

Medium-Term Operational Strategy 2021-2025





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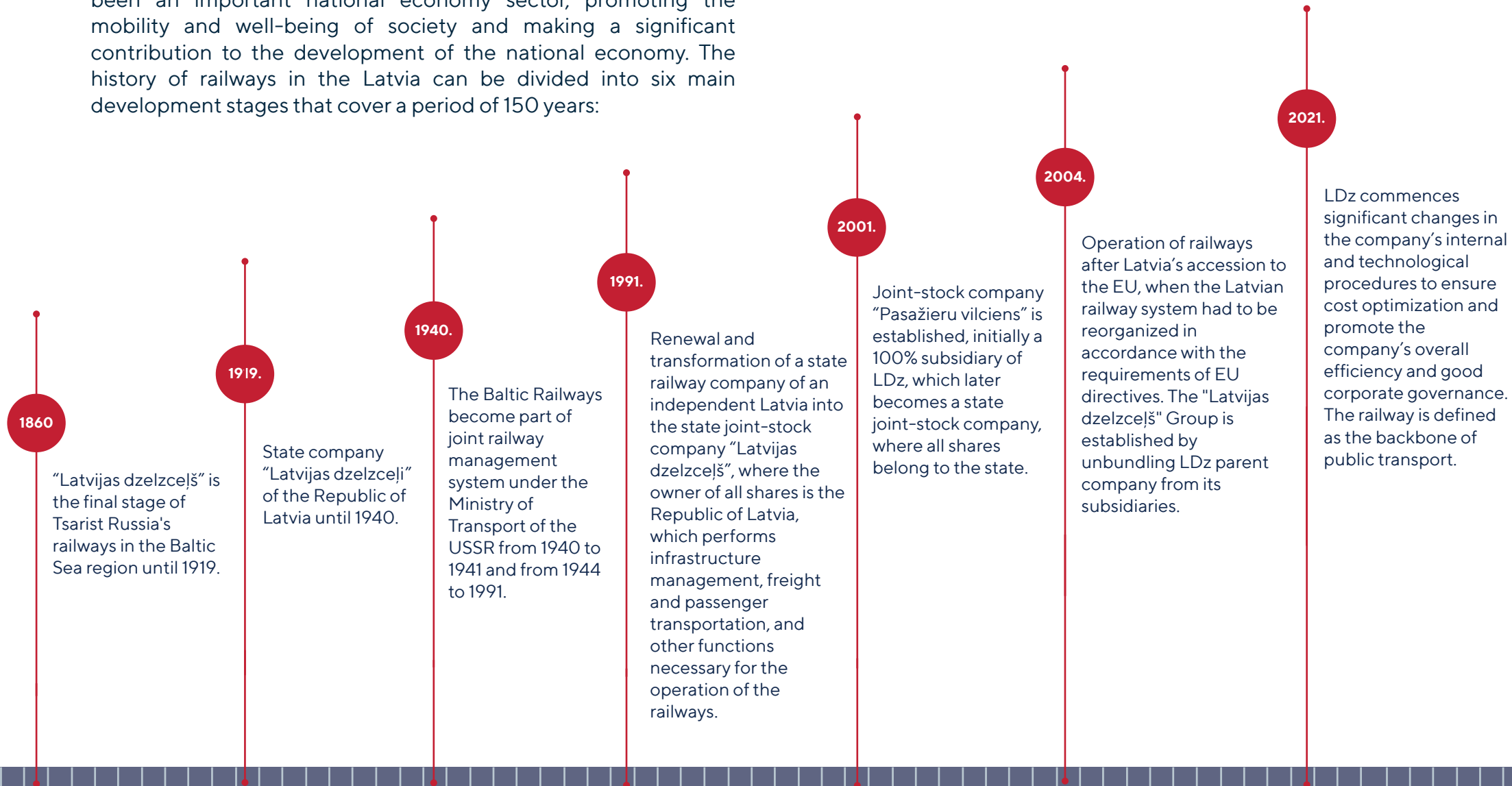
SJSC “Latvijas Dzelzceļš” (LDz) Medium-Term Operational Strategy 2021-2025 (hereinafter referred to as the Strategy) is a medium-term operational planning document that defines the main directions of LDz’s economic activities and development and serves as the basis for structuring LDz Group’s budget.

