

Latvenergo Group Sustainability Policy

Policy Objective

The objective of the Sustainability Policy of Latvenergo Group is to define and maintain common principles for the sustainable development of the Group.

Sustainability Principles

1. We contribute to the implementation of the UN Sustainable Development Goals

In our operation we are committed to processes, products and services that contribute to the achievement of the United Nations (UN) Sustainable Development Goals (SDGs). We pay particular attention to:

- SDG 7 – to ensure access to stable, affordable, sustainable, and modern energy;
- SDG 9 – to build resilient and sustainable infrastructure, to promote inclusive and sustainable industrialisation, and to foster innovation;
- SDG 13 – to take urgent action to combat climate change and its impact.

Our operation also contribute to the other SDGs.

2. We continuously improve our environmental performance in all segments

We are continuously improving the environmental performance in all segments and activities, preventing or mitigating the impact of our operations on the environment and climate change, preserving biodiversity, natural and energy resources, the health and well-being of the population, and creating awareness among our employees of a considerate and responsible attitude towards the environment and energy resources, thereby contributing to the achievement of the European Union Green Deal climate neutrality objective.

By developing the infrastructure and ensuring the uptake of renewable electricity in the power grid and managing power flows, Sadales tīkls AS provides a platform for other companies and households in Latvia to actively participate in achieving the objectives of the European Union Green Deal.

3. We respect human rights

In all areas of operation, we respect fundamental human rights, which are enshrined in the Constitution, in the applicable laws, and in international treaties binding on Latvia. The work environment and processes are developed to prevent the possibility of the human rights of the employees of the Group and its subcontractors being infringed or violated, insofar as we can influence it.

4. We create a sustainable working environment and ensure equal opportunities

We are providing a safe, flexible and inspiring working environment for its employees and contractors and are applying equal terms and conditions of employment and treatment to all its employees, regardless of their gender, race, ethnic or national origin, age, disability, religious, political or other beliefs, social origin, financial or marital status, sexual orientation or other circumstances.

5. We are socially responsible

We are implementing the corporate social responsibility in compliance with ISO26000 Social Responsibility Standard – a best practice model for a company's relations with society and the environment in which it operates.

We are carrying out CSR activities in three directions:

- development of education and science;
- cooperation with the local community;
- biodiversity.

We choose to engage in CSR activities that meet one or more of the following criteria:

- comply with the Group's strategic objectives and contribute to their achievement;
- raise public awareness of the Group's operational directions;
- provide a substantial long-term impact and public benefit;
- are implemented on a large scale and facilitate the involvement of a wide range of social groups;
- the costs are proportional with the expected economic impact;
- the contractor has sufficient experience in implementation of activities;
- offer advantages over alternative methods of achievement of the intended objectives;
- has a communication potential;
- contribute to the development of brand value and the image of the Group.

We do not support:

- activities with the vaguely defined principles and/or questionable public relevance;
- activities oriented towards selfish, mercantile interests;
- activities with religious and/or political content;
- activities of natural persons.

6. We conduct ethical business

We are creating an ethical business environment and do not tolerate fraudulent or corrupt practices.

The Code of Ethics of the Group establishes a set of basic principles and ethical principles for the operations and conduct of the Group, its employees and its business partners, ensuring employment and business relationships based on dignity, trust, and loyalty.

7. We ensure comprehensive operational transparency

Operational transparency increases stakeholder trust, promotes more sustainable growth and employment, and improves the financial and non-financial performance of organisations. We ensure disclosure of the financial and operational transparency of the Group by publishing information on the website of Latvenergo:

- sustainability reports in accordance with internationally recognised reporting guidelines/standards;
- corporate governance reports;
- interim financial reports;
- information on the operations of the Group.

We regularly review current European Union legislation, international standards on sustainability reporting and updates its sustainability reports in line with applicable regulations and best available practices.

8. We obtain sustainability assessments that initiate further growth

We are assessing our impact on all aspects of sustainability by participating in national and international sustainability rating evaluations. Compliance with the highest ratings demonstrates implementation of the corporate governance and information disclosure principles, responsibility towards its employees and customers, as well as continuous effort for environmental protection. Independent peer review provides new knowledge and the opportunity to become even more responsible towards the economy, the environment, and society.

9. We engage stakeholders

The Group is one of the largest energy supply services providers in the Baltic States, and its operations affect a wide range of stakeholders. We ensure various forms of stakeholder engagement in our operations, based on social, environmental, and economic impacts.

We organise stakeholder engagement in line with the AA 1000 Standard for Stakeholder Engagement – a best practice model for quality stakeholder engagement at both strategic and operational levels.

We ensure stakeholder participation in the discussion of mutually relevant cooperation topics and responds in a timely manner to stakeholder views and needs.

The Group engages with stakeholders at different levels:

- consultation – identification of relevant issues;
- negotiation – individual and joint discussions;
- involvement – participation in joint activities, development of solutions and action plans;
- collaboration – joint decision-making and cooperation.

The local community is one of the priority stakeholders of the Group. It is important for the Group to be as closely in touch as possible with the local communities in the vicinity of the Group's facilities and to contribute to the development of these communities.

10. We cooperate with sustainable contractors

We cooperate with partners, suppliers and other contractors who understand the relevance of the values set forth in the Code of Ethics of the Group and support the Group in establishing fair cooperation as well as undertake to prevent corruption and fraud in their operation.

We encourage our partners to avoid adverse impacts on human and labour rights, to protect the environment, to use natural resources wisely and to limit harm to people, property and nature in all their operations and supply chains.

Sustainability Committee

The Sustainability Committee has been established to provide an advisory function for the governance of sustainability issues and to facilitate the consideration of issues related to environmental, social and governance aspects by the Management Boards and Supervisory Boards of Group's companies, as well as to improve the sustainability performance of the Group.