one year	4 600 945	234 064	4 835 009
2 to 5 years	23 232 975	201 331	23 433 872
Over 5 years	26 903 226	157 571	27 061 231



## 28. LEASE AGREEMENTS

Lease-related costs recognised in the comprehensive income statement:	2024 EUR	2023 EUR
Interest costs	31 519	11 901
Short-term lease costs, exempt from asset and liability recognition	14 258	19 609
<b>Total cash flow from lease transactions</b>	<b>2024 EUR</b>	<b>2023 EUR</b>
Principal amount of the lease	(340 345)	(231 406)
Changes to lease agreements	15 534	(28 527)
<b>Lease payments in the cash flow statement</b>	<b>(324 811)</b>	<b>(259 933)</b>
Interest	(31 519)	(11 901)
<b>Total cash flow from lease transactions</b>	<b>(356 330)</b>	<b>(271 834)</b>

### Analysis of the maturity of undiscounted lease liability payments:

	31.12.2024	31.12.2023
1	173 358	225 974
2	88 682	195 518
3	84 699	28 352
4	70 701	24 363
5	69 674	10 304
More than 5 years	515 420	144 710
	<b>1 002 534</b>	<b>629 221</b>

The Company has recognised lease liabilities for a total of 22 lease agreements, including:

- 1 space lease agreement with a remaining term of 1 to 5 years, discount rate applied 0.698% to 1 space lease agreement from 1 to 5 years, discount rate applied 4.112%;
- concluded land and space lease agreement with a term of more than 5 years, discount rate applied 4.212%;
- concluded 2 land lease agreements with a term of up to 5 years, discount rate applied 4.385%;
- 8 land lease agreements with a term of 1 to 40 years, discount rate applied 0.698%;
- 1 land lease agreement with a term over 5 years, discount rate applied 2.754%;
- 3 land lease agreements with a term up to 5 years, discount rate applied 4.112%;
- 1 land lease agreement with a term up to 40 years, discount rate applied 4.112%;
- 3 car lease agreements with a remaining term of up to 1 year, discount rate applied 1.748%, 1 car lease agreement with a remaining term of up to 1 year, discount rate applied 4.483%.



## 29. LEASE LIABILITIES

	31.12.2024	31.12.2023
Lease liabilities, incl.		
space and land lease	622 943	279 884
car lease	-	79 018
<b>Long-term part</b>	<b>622 943</b>	<b>358 902</b>
space and land lease	112 826	134 842
car lease	83 042	99 222
<b>Short-term part</b>	<b>195 868</b>	<b>234 064</b>
	<b>818 811</b>	<b>592 966</b>

## 30. NEXT PERIOD INCOME

	Balance 31.12.2024	Received in 2024	Included in revenue in 2024 (Annex 12)	Balance 31.12.2023
Cohesion Fund co-financing*	71 582 381	1 010 392	(3 224 138)	73 796 127
Value of fixed assets received from Latvian persons without consideration**	6 062 965	-	(211 065)	6 274 030
Other next period income***	11 714 703	2 041 235	(258 280)	9 931 748
	<b>89 360 049</b>	<b>3 051 627</b>	<b>(3 693 483)</b>	<b>90 001 905</b>
Including:				
- short-term part	3 711 722			3 728 018
- long-term part	85 648 327			86 273 887
Comparative information for the previous year	<b>Balance 31.12.2023</b>	<b>Received in 2023</b>	<b>Included in revenue in 2023 (Annex 12)</b>	<b>Balance 31.12.2022</b>
Cohesion Fund co-financing*	73 796 127	10 296 032	(3 116 631)	66 616 726
Value of fixed assets received from Latvian persons without consideration**	6 274 030	-	(215 368)	6 489 398
Fixed assets received from abroad without consideration	-	-	(915)	915
Other next period income***	9 931 748	1 781 509	(201 239)	8 351 478
	<b>90 001 905</b>	<b>12 077 541</b>	<b>(3 534 153)</b>	<b>81 458 517</b>
Including:				
- short-term part	3 728 018			3 393 267
- long-term part	86 273 887			78 065 250



\* Information on funding received from Cohesion Fund:

Purpose of the funding	Period of receipt	Amount received	Year of fulfilment of conditions	Amount in the balance sheet 31.12.2024
1) Cohesion Fund co-financing, phase 2 (ISPA)	2004-2006	20 702 530	2012	9 904 553
2) Cohesion Fund co-financing, phase 3	2007-2010	58 838 450	2015	34 694 957
3) Cohesion Fund co-financing, phase 4	2011-2016	20 620 150	2024/2025	16 176 733
4) Cohesion Fund co-financing, phase 5	2020-2023	9 929 051	2028	9 449 318
5) Cohesion Fund co-financing, phase 6	2022-2024	1 377 373	2028	1 356 820
				<b>71 582 381</b>

