

SUSTAINABILITY STRATEGY FOR 2025-2030

APPROVED
by the Council Meeting No.1 (2025) of the Joint Stock
Company "Latvijas Gaze" on 20 March 2025.

TABLE OF CONTENTS

TABLE OF CONTENTS.....	2
1. ABOUT STRATEGY.....	3
2. COMPANY IN BRIEF	4
3. PAST DEVELOPMENT / FUTURE PROSPECTS OF LATVIJAS GĀZE	5
4. DESCRIPTION OF OPERATION OF LATVIJAS GĀZE	6
5. VALUE CHAIN OF LATVIJAS GĀZE	7
6. KEY FINANCIAL FIGURES.....	8
7. COOPERATION WITH STAKEHOLDERS	9
8. STAKEHOLDERS OF LATVIJAS GĀZE, MUTUAL IMPACT AND KEY TOPICS.....	10
9. APPROACH TO COOPERATION WITH STAKEHOLDERS.....	11
10. MEMBERSHIP IN ASSOCIATIONS, ORGANISATIONS AND UNIONS	12
11. MATERIALITY ASSESSMENT MATRIX OF LATVIJAS GĀZE	13
12. OVERVIEW OF MID-TERM (TILL 2030) CHALLENGES AND OPPORTUNITIES	15
13. CORPORATE ASPECTS - STRUCTURE.....	17
14. CORPORATE ASPECTS - GOVERNANCE.....	18
15. SOCIAL ASPECTS - PERSONNEL	19
16. SOCIAL ASPECTS – EMPLOYEE SATISFACTION SURVEY	20
17. SOCIAL ASPECTS – CUSTOMER SATISFACTION SURVEY	21
18. LATVIJAS GĀZE SUPPLIER'S CODE OF CONDUCT	22
19. ENVIROMENTAL ASPECTS - MANAGEMENT	23

20. ENVIRONMENTAL ASPECTS - BASIC CO ₂ FOOTPRINT CALCULATION, SCOPE ACTIVITIES	24
21. RISK MATRIX.....	25
22. STRATEGIC FOCUS AND GOALS OF SUSTAINABILITY	27
23. MID-TERM SUSTAINABILITY DEVELOPMENT GOALS	28
24. MID-TERM SUSTAINABILITY DEVELOPMENT GOALS II.....	29
25. MID-TERM SUSTAINABILITY DEVELOPMENT GOALS III.....	30

1. ABOUT STRATEGY

The sustainability strategy of the JSC “Latvijas Gāze” for 2025-2030 is a planning document approved by the Company’s top-level management. For its purposes, the binding objectives and measures of the key aspects of sustainability in the environmental, social and corporate governance segments have been identified and defined with a view to ensure sustainable mid-term development, contributing to the environmental, social and economic balance. It is based on a holistic approach to the use of resources, the reduction of climate change, and the fostering of public welfare.

DEVELOPMENT

- Implementation of the Company’s OBJECTIVES according to the tasks set out in the Strategy, capabilities and shareholder decisions
- Implementation of the MANAGEMENT BUYOUT process
- DEVELOPMENT OF RENEWABLE ENERGY SOURCE PROJECTS - biomethane production/trading

GREATER PROCESS EFFICIENCY

- DIGITALISATION – making the Company’s document circulation process digital
- EFFICIENT USE OF RESOURCES – ENVIRONMENTAL MANAGEMENT, a system and measures in line with the ISO 14001:2015 standard
- ENERGY EFFICIENCY – energy efficiency measures in line with the ISO 50001: 2018 standard and the energy management programme to reduce the CO₂ footprint (planned annual savings of 47.2 MWh)
- QUALITY MANAGEMENT – to maintain and improve the quality management system at the Household Division and the Legal Supervision Department in line with the ISO 9001:2015 standard

SECURITY

- OPERATIONAL CONTINUITY – ensuring continuity through the measures set out in the operational continuity plan
- SECURITY – ensuring cybersecurity in line with the new regulatory requirements, audit, monitoring, improvement

2. COMPANY IN BRIEF

VALUES

SUSTAINABILITY

Our Commitment to running a sustainable, responsible and long-term viable business by taking measures and planning actions geared towards long-term development, a responsible use of resources, and social responsibility.

RESPONSIBILITY

We are responsible for what, where and how we do – the services provided, the environment, the people.

COOPERATION

We believe that cooperation is a core principle of sustainable and responsible business and facilitates common growth and positive change.



GOAL

To strengthen the leadership of the JSC “Latvijas Gāze” in the Latvian and Baltic energy market, making the Company the customers’ first choice thanks to a sustainable, secure and reliable supply of natural gas in the Baltic region.



MISSION

To contribute to a sustainable economic development of the Baltic region, ensuring a reliable, secure and flexible supply of natural gas to households and businesses at competitive prices whilst promoting a responsible use of resources, the move towards climate neutrality, and contribution to environmental sustainability.

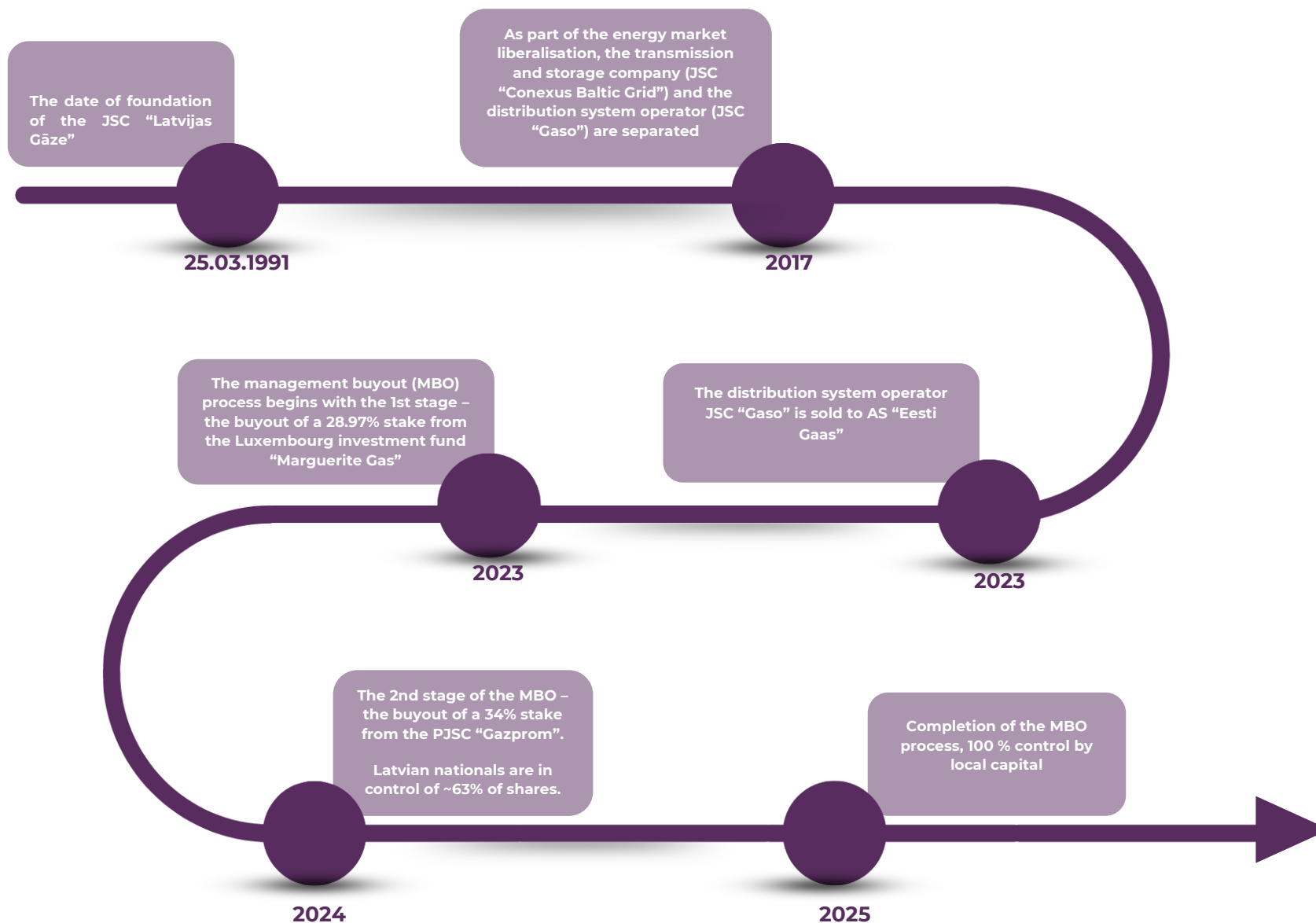


VISION

To improve the public wellbeing by building a business environment and providing services based on the principles of sustainable development and responsible solutions.