#### **Cohesion Fund co-financing, phase 4:**

On 14 March 2023, the Ministry of Environmental Protection and Regional Development and Riga City Council signed Agreement No. 5 within the framework of the civil contract for implementation of the major project "Water Management Development in Riga, phase 4" No. 3DP/3.5.1.1.0/10/IPIA/VIDM/027 (CCI2012LV161PR001), extending the achievement of the project objectives and results until 15 April 2024. In 2024, this time limit was extended by one year to 15 April 2025.

On 27 February 2025, a letter from the Ministry of Smart Administration and Regional Development "On the

achievement of indicators of the project co-financed by the Cohesion Fund of the European Union" was received, stating that, taking into account a general assessment of the factors in conjunction with the information provided in the letter of the LLC "Rīgas ūdens" on the achievement of the performance indicators of the project and the activities carried out by the LLC "Rīgas ūdens" during the follow-up period, it should be prima facie concluded that the MEPRD as the responsible authority could not identify a non-compliance with financial impact. The MEPRD as the responsible authority is currently carrying out a detailed verification and assessment process, the

outcome of which will be communicated to the LLC "Rīgas ūdens" separately. Management of the Company considers that there are no significant risks of non-performance of the agreement. See also Annex 38.

#### **Cohesion Fund co-funding, Phases 5 and 6:**

On 18 January 2024, AMENDMENTS No. 2 to the Contract No. 5.3.1.0/18/1/002 were concluded with the Central Finance and Contracting Agency, amending the Contract No. 5.3.1.0/18/1/002 "Development of Water Management in Riga, Phase 5" dated 1 August 2018, adding Clause 71 to the Contract as follows: "71 The Beneficiary shall achieve the value of the contractual outcome indicator "Increase in the number of residents served by improved wastewater treatment systems" in accordance with the procedures laid down in the Guidelines on the calculation of reimbursable assistance or shall achieve the proportion of the residents with connections to centralised wastewater management services that meet the requirements of the laws and regulations, while meeting the requirement to ensure that the value of the outcome indicator is at least 65 percent of the value planned for the project during the post-monitoring period, but no later than by 31 December 2028."

On 18 January 2024, AMENDMENTS No. 1 to the Contract No. 5.3.1.0/20/1/001 were concluded with the Central Finance and Contracting Agency, amending the Contract No. 5.3.1.0/20/1/001 "Development of Water Management in Riga, Phase 6" dated 18 March 2021: (i)



by expressing Clause 1 as follows: "Duration of the implementation of project activities after the conclusion of the contract is 44 months, but no longer than until 31.10.2024. Implementation of the project activities shall commence on the date of entry of the Contract into effect", (ii) by adding a new Clause 71 to the Contract as follows: "7.1 The Beneficiary shall achieve the value of the contractual outcome indicator "Increase in the number of residents served by improved wastewater treatment systems" in accordance with the procedures laid down in the Guidelines on the calculation of reimbursable assistance or shall achieve the proportion of the residents with connections to centralised wastewater management services that meet the requirements of the laws and regulations, while meeting the requirement to ensure that the value of the outcome indicator is at least 65 percent of the value planned for the project during the post-monitoring period, but no later than by 31 December 2028."

In the light of the above amendments to the contracts, the Company assesses that there are no risks of non-performance of the contracts in relation to the funding received.

\*\* Water and/or sewerage connections built by Latvian persons (households) at their own effort, accepted without consideration.

\*\*\* Other next period income represents payments for connection to the Company's water and/or sewerage networks reclassified from advance payments. This connection service fee is recognised as next period income and gradually attributed as revenue over the period in which the service is provided, i.e., over the useful life of the fixed assets constructed by the Company to provide the service.

### 31. ADVANCE PAYMENTS RECEIVED FROM CUSTOMERS

	31.12.2024 EUR	31.12.2023 EUR
Advance payment received from the Cohesion Fund*	-	803 481
<b>Long-term part of advance payments received</b>	<b>-</b>	<b>803 481</b>
Other advance payments received **	3 180 404	4 038 122
<b>Current part of advance payments received</b>	<b>3 180 404</b>	<b>4 038 122</b>

\*In accordance with the Contract on the Implementation of the European Union Fund Project No. 5.3.1.0/18/1/002, signed on 1 August 2018 with the Central Finance and Contracting Agency, the Company received the advance payment granted from the Cohesion Fund. Total costs of the project are EUR 26 006 448, including the Cohesion Fund co-financing in the amount of EUR 9 932 725.