3. PAST DEVELOPMENT / FUTURE PROSPECTS OF LATVIJAS GĀZE



4. DESCRIPTION OF OPERATION OF LATVIJAS GĀZE

■ Core service:

- natural gas purchase and trading

■ Additional service:

- natural gas balancing and storage in IPGK

■ Markets:

- Latvia, Lithuania, Estonia and Finland

■ Type of trading:

- wholesale
- retail

■ Customer segments:

- industrial customer segment
- commercial customer segment
- household customer segment (more than 300,000 customers)



NATURAL GAS PURCHASE

The Company buys natural gas from natural gas suppliers (bilateral contracts with natural gas suppliers from EU member states, LNG deliveries, the GET Baltic natural gas exchange)



STORAGE

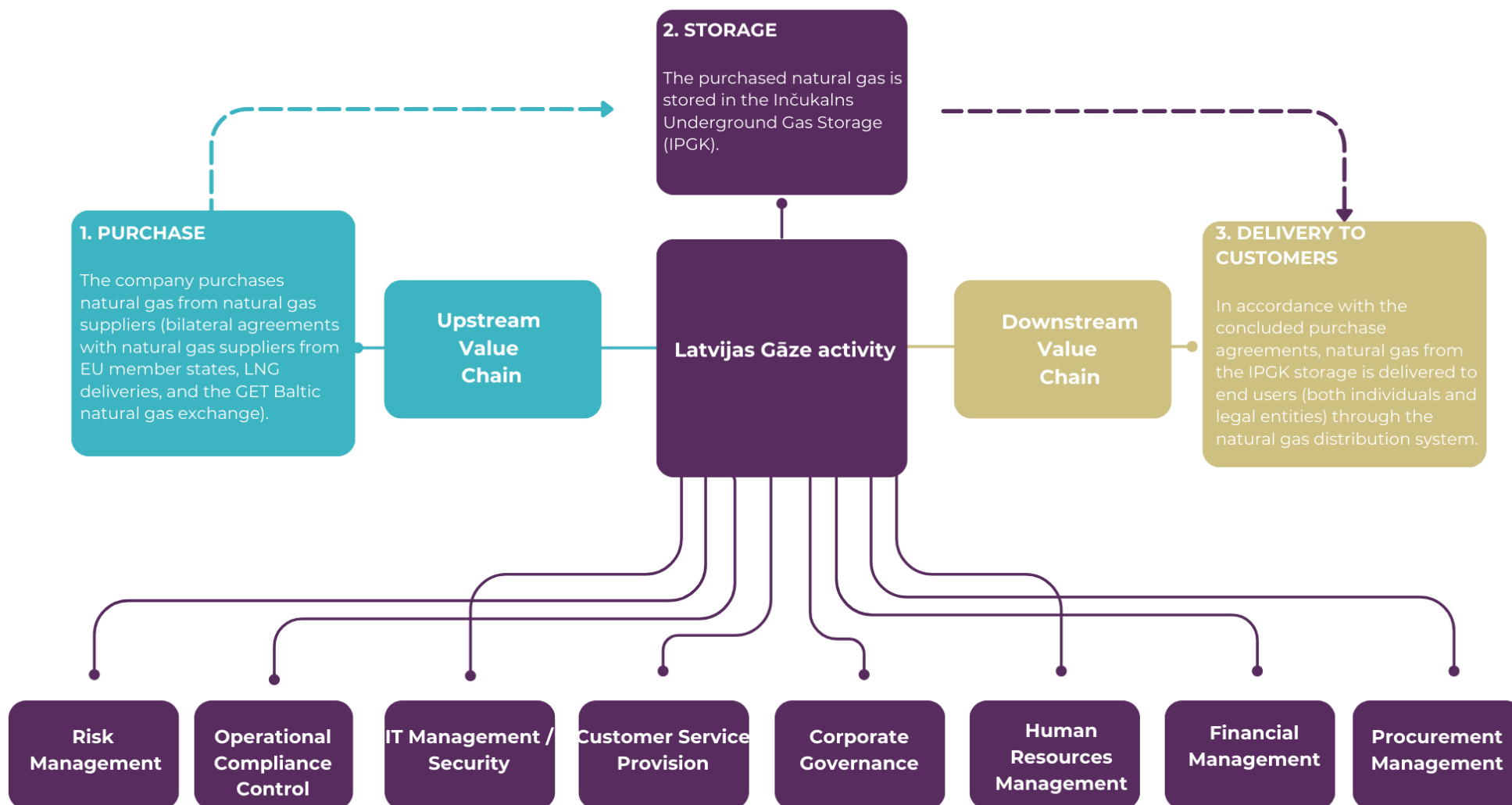
The natural gas purchased and stored in the Inčukalns Underground Gas Storage (IPGK)



DELIVERY TO END USERS

In accordance with the purchase agreements concluded, natural gas is delivered from the IUGS through the natural gas distribution system to the end users (individuals and legal entities)

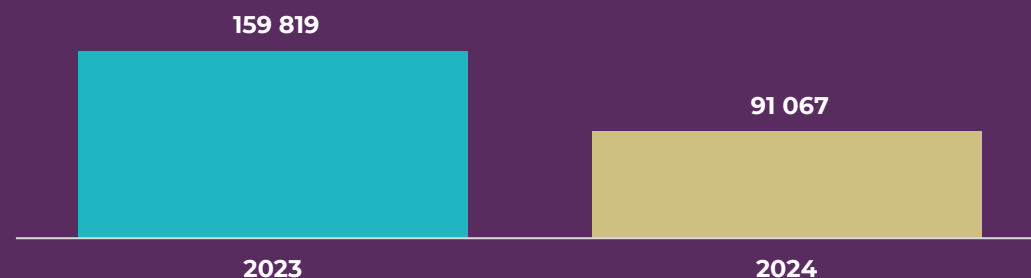
5. VALUE CHAIN OF LATVIJAS GĀZE



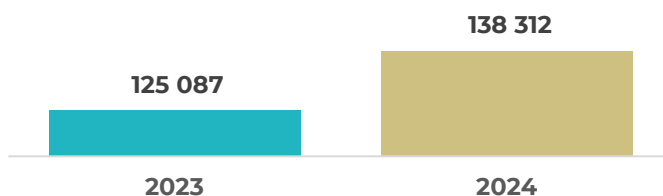
6. KEY FINANCIAL FIGURES

Below are the key financial figures of the Company for the 2023 and 2024 financial year. The Company's financial performance depends on the developments in the natural gas market both in Europe and globally, so the figures may substantially vary from year to year. Despite a lower net turnover in 2024 due to lower sales and despite a lower average sale price due to a substantial drop in the natural gas market prices in 2024 compared to 2023, the Company has reached high figures of both EBITDA (earnings before interest, taxes, depreciation and amortisation) and net profit. The profit generated increases the Company's equity and total balance sheet assets. It also ensures a positive return on equity, which is measured as a percentage, expresses profit per each euro invested by the shareholders, and is calculated by dividing the net profit of the reporting year by the Company's equity.

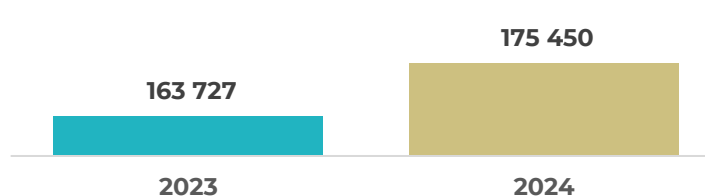
Net turnover
(thousand EUR)



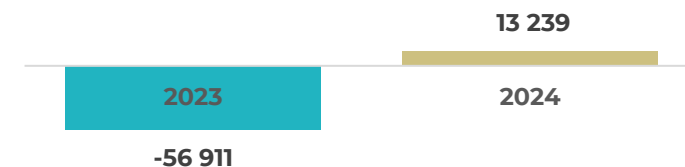
Equity
(thousand EUR)



Assets
(thousand EUR)



Net profit
(thousand EUR)



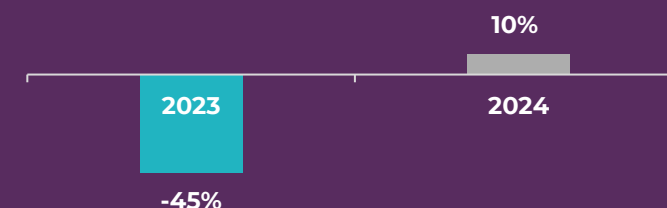
EBITDA
(thousand EUR)



Current ratio











Return on equity
(ROE), %



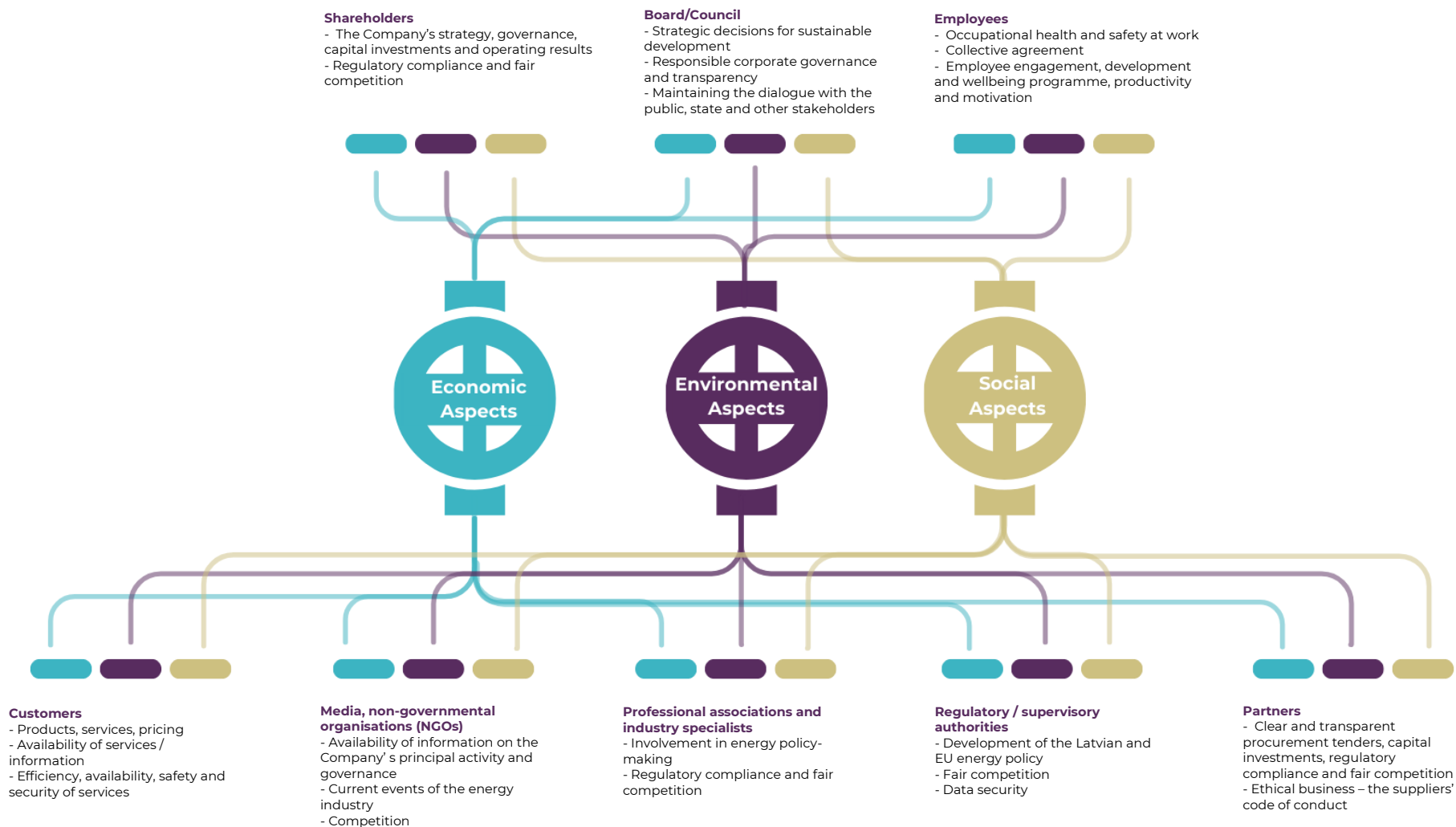
7. COOPERATION WITH STAKEHOLDERS

Cooperation with stakeholders is an integral part of the Company's day-to-day operation. A systematised cooperation model is ensured by the quality, environmental and energy management systems implemented at the Company, with stakeholders and their relevant topics of impact regularly revised and the Company's operational impact assessed within the environmental, social and economic segments in line with the standards defined by the ISO.

The Company maintains an active dialogue with and actively involves stakeholders in dealing with important topics and issues. The Company's core principles include regular consultations, conversations with stakeholders, binding surveys or discussions within the framework of the major activities or events of the industry.

INTERNAL STAKEHOLDERS	SHAREHOLDERS	BOARD	COUNCIL	EMPLOYEES
COOPERATION LEVEL				
COOPERATION DESCRIPTION	partnership	conversation / engagement / discussion	conversation / engagement / discussion	conversation / engagement / survey
EXTERNAL STAKEHOLDERS	PARTNERS	CUSTOMERS	REGULATORY / SUPERVISORY AUTHORITIES	SUPPLIERS / SERVICE PROVIDERS
COOPERATION LEVEL				
COOPERATION DESCRIPTION	survey / engagement	survey / engagement	consultation	survey / engagement / conversation

8. STAKEHOLDERS OF LATVIJAS GĀZE, MUTUAL IMPACT AND KEY TOPICS



9. APPROACH TO COOPERATION WITH STAKEHOLDERS

Cooperation with stakeholders is an integral part of the Company's day-to-day operation, takes place on different levels, and is affected by the processes resulting from regulatory enactments and decision-making on the matters of governance.

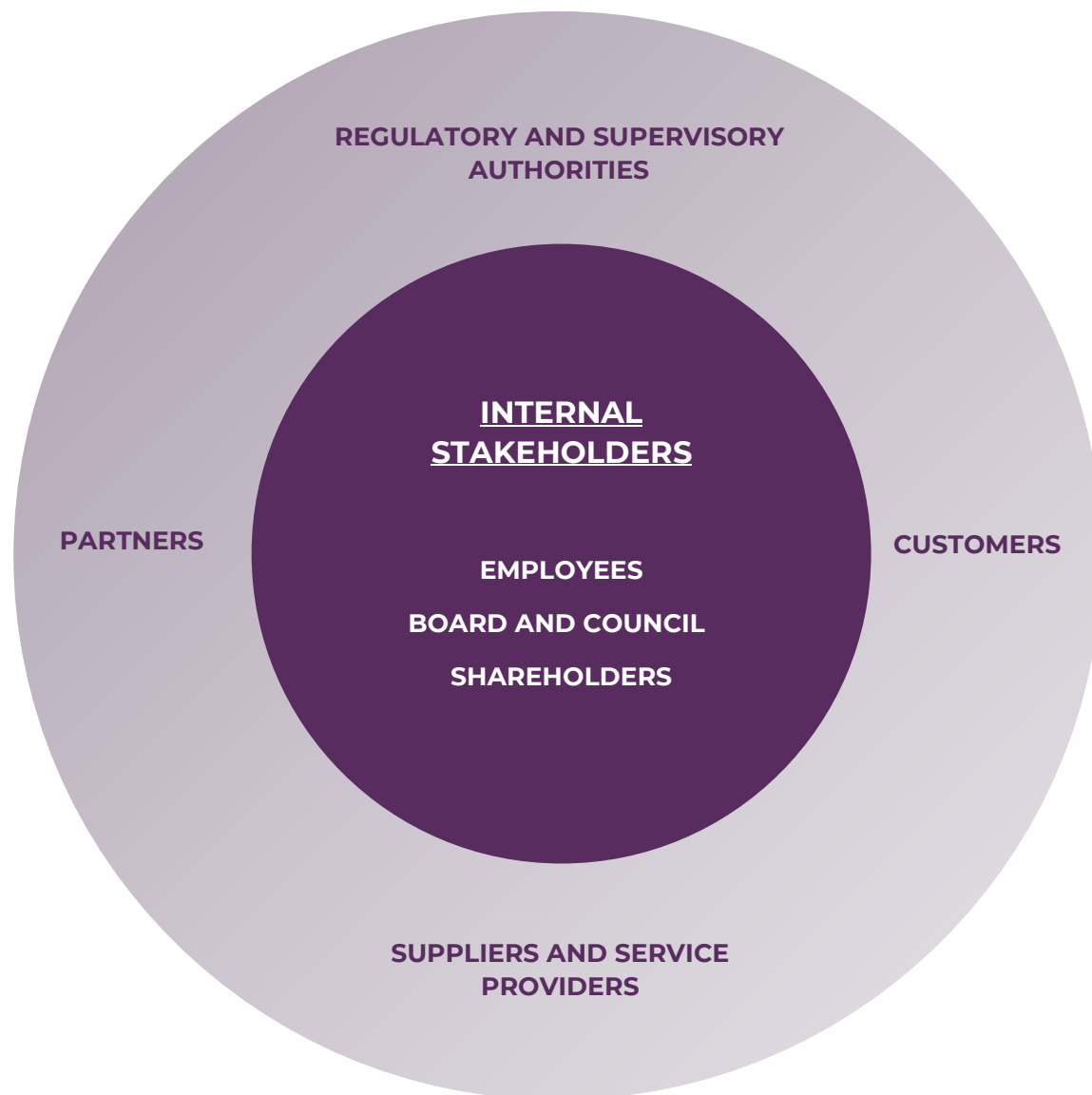
The Company's core principles with stakeholders encompass:

- **Conversation or dialogue** in the form of an individual or collective deliberation;
- **Consultation** – finding out an opinion on matters important to the Company;
- **Discussion** – an exchange of opinions;
- **Survey** – for clarifying topical issues and/or evaluating the performance of the services provided.

Latvijas Gāze splits stakeholders into two main categories:

- **external stakeholders** (suppliers, service providers, partners, customers, regulatory and supervisory authorities) and
- **internal stakeholders** (shareholders, the Board, the Council, employees).

EXTERNAL STAKEHOLDERS



10. MEMBERSHIP IN ASSOCIATIONS, ORGANISATIONS AND UNIONS

Membership in industry associations, unions and organisations enables Latvian Gas to receive information on the current events in energy and related industries and to represent its interests in the national and international policy documents, legislation and standards binding to its industry.

- Latvian Gas joins activities that contribute to a sustainable development, economic growth and welfare of the whole society.
- Latvian Gas is a member of the following national/international associations and professional organisations:

EMPLOYER'S CONFEDERATION OF LATVIA – taking part in the development of policy planning documents and regulatory enactments in the domain of energy.

LATVIAN CHAMBER OF COMMERCE AND INDUSTRY – Latvian Gas voices its opinion via dialogues and discussions regarding matters important to it, focusing on a sustainable business environment and overall development.

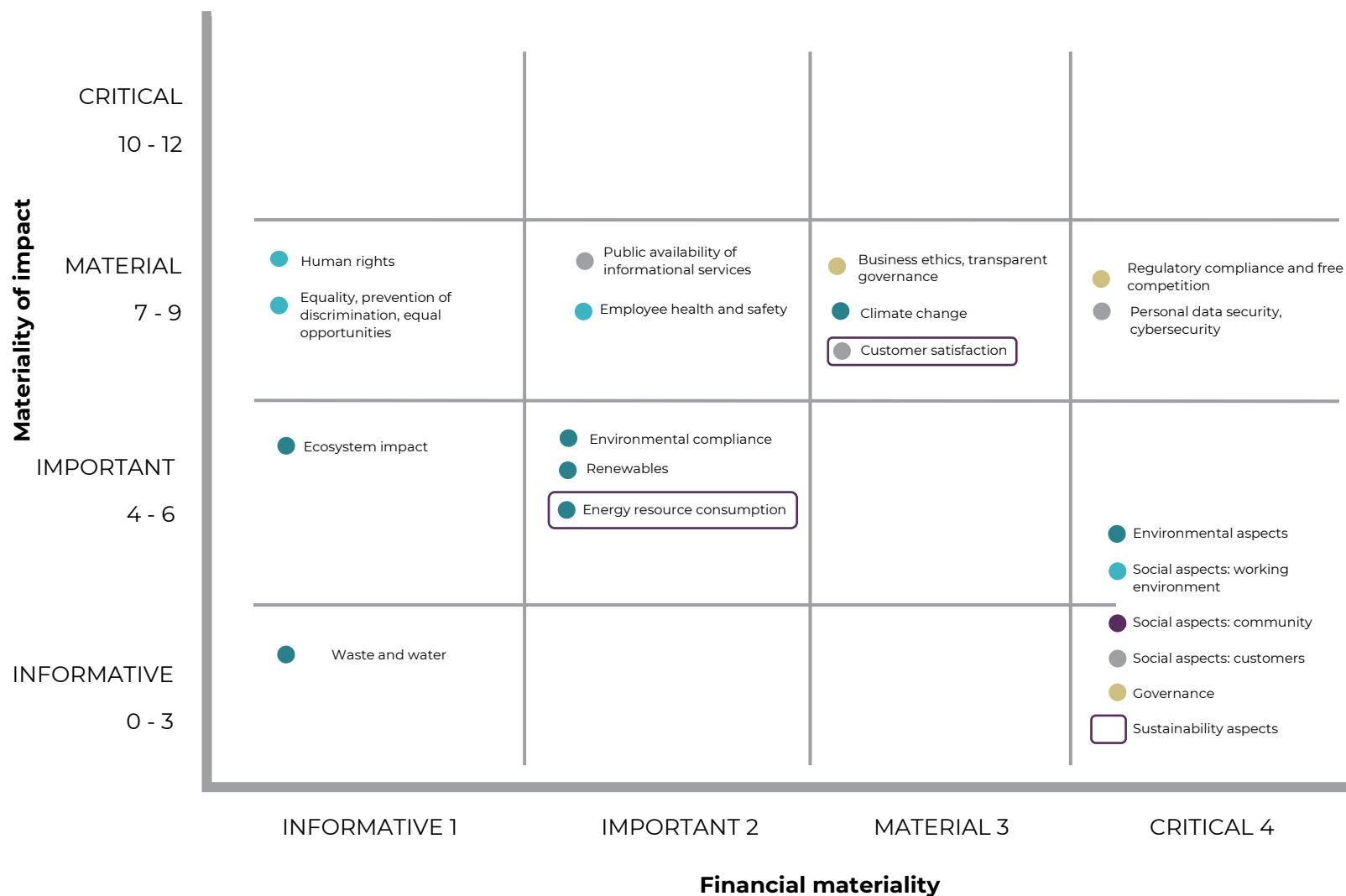
BALTIC INSTITUTE OF CORPORATE GOVERNANCE – building competent transparent governance with a focus on attracting the best talent to improve efficiency, competitiveness and sustainable value creation.

EUROGAS – the whole value chain of gas is represented, covering gas wholesale and retail markets as well as natural gas, biomethane and hydrogen distribution. The cooperation of Latvian Gas with this partner is focused on the further development of the biogas and biomethane industry in Europe, which is consistent with one of the directions of sustainable development mentioned in the sustainability strategy.



11. MATERIALITY ASSESSMENT MATRIX OF LATVIJAS GĀZE

Based on the findings of a materiality assessment, including the results of a stakeholder survey and workshop, a sustainability aspect materiality matrix has been prepared. It has been approved by the sustainability working group and the top-level management. The vertical axis presents the sustainability aspects most important to the stakeholders, while the horizontal axis shows the importance of the aspects to the Company. The materiality matrix is split into two parts: material and very material. It includes 14 sustainability aspects applicable to the Company.



CHALLENGES

CLIMATE CHANGE



HUMAN RESOURCE AVAILABILITY AND LABOUR MARKET DEMANDS



GEOPOLITICAL SITUATION



MAINTENANCE OF KEY INFRASTRUCTURE



CHANGES IN POLICY AND REGULATORY FRAMEWORK



INTRODUCTION OF TAXES INCENTIVISING REDUCED USE OF FOSSIL RESOURCES



RISKS

- Unpredictable weather
- Extreme climate variations
- Natural disasters
- Lower energy resource consumption for premises heating
- Technogenic disasters in natural gas storage
- Installation of hydrogen transmission lines at the expense of natural gas infrastructure

- Decline in general population and economic active population in Latvia
- Lack of qualified workforce
- Employee wellbeing
- Population ageing

- Energy resource supplies affected by unstable geopolitical situation

- Increasing cybersecurity risks
- Digitalisation
- Violations by partners

- Increasing regulatory requirements in relation to the environment and circular economy

- New taxes on trading in fossil energy resources

OPPORTUNITIES

- Implementation of projects reducing GHG emissions
- Implementation of renewable energy projects
- Biomethane production and integration into gas supply
- Development of CNG in the transportation sector
- Green energy procurement for own consumption