\*\* Advance payments received from customers are contractual obligations with customers and consist mainly of advance payments for water-pipe and sewerage connection service. The Company expects to provide the services within one year and classifies the advances received as short-term. Advance payments received after provision of the connection construction services are deferred to next period income and gradually attributed to revenue proportionally over the useful life of the fixed assets constructed by the Company and necessary to provide the service.

Hence, contractual liabilities that were on the balance sheet at the beginning of the year, on 1 January 2024, were reclassified to next period income in the reporting year in the amount of EUR 1 863 651 (in 2023: EUR 1 774 677), and recognised in revenue amounting to EUR 249 566 (in 2023: EUR 197 680).



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### 32. OTHER CREDITORS

	31.12.2024 EUR	31.12.2023 EUR
Salaries	1 119 893	989 719
Other creditors	61 420	48 123
	<b>1 181 313</b>	<b>1 037 842</b>

### 33. ACCRUED LIABILITIES

	31.12.2024 EUR	31.12.2023 EUR
For services received for the establishment of long-term assets	1 883 130	3 768 178
For network repairs, invoiced after the end of the year	1 903 549	3 537 945
For planned disbursements to the employees and management	2 179 064	1 680 568
Accrued unexpended leave costs	941 282	922 955
Accrued liability for immovable property maintenance payments	754 388	949 524
Accrued MSSIC for planned costs related to the employees and management	738 731	611 773
Accrued liabilities for other production costs	290 370	309 603
Other accrued liabilities	94 955	174 377
	<b>8 785 469</b>	<b>11 954 923</b>
Including:		
Financial liabilities	4 922 598	8 733 663
Non-financial liabilities	3 862 871	3 221 260



### 34. PROVISIONS

	31.12.2024 EUR	31.12.2023 EUR
Provisions for the costs of production waste removal	1 291 130	1 046 740
<b>Long-term part</b>	<b>1 291 130</b>	<b>1 046 740</b>
Provisions for cleaning up network repair sites	1 357 279	1 751 279
Provisions for the costs of production waste removal	323 459	754 246
Provisions for litigation and damage causes as a result of accidents	69 355	84 953
<b>Short-term part</b>	<b>1 750 093</b>	<b>2 590 478</b>
	<b>3 041 223</b>	<b>3 637 218</b>

Information on movements in savings is as follows:

	Provisions for cleaning up network repair sites EUR	Provisions for the costs of production waste removal EUR	Provisions for litigation and damage causes as a result of accidents EUR	TOTAL EUR
<b>31.12.2023</b>	<b>1 751 279</b>	<b>1 800 986</b>	<b>84 953</b>	<b>3 637 218</b>
Used	(1 469 812)	(1 736 695)	-	(3 206 507)
Cancelled	(281 467)	(94 920)	(16 240)	(392 627)
Created from scratch	1 357 279	1 645 218	642	3 003 139
<b>31.12.2024</b>	<b>1 357 279</b>	<b>1 614 589</b>	<b>69 355</b>	<b>3 041 223</b>

The exact estimated time to cover the liabilities is not known, but it is expected that most of them will be covered within one year, except for the part for provision costs intended for removal of production waste (sludge).

In relation to the *Provisions for the costs of removal of production waste (sludge)*, there has been an increase in the provision in previous years and in fact the liabilities have not been settled within one year as originally foreseen. This is due to optimising the costs of the volume of disposable sludge. Therefore, the Company recognises part of the provisions under the non-current liabilities section.

#### *Provisions for cleaning up (asphalting) network repair sites*

The amount of the provisions for resurfacing after network repairs is based on the number of facilities to be rehabilitated, to which the average cost per facility is applied. But at the time of estimation there are several unknown factors, including the actual area of resurfacing and the impact of the Riga City Council Transport Department's street resurfacing plans, which can significantly affect the actual resurfacing costs.