- Development of sustainable corporate governance
- Enhancement of employee wellbeing and competence programmes
- Integration of different social groups into work
- Shifting of the ageism paradigm by including both younger and older colleagues in the collective

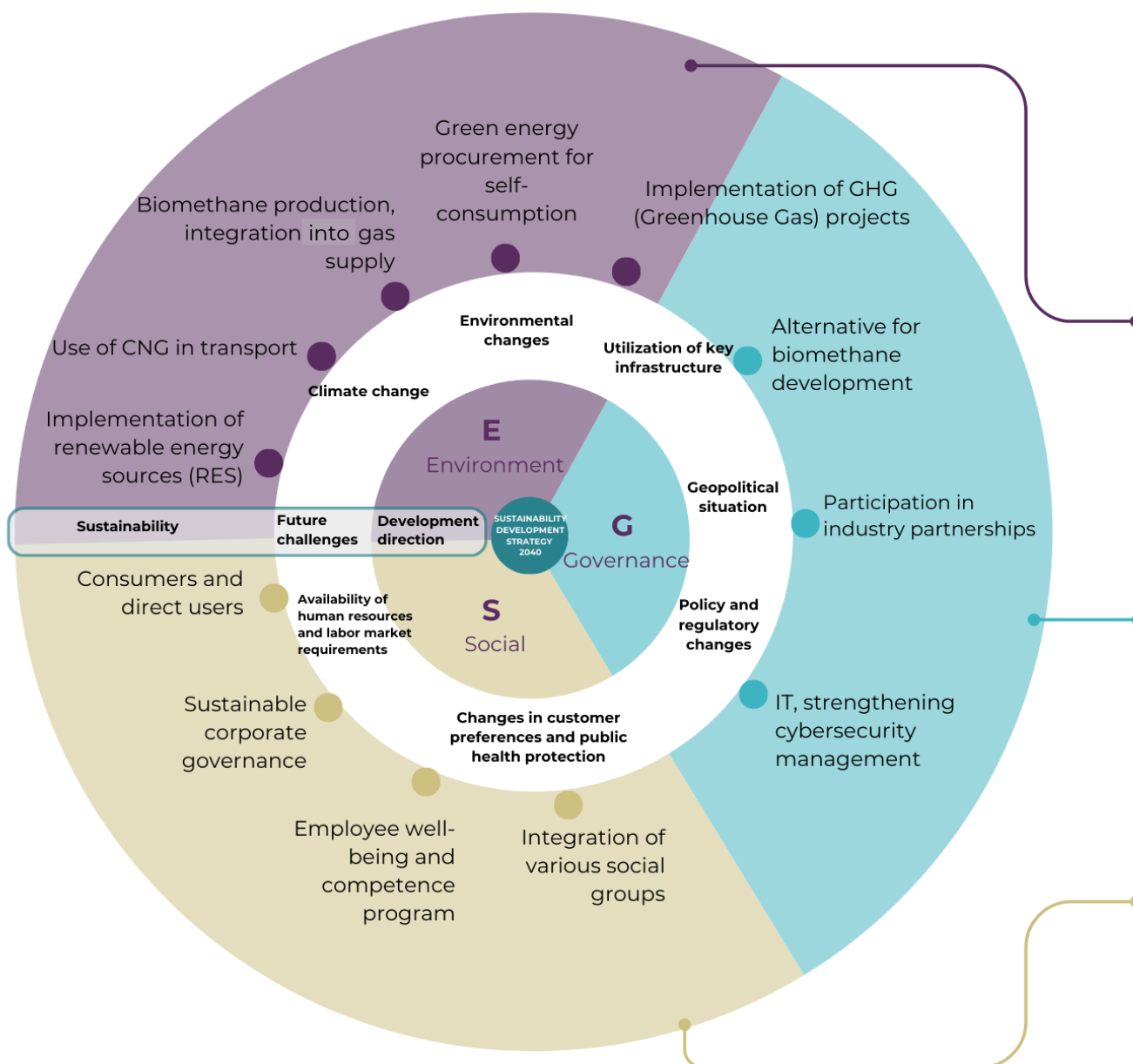
- Development of biomethane projects as alternative to natural gas
- Attraction of new partners

- Strengthening of the IT, risk and corporate governance system

- Active participation in the development of the industry policy, membership in industry associations.

- The state ownership of the major fossil energy source infrastructure companies makes very high taxes less likely
- Trading in renewables
- Fossil energy sources have a price advantage over renewables

12. OVERVIEW OF MID-TERM (TILL 2030) CHALLENGES AND OPPORTUNITIES



The environmental, social and governance (ESG) matters are increasingly linked with the risks and opportunities. It is important to manage one's environmental and human impact, reducing the negative impact and fostering the positive impact. The Company has identified the challenges as well as the relevant physical and transitional risks and opportunities for the period up to 2030:

ENVIRONMENTAL RISKS:

- Unpredictable weather
- Natural disasters

GOVERNANCE RISKS:

- Higher requirements in relation to the environment and circular economy
- Increasing risks of cybersecurity threats, higher cybersecurity requirements

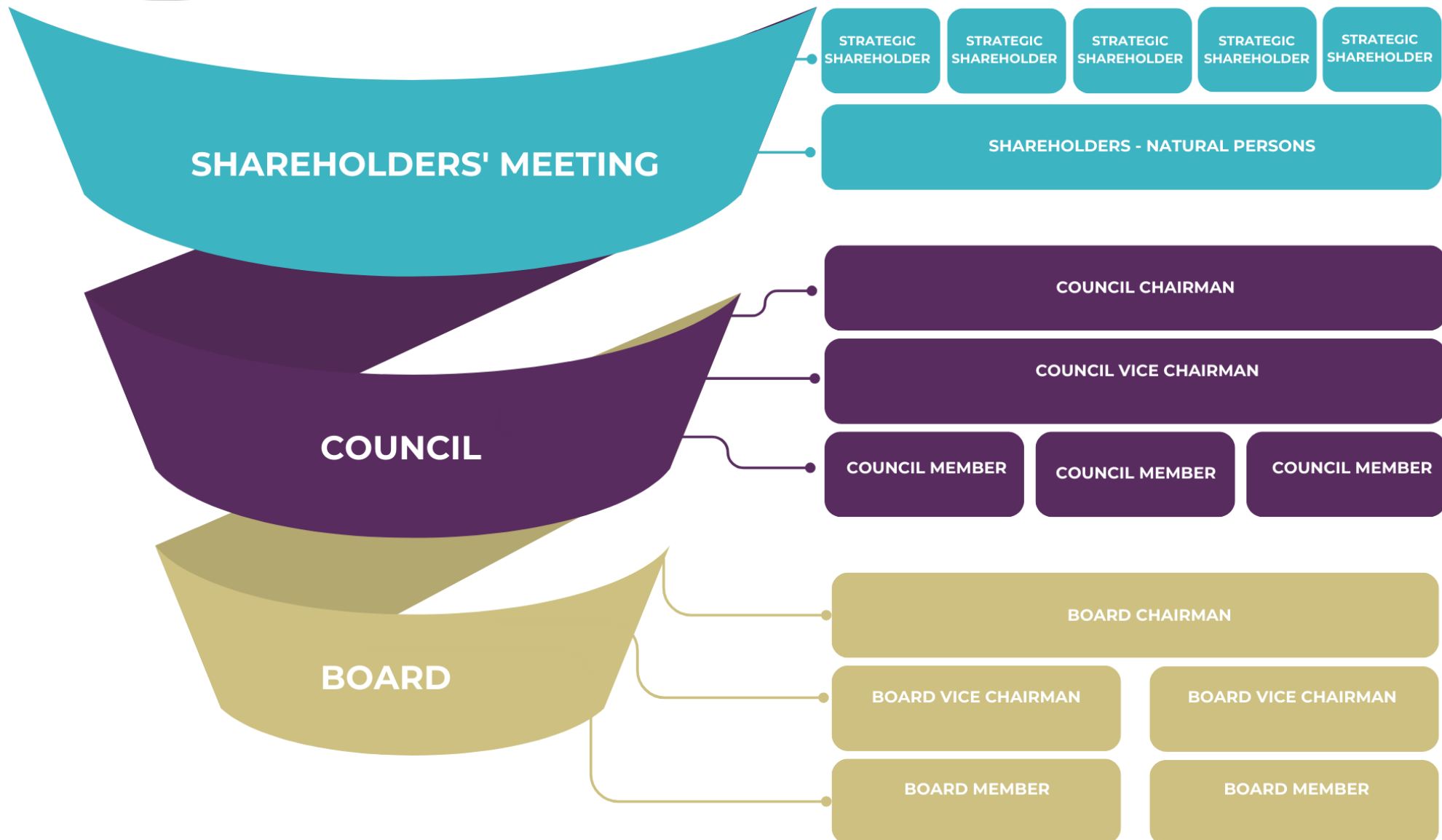
SOCIAL RISK:

- Lack of qualified workforce
- Employee health and safety



ESG MANAGEMENT CONCEPT OF LATVIJAS GĀZE

13. CORPORATE ASPECTS - STRUCTURE



14. CORPORATE ASPECTS - GOVERNANCE

The Corporate governance report of the JSC «Latvijas Gāze» (hereinafter – Latvijas Gāze) for the year 2023 (hereinafter – the Report) has been prepared pursuant to the requirements of Section 56² of the Financial Instrument Market Law and the “Corporate Governance Code” issued by the Advisory Board of the Ministry of Justice in 2020. The principles and criteria contained by the Code follow the recommendations of the European Union and the Organisation for Economic Cooperation and Development (OECD) as to the corporate governance of capital companies.