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## 35. TAXES AND MANDATORY STATE SOCIAL INSURANCE CONTRIBUTIONS

	Debt as at 31.12.2024	Calculated for 2024	Paid in 2024	Debt as at 31.12.2023
	EUR	EUR	EUR	EUR
Value-added tax	969 563	11 478 347	(11 285 854)	777 070
Property tax	-	188 711	(192 632)	3 921
Natural resource tax	237 911	1 004 099	(1 024 314)	258 126
MSSIC	567 157	6 694 390	(6 663 042)	535 809
State duty of the business risk	276	3 320	(3 319)	275
Personal income tax	307 706	3 656 549	(3 640 874)	292 031
	<b>2 082 613</b>	<b>23 025 416</b>	<b>(22 810 035)</b>	<b>1 867 232</b>

	Debt as at 31.12.2023	Calculated for 2023	Paid in 2023	Debt as at 31.12.2022
	EUR	EUR	EUR	EUR
Value-added tax	777 070	11 386 131	(11 518 388)	909 327
Property tax	3 921	198 593	(194 448)	(224)
Natural resource tax	258 126	1 025 580	(1 000 015)	232 561
MSSIC	535 809	6 233 085	(6 160 901)	463 625
State duty of the business risk	275	3 326	(3 326)	275
Personal income tax	292 031	3 346 426	(3 300 681)	246 286
	<b>1 867 232</b>	<b>22 193 141</b>	<b>(22 177 759)</b>	<b>1 851 850</b>

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## 36. FAIR VALUE OF FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

### (a) Fair value

As disclosed in Note 9 'Fair value measurement' in the annex to the financial statements, the Company's management believes that the cash and cash equivalents included in Level 1 of fair value determination hierarchy, as well as the fair value of current financial assets and financial liabilities included in Level 3 are consistent with their initial nominal values and carrying amounts at any future date because the terms of receipt of these assets and payment of liabilities are shorter than 6 months. Exception is commitments to suppliers for construction services received, which provide for a guarantee period for which payment is due after the expiry of the guarantee period. The Company's management believes that, given the nature of the transactions, a risk-free rate close to zero should be used to determine fair value.

The Company has no financial assets and liabilities that are included in Level 2.

The Company's borrowings are at variable interest rates. The Company's management regularly negotiates with the credit institution on changes in the fixed interest rate components. In the management's opinion, recalculation of the fair value of borrowings as at the end of the year is not materially different from amortised prime cost.

In respect of lease liabilities, the Company's management believes that the applicable discount rate is very low given the nature of the counterparties. The rates applied to discount the lease liabilities are disclosed in Annex 28. The effect of changes in potential market rates on the fair value of the lease liabilities is immaterial. As a result, the fair value of these balance sheet items is equal to their carrying amount as at 31 December 2024.

The table below shows the measuring method used to measure Level 3 fair value, as well as key unobservable data:

Type	Measuring method	Significant unobservable data
Trade and other receivables	Discounted cash flows	Discount rates
Borrowings and lease liabilities	Discounted cash flows	Discount rates
Other financial liabilities	Discounted cash flows	Discount rates

There have been no changes in the fair value hierarchy levels in 2024.



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The differences between the carrying amounts and fair values of financial assets, accrued income and financial liabilities are presented below:

31 December 2024	Carrying amount	Fair value
Trade receivables	9 738 373	9 738 373
Other receivables	1 202 281	1 202 281
Cash and cash equivalents	12 725 465	12 725 465
<b>Total financial assets</b>	<b>23 666 119</b>	<b>23 666 119</b>
Borrowings	68 376 867	68 376 867
Lease liabilities	818 811	818 811
Trade payables	6 402 381	6 402 381
Other financial liabilities	4 978 101	4 978 101
<b>Total liabilities</b>	<b>80 576 160</b>	<b>80 576 160</b>

31 December 2023	Carrying amount	Fair value
Trade receivables	8 990 623	8 990 623
Other receivables	1 509 620	1 509 620
Cash and cash equivalents	18 924 439	18 924 439
<b>Total financial assets</b>	<b>29 424 682</b>	<b>29 424 682</b>
Borrowings	54 737 146	54 737 146
Lease liabilities	592 966	592 966
Trade payables	7 498 591	7 498 591
Other financial liabilities	8 775 252	8 775 252
<b>Total liabilities</b>	<b>71 603 955</b>	<b>71 603 955</b>

### (b) Credit risk

All of the Company's funds are deposited with third parties in a number of credit institutions registered in the Republic of Latvia and in the Treasury. Concentration of the Company's credit risk related to purchasers and other financial assets is related to payments receivable from debtors that are not considered by the Company's management to be high credit risk assets. The 10 largest receivables by number as at 31 December 2024 account for 46% of total receivables (31.12.2023: 47%).

The maximum credit risk related to receivables and other financial assets is reflected in their book value.

All of the Company's receivables and other financial assets are located in the Republic of Latvia.

Based on an analysis of the historical payment discipline of customers and credit risk, the management believes that amounts that are not impaired but are more than 30 days past due are still recoverable in full. For changes in the provisions for impairment losses on receivables and other debts during the year, see Annexes 20 and 21 to the Financial Statements.