The said principles of corporate governance have been applied to the

operations of Latvijas Gāze and in 2023 the company fully observed almost all of them. Under the “observe or explain” principle, the Report also includes information regarding the principles which the company observes partially and the substantiating circumstances.

The Report is published along with the audited financial statements of Latvijas Gāze as part of the annual report and is available on the Latvijas Gāze website (in Latvian, English and Russian)

The criterion is fully met	●
The criterion is partially met	●
The criterion is not applicable	●

PRINCIPLE 1	The company has an up-to-date strategy that sets out the company's objectives and progress towards long-term value creation	●
PRINCIPLE 2	The company develops an internal culture and ethics code which serves as a standard of conduct for the company's management and employees	●
PRINCIPLE 3	The company has an internal control system, the effectiveness of which is monitored by the supervisory board	●
PRINCIPLE 4	The company identifies, assesses and monitors the risks associated with its operations	●
PRINCIPLE 5	An internal audit has been established in the company, it evaluates the company's operations independently and objectively	●
PRINCIPLE 6	The company has an independent external auditor	●
PRINCIPLE 7	The company ensures transparent procedures for the election and removal of supervisory board members	●
PRINCIPLE 8	The supervisory board members combined have relevant experience and competence	●
PRINCIPLE 9	The company's supervisory board has independent supervisory board members	●
PRINCIPLE 10	The company has introduced a remuneration policy	●
PRINCIPLE 11	The company's supervisory board work organisation is clear and understandable	●
PRINCIPLE 12	The supervisory board takes informed and well-balanced decisions	●
PRINCIPLE 13	Management board and supervisory board members are clearly aware of the manifestations of conflicts of interest and are informed of the action to be taken in the event of a conflict of interest	●
PRINCIPLE 14	The company provides shareholders with timely information on the conduction of shareholders' meetings, providing all the information necessary for decision-making	●
PRINCIPLE 15	The company promotes effective shareholder involvement in decision-making and participation of as many shareholders as possible in shareholders' meetings	●
PRINCIPLE 16	The company develops and discusses its dividend policy with shareholders	●
PRINCIPLE 17	The company informs shareholders and other stakeholders on a regular basis and in a timely manner of business operations, financial results, management and other relevant issues of the company	●

15. SOCIAL ASPECTS - PERSONNEL

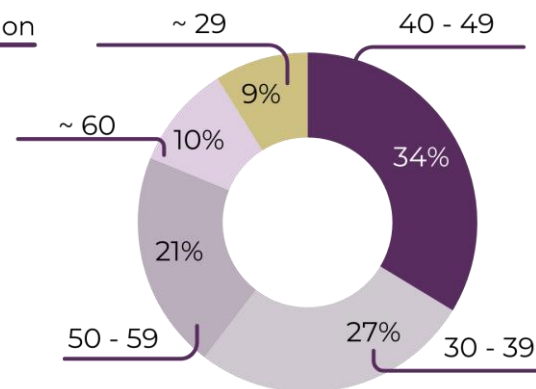
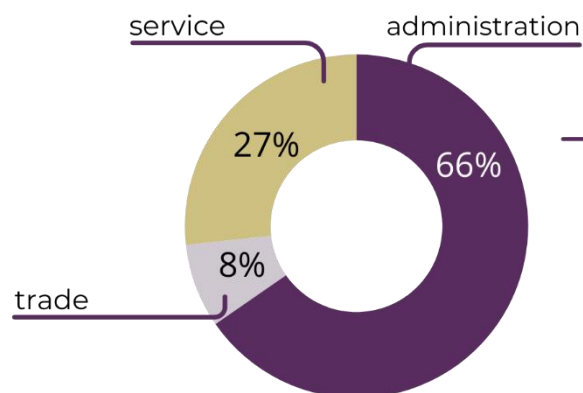
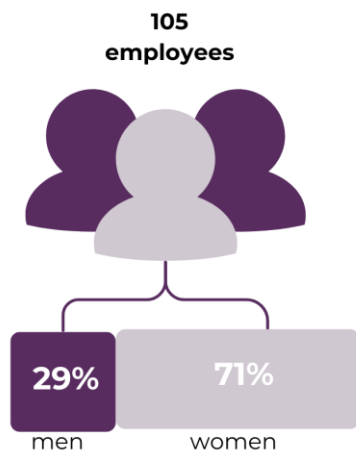
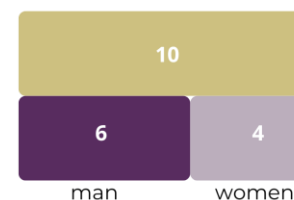
The guarantees and benefits envisaged in the Collective Agreement of “Latvijas Gāze”:

- health and accident insurance for employees
- an additional leave, additional days off (for longevity in service, to the father upon childbirth, on the first day of the school year for classes 1-4, for child care, on the graduation day of the employee himself/herself or his/her child, a relative's funeral, a marriage, an educational leave for final exams)
- allowances (upon childbirth, a child starting school, in the event of death of the employee's relative)
- compensation upon retirement
- contributions to the 3rd pension level

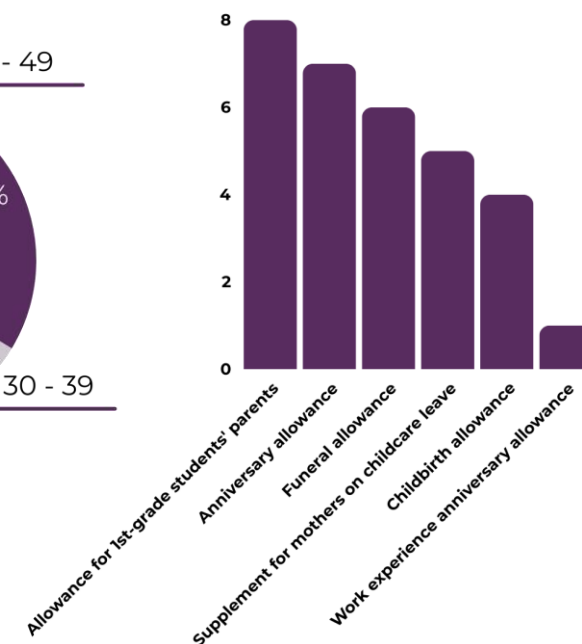
Average tenure

7.5 years

new employees



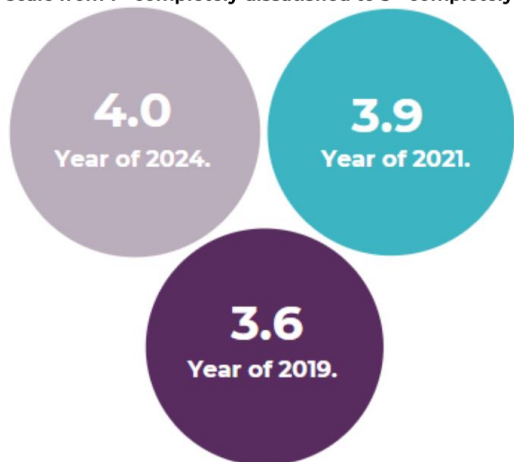
- There were 105 persons employed by the company, 71% of which were women and 29% were men. Furthermore, the proportion of women in the middle and top-level management is at least 50%.



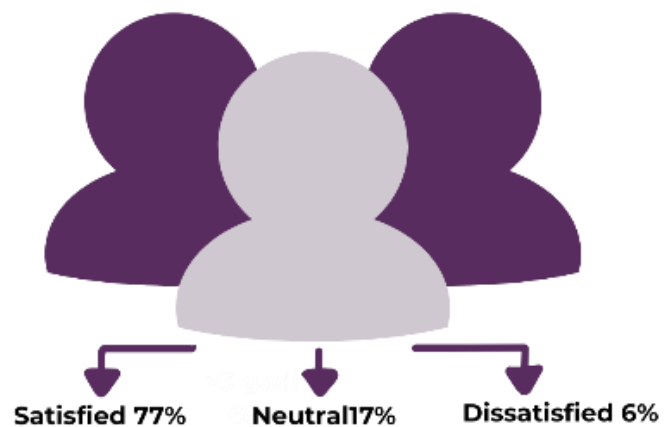
16. SOCIAL ASPECTS – EMPLOYEE SATISFACTION SURVEY

Average satisfaction scale score

(Average on a scale from 1 - completely dissatisfied to 5 - completely satisfied)



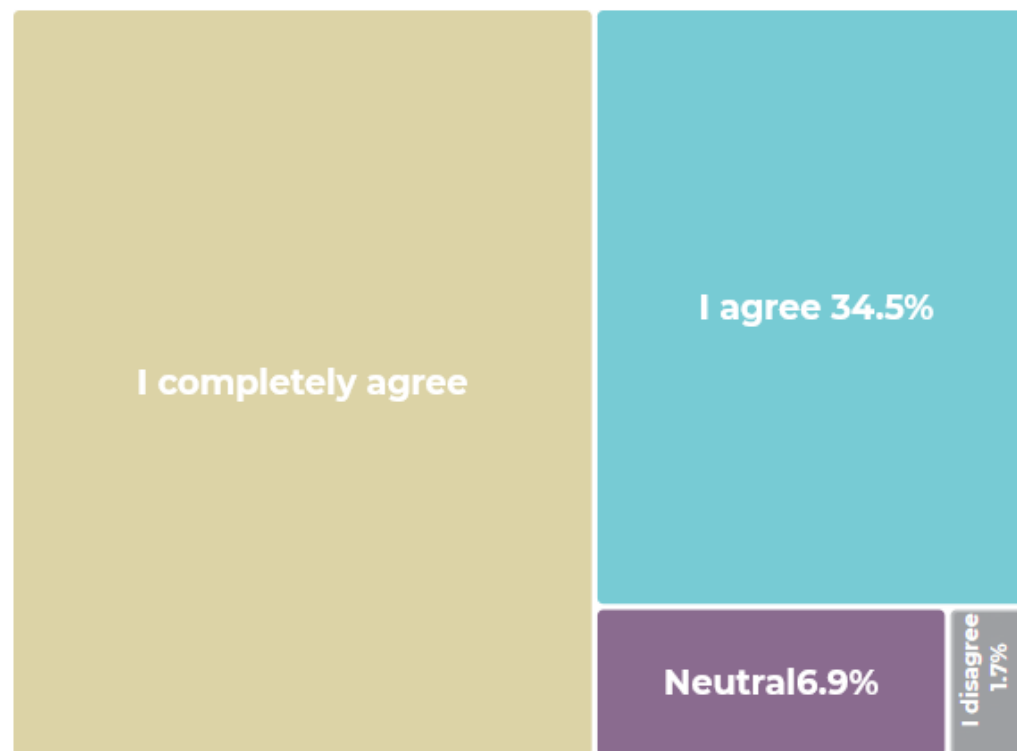
Overall employee satisfaction score



2024 DATA

- The survey was conducted online.
- 58 of 99 employees filled out the survey.
- 69% of the employees have been working at the company for more than 3 years, 31% - less than 3 years.

I like the work that I do



17. SOCIAL ASPECTS – CUSTOMER SATISFACTION SURVEY



NPS is Calculated by Subtracting Detractors from Promoters. An NPS Score Above 0 is Considered Good.

18. LATVIJAS GĀZE SUPPLIER'S CODE OF CONDUCT

- Ethical, social and environmental responsibility constitutes an integral part of the long-term business strategy of the JSC "Latvijas Gāze".
- One of the business development objectives put forward in the process of development of the Mid-term sustainability strategy for 2025-2030 is "Business ethics, transparent governance". This principle covers actions across the value chain pursuant to the principles of the UN Global Compact which also envisage commitment to dealing only with partners who observe the principles of the UN Global Compact.
- In order to advise suppliers of the objective of the JSC "Latvijas Gāze" to do business in a responsible and sustainable manner in line with the principles of the UN Global Compact, the UN Universal Declaration of Human Rights, and the conventions of the International Labour Organisation, the Board of the JSC "Latvijas Gāze" has approved the JSC "Latvijas Gāze" suppliers' code of conduct which presents the requirements we set for our suppliers.
- The purpose of the code is to maintain the principles of responsible and fair cooperation and it includes the basic requirements to be complied with by each supplier in terms of good governance, environmental protection, labour rights, and safe environment. The code applies to all goods suppliers and service providers who deal with the JSC "Latvijas Gāze" as well as to their intermediaries and subcontractors.



19. ENVIROMENTAL ASPECTS - MANAGEMENT

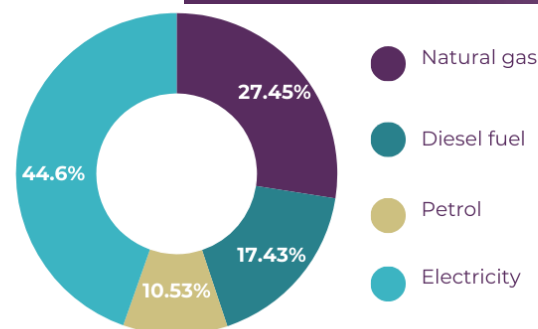
BASIC PRINCIPLES OF ENVIRONMENTAL MANAGEMENT	<p>Environmental management at the Company is planned in adherence to the 10 values of the UN Global Compact, including:</p> <ul style="list-style-type: none"> ▪ Principle 7. Businesses should support a precautionary approach to environmental challenges. ▪ Principle 8. Undertake initiatives to promote greater environmental responsibility. ▪ Principle 9. Encourage the development and diffusion of environmentally friendly technologies. ▪ In order to ensure the accomplishment and accurate assessment of the environmental objectives, the Company implemented the main environmental management standards in a planned manner.
IMPLEMENTATION AND MAINTENANCE OF THE ISO 50001:2018 STANDARD	<p>The JSC “Latvijas Gāze” implemented the ISO 50001:2018 international energy management standard on March 9, 2016 and regularly undergoes recertification for it.</p> <p>As required by the standard, the Company set up an energy management system in which a programme of measures for reducing the environmental impact is prepared and approved every year. The following year, a control and assessment of the measures taken is conducted.</p>
IMPLEMENTATION AND MAINTENANCE OF THE ISO 14001:2015 STANDARD	<p>On October 28, 2021, the Company implemented the ISO 14001:2015 international environmental management standard. The Company's certificate of this standard is valid till October 27, 2027. Following the implementation of the standard, the Company set up an Environmental management control system and started calculating CO₂ emissions.</p>
PARTICIPATION IN THE INTERNATIONAL SUSTAINABILITY ASSESSMENT PROGRAMME ECOVADIS	<p>Since 2020, the Company has also been taking part in the international sustainability assessment programme EcoVadis, receiving a Bronze rating in terms of sustainability.</p>
PARTICIPATION IN THE INITIATIVE “VIDE RĪTDIENAI”	<p>A reduction of CO₂ and other emissions may also be achieved by replacing petrol and diesel cars with natural gas cars. When using CNG in transport, CO₂ emissions are up to 30% lower and other harmful emissions are up to 90% lower than with diesel fuel or petrol.</p>
IMPLEMENTATION AND MAINTENANCE OF THE ISO 14064-1:2018 STANDARD	<p>In 2025, the Company intends to implement the international ISO 14064-1:2018 standard. It sets the specification of greenhouse gases with instructions for a quantitative measurement of greenhouse gas emission and elimination and for reporting on an organisational level.</p>