As at 31 December 2024, the Company has not issued any financial guarantees.



**(c) Liquidity risk**

The Company's management analyses the maturity structure of assets and liabilities to prevent liquidity risk. The Company's management monitors liquidity risk by ensuring timely availability of funding. The objective of the Company is to maintain cash balances or to provide available and unused credit funds according to the investment plan. Project timelines, current expenditure, credit limits and cash balances in the accounts are regularly assessed to meet the foreseeable commitments and offset cash flow fluctuations.

The Company follows the precautionary approach to liquidity risk management and maintains sufficient cash balances accordingly. Cash flow forecasts are updated regularly during the year to ensure cash flow planning, and other measures are taken to ensure the necessary level of liquidity.

Cash balances as at 31 December 2024 (cash and short-term deposits for up to one month) amounted to EUR 12.73 million. At the end of the reporting period, the Company had available credit line in the amount of EUR 5 million, as well as additional long-term financing of EUR 15 million was available under the ongoing agreements.

The Company has provided sufficient availability of cash and cash equivalents and long-term and short-term borrowings through sufficient credit facilities to meet existing and foreseeable liabilities and to offset fluctuations in cash flows due to various financial risks. Therefore, although the Company's current liabilities exceed its current assets as at 31 December 2024, the management of the Company is of the opinion that it will not have liquidity problems, that it will settle its creditors within the agreed time limits and that it will have sufficient cash resources to avoid compromising the liquidity.

For information on contractual undiscounted payable cash flows (Liquidity analysis) see the tables below. The remaining contractual maturities of financial liabilities, including estimated interest payments and excluding netting, at the end of the reporting period are as follows:

31 December 2024	Carrying amount	Contractual cash flows	3 months or less	3-12 months	Up to 5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Borrowings	<b>68 376 867</b>	81 420 180	1 343 529	6 489 215	38 010 513	35 576 923
Lease liabilities	<b>818 811</b>	1 002 534	56 057	168 170	152 215	626 092
Trade payables	<b>6 402 381</b>	6 402 381	3 971 771	577 888	1 852 722	-
Other financial liabilities	<b>4 978 101</b>	4 978 101	4 978 101	-	-	-
	<b>80 576 160</b>	93 803 196	10 349 458	7 235 273	40 015 450	36 203 015





31 December 2023	Carrying amount	Contractual cash flows	3 months or less	3-12 months	Up to 5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Borrowings	<b>54 737 146</b>	68 470 310	708 067	5 885 946	29 545 861	32 330 436
Lease liabilities	<b>592 966</b>	629 224	60 691	182 072	215 176	171 285
Trade payables	<b>7 498 591</b>	7 498 592	4 106 459	1 144 467	2 247 666	-
Other financial liabilities	<b>8 775 252</b>	8 775 252	8 775 252	-	-	-
	<b>71 603 955</b>	85 373 378	13 650 469	7 212 485	32 008 703	32 501 721

The cash flows included in the maturity analysis are not expected to occur significantly earlier or in a significantly different amount.

**(c) Interest rate risk**

The Company is exposed to interest rate risk mainly on its long-term borrowings, as 55% of the Company's borrowings have a variable interest rate component.

A 1.0 percentage point change in interest rates would have a total impact on the Company's 2024 profit or loss and comprehensive income of approximately EUR 703 thousand. In 2023, a 1.0 percentage point change in interest rates would have a total impact on the Company's profit or loss and comprehensive income of approximately EUR 538 thousand.





### 37. REMUNERATION TO A COMMERCIAL COMPANY OF CERTIFIED AUDITORS

	2024	2023
	EUR	EUR
Audit of the annual report	26 250	25 000
	<b>26 250</b>	<b>25 000</b>

### 38. CONTINGENT LIABILITIES

As indicated in Annex 30, within the context of the Cohesion financing, Phase 4, achievement of the project's objectives and results is due on 15 April 2025. At the end of the reporting period, the contractual benchmarks are not 100% met and are not expected to be achieved by the deadline. Taking into account the activities carried out by the Company during the follow-up period and the achievement of the targets, the Company considers that the Agreement will be closed as executed on 15 April 2025 without sanctions. However, if the MEPRD decides on applying of financial adjustment, the maximum amount of the financial adjustment is EUR 416 000. In assessing the likelihood of a possible financial adjustment risk occurring, the Company considers it to be highly unlikely and, accordingly, has not made a provision for possible financial adjustments in these financial statements.

In certain cases, if due to objective circumstances, the minimum distances between utility networks, established by laws and regulations, cannot be observed during the construction of water and sewerage networks, the Company provides assurance to the holders of utilities regarding compensation in cases where other utilities are damaged. According to the management's assessment, the maximum amount expected to be paid for such contingent liabilities is not material.

### 39. AMOUNT OF THE CONTRACTUAL COMMITMENT FOR THE IMPLEMENTATION OF PROJECTS

By the end of the reporting year, contracts have been concluded for further acquisition and creation of fixed assets which are not shown as liabilities in the balance sheet. Under these agreements, the Company is committed to acquire and create fixed assets in the future in the amount of EUR 13 713 thousand. (31.12.2023: EUR 20 945 thousand).

### 40. RELATED PARTY TRANSACTIONS

*Riga State City Municipality capital companies and institutions - related parties*

In 2024, the Company invoiced other Riga City State municipal capital companies for services rendered:

- manager of residential houses - for the amount of EUR 20 706 thousand (2023: EUR 21 665 thousand);
- other capital companies and institutions for the amount of EUR 3 667 thousand (2023: EUR 3 912 thousand).

As at 31 December 2024, trade receivables from municipal capital companies and institutions to the Company amounted to EUR 4 023 thousand, including trade receivables from the manager of residential houses amounting to EUR 3 687 thousand. (31.12.2023: EUR 3 659 thousand, including debts of the manager of residential houses amounting to EUR 3 268 thousand).

In 2024, the Company paid invoices for services received by the Riga State City municipal companies and capital companies for the total amount of EUR 2 280 thousand. (incl. VAT) (2023: EUR 1 422 thousand, including VAT).

As at 31 December 2024, the Company's debts to municipal companies and institutions amounted to EUR 108 thousand. (31.12.2023: EUR 160 thousand).

## 41. DISTRIBUTION OF PROFITS PROPOSED BY THE MANAGEMENT BOARD

The Company's comprehensive income for the reporting year, which is taken to retained earnings, amounts to EUR 8 391 360.

According to the Decision No. 691 of the Riga City Council of 16.06.2021 "On Dividends in Capital Companies in which Riga City Municipality has a Decisive Influence" and the Decision No. RD-25-4256-lē of the Riga City Council of 29.01.2025 "On Different Share of Profit of LLC "Rīgas ūdens" to be disbursed as dividends in the period between reporting years 2024 to 2030", the Management Board of the Company proposes the following use of the profit of 2024 amounting to EUR 8 391 360:

- 30% or EUR 2 517 408 to be distributed and disbursed in dividends;
- to retain a profit share of 10% or EUR 839 136 and to allocate it to the implementation of the water management system development project of the Mangalsala wastewater agglomeration;
- to leave the profit share of 60% or EUR 5 034 816 retained and to allocate it to the provision of public water management services and to the development of commercial activities according to the medium-term operational strategy of the LLC "Rīgas ūdens".

Decision on disbursement of dividends shall be made by the meeting of shareholders of the Company.

## 42. RESEARCH AND DEVELOPMENT COSTS

In the reporting year, the Company's research and development costs amounted to EUR 954 thousand (in 2023: EUR 1 002 thousand).

## 43. EVENTS AFTER THE END OF THE REPORTING YEAR

On 1 January 2025, new tariffs for water management services entered into effect, approved by the Decision of the Council of the Public Utilities Commission No. 86 of 21 November 2024 "On tariffs for water management services of the LLC "Rīgas ūdens"":

- water supply service tariff 1.28 EUR/m<sup>3</sup>;
- sewerage service tariff 1.06 EUR/m<sup>3</sup>;
- wastewater treatment service tariff 0.40 EUR/m<sup>3</sup>

On 29 January 2025, the Riga City Council adopted a decision "On a different share of profit of LLC "Rīgas ūdens" to be disbursed as dividends during the reporting years 2024 to 2030", which affects the share of the Company's profit to be disbursed as dividends for 2024. The decision stipulates that the Company's share of the profit of 2024 to be disbursed as dividends amounts to 30%, including 20% of the profit of the reporting year 2024 disbursed as dividends is earmarked by the Riga State City Municipality for the continuation of co-financing programmes for the connection of immovable properties to the centralised water supply system or centralised sewerage system.

In February 2025, the Company received the remaining share of the long-term loan from the European Investment Bank amounting to EUR 8 million.

Negotiations with the European Investment Bank for a long-term loan of EUR 70 million for the financing of the Company's investments scheduled for 2025 -2028 are nearing completion. The long-term loan agreement is expected to be signed in the first half of 2025.