20. ENVIRONMENTAL ASPECTS - BASIC CO₂ FOOTPRINT CALCULATION, SCOPE ACTIVITIES

CALCULATION OF THE CO₂ FOOTPRINT OF THE JSC "LATVIJAS GĀZE" IN 2023 FOR SCOPE 1 AND SCOPE 2 ACTIVITIES

Type of energy	Natural resources used for energy production	Total energy consumption in 2023 (MWh)	CO ₂ consumption factor per 1MWh of energy (t CO ₂ /MWh)	CO ₂ consumption for each type of energy (t)	Share of the company's total CO ₂ consumption
Scope 1					
Heat for the heating of leased office premises	Natural gas	115.70	0.202000	23.37	8.37%
Heat for the heating of 6 A. Briāna Street	Natural gas	238.98	0.202000	48.27	17.30%
Fuel E95	Petrol	117.76	0.249400	29.37	10.53%
Fuel DD	Diesel fuel	182.18	0.267000	48.64	17.43%
Fuel CNG	CNG	27.00	0.183000	4.94	1.77%
Electricity produced by solar panels at 6 A. Briāna Street	Renewables	21.84	0	0	0%
Scope 2					
Other electricity bought and consumed	Various resources	232.45	0.535370	124.45	44.60%
TOTAL:				279.0440	100%


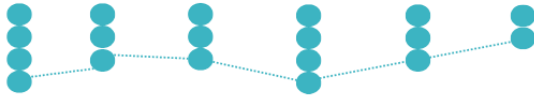

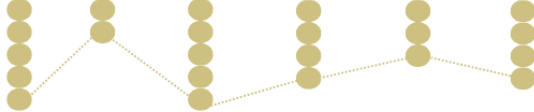
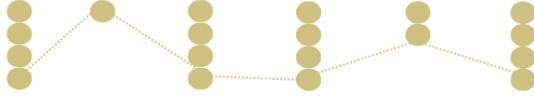

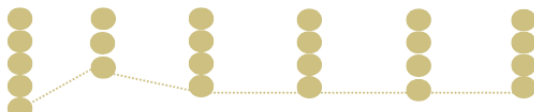

Breakdown of CO₂ by use
(100%=279.0440t)



21. RISK MATRIX

ENVIRONMENT	RISK DESCRIPTION	Risk Impact	Opportunity Impact	Financial Impact	Impact on Strategy	Impact on ESG Goals	Impact on Reputation	RISK MITIGATION ACTIVITIES
	Technological Risks Related to the Company's Assets (Natural Gas Reserves) Storage, Transportation, and Distribution. Example - Technological Disaster at IPGK	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●	<ul style="list-style-type: none"> Insurance of Company Assets Insurance of Risks for Natural Gas Transportation, Storage, and Distribution Companies
	Technological Risks Related to Ensuring the Company's Office Operations	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●	<ul style="list-style-type: none"> Development of a Business Continuity Plan Purchase and Installation of a Backup Generator Investments in the Technical Improvement of the Company-Owned Office Building Creation and Maintenance of a Backup List of Partners
	Risk of Sustainability Reporting Errors	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●	<ul style="list-style-type: none"> Planned Preparations for Starting Sustainability Reporting in 2026 Partnership Agreements with Experts on Sustainability Reporting Matters
	Implementation of the ETS-2 Quota System in Latvia	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●	<ul style="list-style-type: none"> Proactive Actions by the Company in Preparation for the Planned Implementation of the ETS-2 Reporting System Planned Collaboration with Partners to Mitigate the Negative Impact of Potential Innovations Work on Acquiring CO₂ Emission Allowances in the Future
	Collaborative Partners and Supply Chain	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●	<ul style="list-style-type: none"> Establishing Cooperation with a Wide Range of Partners from the Second Half of 2022 Gradual Inclusion of Environmental Aspects in Procurement Requirements
	Compliance with "Green Deal" Requirements and the Risk of Technological Backwardness of Traded Products	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●	<ul style="list-style-type: none"> Development of a Medium-Term Environmental Strategy Expansion of the Product Range

RISK MATRIX II

SOCIAL	Personnel Risk. Due to financial or other types of disputes, the company's operations are disrupted. For example, employees of the company may initiate a strike.		<ul style="list-style-type: none"> Ensuring a Successful Dialogue Between Company Employees and Management Conclusion or Extension of Collective Agreements, Providing Significant Benefits to Company Employees Significant Reduction in Employee Turnover Rate Utilization of Mediation in Case of a Labor Dispute Threatening a Strike or Lockout
	Demographic Changes		<ul style="list-style-type: none"> Clear Equality Policy Towards Employees of Different Ages Incorporation of the Aging Society Aspect in Both Company Operations and Collaboration with Clients
	Violations by Business Partners, Sanctions Risk, 3 Types of Credit Risk		<ul style="list-style-type: none"> Well-Developed Sanctions Risk Procedures Inclusion of Security and Penalty Mechanisms in Contracts Monitoring of Customer Credit Risk and Debt Collection
GOVERNANCE	Risk of Data Protection Breach for Customers and Employees. This occurs if a significant volume of customer or employee data is lost.		<ul style="list-style-type: none"> Automated Data Breach Risk Control Procedures Conducting IT System Tests and External Auditors' Inspections
	Corporate Governance - Quality Data Flow		<ul style="list-style-type: none"> Use of the DVS System Registration of Company Shareholders Preparation of Reports and Public Information at a Level No Lower Than That of a Company Listed on a Stock Exchange
	Sanctions Risk		<ul style="list-style-type: none"> Well-Developed Sanctions Risk Procedures Proactive Efforts to Prevent Any Potential Sanctions Risks
	Financial Sourcing Risk		<ul style="list-style-type: none"> Company Cash Flow Control Regular Financial Partners' Risk Assessment Proactive Measures to Control the Company's Risks
	Cybersecurity Risk		<ul style="list-style-type: none"> Active Proactive Efforts for Employee Training to Mitigate Cybersecurity Risks Development of a Cybersecurity Business Continuity Plan

22. STRATEGIC FOCUS AND GOALS OF SUSTAINABILITY

- Latvian Gas strives towards processes, products and services that contribute to the accomplishment of the UN sustainable development goals (SDGs).
- Latvian Gas has opted to prioritise six SDGs, also promoting the Company's move towards climate neutrality in 2050.



AFFORDABLE AND CLEAN ENERGY

Ensure access to affordable, reliable, sustainable and modern energy for all



RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns



CLIMATE ACTION

Take urgent action to combat climate change and its impacts



LIFE ON LAND

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



QUALITY EDUCATION

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

23. MID-TERM SUSTAINABILITY DEVELOPMENT GOALS

CLIMATE NEUTRALITY

Goal

- Targeted action and activities to attain the Company's climate neutrality in 2050
- Voluntary CO₂ capture and promotion of biodiversity
- Use of green electricity and reduction of CO₂ emissions

Target value 2030

- To reduce the CO₂ emission value by 40% against the 2023 base CO₂ footprint value
- To purchase and gradually afforest suitable land in order to reduce the company's carbon footprint.
- To afforest at least 20 hectares of land by 2030 for capturing 2.3 to 12 tonnes of CO₂ per hectare per year

CLIMATE ISSUES



BUSINESS ETHICS, TRANSPARENT GOVERNANCE

Goal

- Actions across the value chain in line with the principles of the UN Global Compact
- To improve the employees' cyberhygiene knowledge and skills

Target value 2030

- Dealing only with partners who observe the principles of the UN Global Compact (100% of suppliers have accepted the suppliers' code of conduct)
- To improve the employees' cyberhygiene test results by 2% every year, achieving a 10% improvement against the 2023 base year in 2030

GOVERNANCE



24. MID-TERM SUSTAINABILITY DEVELOPMENT GOALS II

EMPLOYEE HEALTH, SAFETY AND WELLBEING

EMPLOYEE EQUALITY, INTEGRATION

Goal

- Contributions to the 3rd pension level
- Employee satisfaction improvement
- Gender equality in management positions
- Employee integration

Target value 2030

- To annually revise (increase) the employer's contributions in order to improve the employees' financial security upon retirement
- To improve the employees' wellbeing to 4.5 (the current average is 4 on a scale from 1 (completely dissatisfied) to 5 (completely satisfied))
- A proportion of women of at least 50% in the middle and top-level management
- An equal pay across professional categories regardless of the person's gender

III

WORKING ENVIRONMENT



SOCIETY

Goal

- Implementation of renewable source projects

Target value 2030

- Cooperation with scientists and environmental organisations to assess and improve the public availability of renewables
- To promote the development of renewable energy projects in partnership with domestic and foreign suppliers of energy sources

IV

SOCIETY



25. MID-TERM SUSTAINABILITY DEVELOPMENT GOALS III

CUSTOMER SATISFACTION

Goal

- To develop a satisfied and loyal customer segment
- To improve the customer experience and loyalty score or NPS to above 10% (in 2024 – 7%)
- A gold-level customer satisfaction index is an NPS steadily above 15% for 3 years
- To improve the overall customer satisfaction level to 90% (in 2024 – 88.06%)

Target value 2030

V

SERVICES