There have been no other events during the period since the last day of the reporting year that have had a material effect on the financial position of the Company as at 31 December 2024 or that require further explanation in the annexes to the Financial Statements.



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### 3.4. INDEPENDENT AUDITORS' REPORT

To the shareholder of the LLC "Rīgas ūdens"

#### Report on the audit of the financial statements

POTAPOVIČA  
ANDERSONE

Ūdens iela 12-45, Rīga, LV-1007 Latvija  
T. +371 67607902, www.p-a.lv

#### Our opinion on the financial statements

We have audited the financial statements of the LLC "Rīgas ūdens" (the "Company") included on pages 114 through 155 and set out on pages 106 through 155 of the attached Annual Report. The attached financial statements include the following:

- Comprehensive Income Statement for 2024,
- Statement of financial position as at 31 December 2024,
- Separate statement of changes in equity for 2024,
- Cash flow statement for 2024,
- and notes to the financial statements, which include information on significant accounting policies and other explanatory information.

In our opinion, the attached financial statements give a true and fair view of the financial position of the LLC "Rīgas ūdens" as at 31 December 2024 and of its financial performance, and its cash flows for the year ended 31 December 2024 in accordance with the International Accounting Standards of the International Financial Reporting Standards (IFRS) as adopted by the European Union.

#### Grounds for the opinion

According to the Law on Audit Services of the Republic of Latvia (the "Law on Audit Services"), we conducted our audit in accordance with the International Standards on Auditing (hereinafter referred to as - ISA). Our responsibilities under those standards are described further in the *Auditor's Responsibility for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained provides a reasonable and appropriate basis for our opinion.

We are independent of the Company in accordance with the requirements of the International Code of Ethics for Professional Accountants (including the International Independence Standards) issued by the International Ethics Standards Board for Accountants and the independence requirements of the Law on Audit Services applicable to our audit of the financial statements in the Republic of Latvia. We have also complied with the International Code of Ethics for Professional Accountants (including the International Independence Standard) and the other principles of professional ethics and objectivity requirements of the Law on Audit Services.

#### Reporting other information

Other information is the responsibility of the Company's management. Other information is contained in the Management Report presented in the attached Annual Report on pages 109 through 113, Information about the Company contained on page 108 of the attached Annual Report and the General Information set out on pages 3 through 20.

Our opinion on the financial statements does not extend to, and we make no representation about, the other information contained in the Annual Report, except as disclosed in the *Other reporting requirements under the laws of the Republic of Latvia* section of our report.

In connection with an audit of financial statements, our responsibility is to read other information and, in doing so, to assess whether that other information is materially different from the information in the financial statements or from our knowledge obtained during the audit and whether it contains any other material misstatements.

If, on the basis of our work and taking into account our knowledge and understanding of the Company and its operating environment obtained during the audit, we conclude that there are material inconsistencies in other information, we are required to report those circumstances. Circumstances that need to be reported have not come to our attention.

#### Other reporting requirements in accordance with the requirements of the laws of the Republic of Latvia

In addition, under the Law on Audit Services, we are required to express an opinion on whether the Management Report has been prepared in accordance with the requirements of the regulatory enactment governing its preparation, the Law on Annual Statements and Consolidated Annual Statements.

Based solely on our audit procedures, in our opinion:

- The information in the management report concerning the year for which the financial statements have been prepared is consistent with the financial statements; and
- The Management Report has been prepared in accordance with the requirements of the Law on Annual Statements and Consolidated Annual Statements.

#### Responsibility of management and the persons entrusted with responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the IFRS and for maintenance of such internal control as management deems necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, circumstances relevant to the Company's ability to continue as a going concern and applying the going concern basis of accounting, unless the management plans to dissolve or wind up the Company or has no realistic alternative but to dissolve or wind up the Company.

The persons entrusted with the governance of the Company are responsible for overseeing the Company's financial reporting process.

#### Auditor's responsibility for the audit of the financial statements

Our objective is to acquire sufficient assurance about whether the financial statements as a whole are free from material misstatements, whether due to error or fraud, and to issue an auditor's report that includes an opinion. Sufficient assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with the ISA will always detect a material misstatement, if any. Misstatements can arise from fraud or error and are deemed material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions that users make on the basis of these financial statements.

While conducting the audit in accordance with the ISA, we make professional judgements and maintain professional scepticism throughout the audit process. We also:

- identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, develop and perform audit procedures to mitigate those risks and obtain audit evidence that provides sufficient and appropriate basis for our opinion. The risk of non-detection of material misstatements due to fraud is higher than the risk of non-detection of misstatements due to error, as fraud may include collusion, falsification of documents, deliberate omissions, misrepresentations or breaches of internal control;
- obtain understanding of internal control relevant to our audit in order to develop audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and the relevant disclosures made by the management;
- conclude on the appropriateness of the going concern basis applied by the management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt about the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, the auditors' report focuses on the disclosures in the financial statements about those conditions or, if no disclosures are made, we issue a modified opinion. Our conclusions are based on audit evidence obtained up to the date of the auditors' report. However, future events or circumstances may cause the Company to discontinue its operations;
- assess the overall structure and content of the financial statements, including disclosures and explanations in attachment, and whether the financial statements present fairly the underlying transactions and events.

We communicate with those entrusted with the governance of the Company and, inter alia, provide information on the planned scope and timing of the audit and on significant audit observations, including significant deficiencies in internal control, that we identify during the audit.

On behalf of the LLC "Potapoviča un Andersone"  
12 Ūdens Street, Office 45, Rīga, LV-1007  
Commercial company of certified auditors, license No. 99

Anna Temerova-Allena  
Responsible Certified Auditor, Certificate No. 154  
Member of the Management Board

THE AUDITOR'S ELECTRONIC SIGNATURE APPLIES TO THE AUDITOR'S REPORT ATTACHED TO THE ANNUAL REPORT FROM PAGE 156 THROUGH PAGE 157.

THIS DOCUMENT HAS BEEN ELECTRONICALLY SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP.

## ABBREVIATIONS USED

Abbreviation	Explanation
RES	Renewable energy sources
UN	United Nations
BTP	Biologic treatment plant
BTPD	Biologic wastewater treatment plant "Daugavgrīva"
CCTV	Closed Circuit Television
CSS	Centralised sewerage system
CO <sub>2</sub>	Carbon dioxide
CHP	Central heating point
CWSS	Centralised water supply system
DSCR	Ratio of operating cash flow to debt service (interest + principal) cash flow ( <i>Debt service coverage ratio</i> )
EBITDA	Earnings before interest, tax, depreciation and amortisation.
European Green Deal	A set of policy initiatives aimed at putting the EU on the path to a green transformation towards the ultimate goal of climate neutrality by 2050
EC	European Commission
ES	European Union
ESG	Environmental, social and governance area
ESRS	<i>EU Regulation 2023/2772 on sustainability reporting standards</i>
EurEau	<i>European Federation of National Associations of Water Services</i>
FO	Financial Objectives

Green City Accord	European Green Cities Agreement
GIS	Geographic information system
IPCC	<i>Intergovernmental Panel on Climate Change</i>
ISO	International Organisation for Standardisation
IWA	International Water Association
IT	Information technology
PMB	Procurement Monitoring Bureau
MCE	Ministry of Climate and Energy
CF	Cohesion Fund
Climate City Agreement	Riga State City's commitment to climate neutrality by 2030 as part of the EU mission "100 smart and climate-neutral cities by 2030"
KSS	Sewage pumping station
COD	Chemical oxygen demand
LVS	LLC "Latvijas standarts"
LEGMC	"Latvian Environment, Geology and Meteorology Centre"
CoM	Cabinet of Ministers of the Republic of Latvia
WWTP	Wastewater treatment plants
NECP 2030	National Energy and Climate Plan of Latvia 2021-2030
Net Zero Cities	EU mission "100 smart and climate-neutral cities by 2030"
N <sub>tot</sub>	Total nitrogen
NO	Non-financial objectives
P <sub>tot</sub>	Total phosphorus

R&D	Research and development
REPowerEU	The EU's strategic commitment to energy autonomy
RCP	<i>Representative Concentration Pathway</i>
PI	Performance indicator
RTU	Riga Technical University
SBTi	<i>Science Based Targets Initiative</i>
SCADA	Automation and Monitoring System ( <i>Supervisory Control And Data Acquisition</i> )
SECAP 2030	Riga State City Sustainable Energy and Climate Action Plan 2022-2030
GHG	Greenhouse gases
PUC	Public Utilities Commission
Us, Company, Enterprise or "Rīgas ūdens"	LLC "Rīgas ūdens"
Strategy 2030	"Rīgas ūdens" Medium-term operational strategy 2025-2030
Strategy 2040	"Rīgas ūdens" Sustainable operational strategy 2024-2040
Taxonomy	EU Regulation 2020/852 to promote sustainable investment and EU Regulations 2021/2139, 2023/2486
TOC	Total organic carbon
EPG 2027	Environmental Policy Guidelines 2021-2027
SES	State Environmental Service



1. GENERAL INFORMATION

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Clean water -  
green future