The Strategy has been developed pursuant to Section 57 of the Law on Governance of Capital Shares of a Public Person and Capital Companies. In accordance with the Guidelines for Drawing up the Medium-Term Operational Strategy of State Capital Companies, issued pursuant to Section 57, Paragraph three of the Law on Governance of Capital Shares of a Public Person and Capital Companies (28.08.2018, No. 1.2-23/1/1), the Strategy covers business segments of LDz as the parent company and of the subsidiaries, setting goals for both the parent company and the Group for the planning period of the Strategy.

RAILWAY INDUSTRIES

STAGES OF DEVELOPMENT IN LATVIA

Development of the railway infrastructure in Latvia goes back to the 1860s, and for more than one-and-a-half century, railways have been an important national economy sector, promoting the mobility and well-being of society and making a significant contribution to the development of the national economy. The history of railways in the Latvia can be divided into six main development stages that cover a period of 150 years:



LATVIJAS DZELZCEĻŠ GROUP

As the railway infrastructure develops and changes over time, the key principles remain the same – safety, quality infrastructure to accommodate transport capacity, speed, punctuality and customer convenience.

SJSC “Latvijas Dzelzceļš” is the parent company of Latvijas dzelzceļš Group. The Group consists of the parent company and seven independent subsidiaries (the parent company has a direct decisive influence on six companies, and in one – an indirect decisive influence), which perform the function of public railway infrastructure management and provide a wide range of services in the railway sector.

LDz is a manager of public railway infrastructure (railway infrastructure maintenance, development) that provides the minimum required set of public railway access services and access to public railway infrastructure connecting the railway infrastructure to service stations, services, freight wagon handling, wagon maintenance and inspection services, electricity distribution and trading services, rental services, information technology services, electronic communications services, services of a principal, as well as other services laid down in Section 121, Paragraph one of the Railway Law.

MISSION

We manage and constantly develop the railway infrastructure in a safe, efficient and sustainable manner, and provide competitive railway and logistics services in the interests of the Latvian economy and society.



VISION

We will be an efficient, competitive company providing high added value to customers and responding flexibly to changes in the transport industry.



VALUES

Growth
Safety
Synergy



The values of the Latvijas dzelzceļš Group reflect what we are now and what we want to be in future – each LDz employee individually and the entire LDz team as a whole.

Growth

Our objective is sustainable and well-thought-out development of the company.

We value the courage to take on challenges and the initiative to find solutions.

We believe that only through constant change can the most ambitious goals be achieved.

Safety

We know that safety is important at every step.

We are able to see and mitigate risks effectively.

We care about employees, customers, society and the environment.

Synergy

We are a closely-knit team.

We are proud of what we have achieved and open to discussions on how to further improve our operations.

We work with partners, clients and institutions to achieve common objectives.

LDZ STRATEGIC DIRECTIONS AND GOALS

The general strategic
objective defined by the state

Values, Mission, Vision

Strategic directions

Management

Mobility

Commercial operations

Sustainability and human capital

Financial and non-financial objectives

The general strategic objective of SJSC “Latvijas dzelzceļš” is to ensure efficient, safe and sustainable management of railway infrastructure by providing competitive logistics, rolling stock repair and maintenance services, and security services at strategically important facilities, as well as promoting the development of environmentally-friendly railway transport.

Management

to ensure efficient and economical use of available resources:

- Ensuring high operational efficiency.
- Attaining sound financial performance.
- Continuing to manage the public railway infrastructure in Latvia in accordance with the Multi-Annual Agreement and the needs of the national economy.
- Continuing to ensure effective governance, security and risk management.

Mobility

to increase the importance of railways in the Latvian transport system:

- Development of railway infrastructure in accordance with the needs of passenger transport.
- Maintaining competitiveness of the railway infrastructure for transit transport.
- Promoting the growth of domestic freight transport by rail.

Commercial operations

to increase the revenue and added value of the commercial services we provide:

- Increasing profitability of services provided to external customers.
- Ensuring high quality customer service.
- Diversification of the segments of services provided.
- Expanding the range of services provided to external customers.

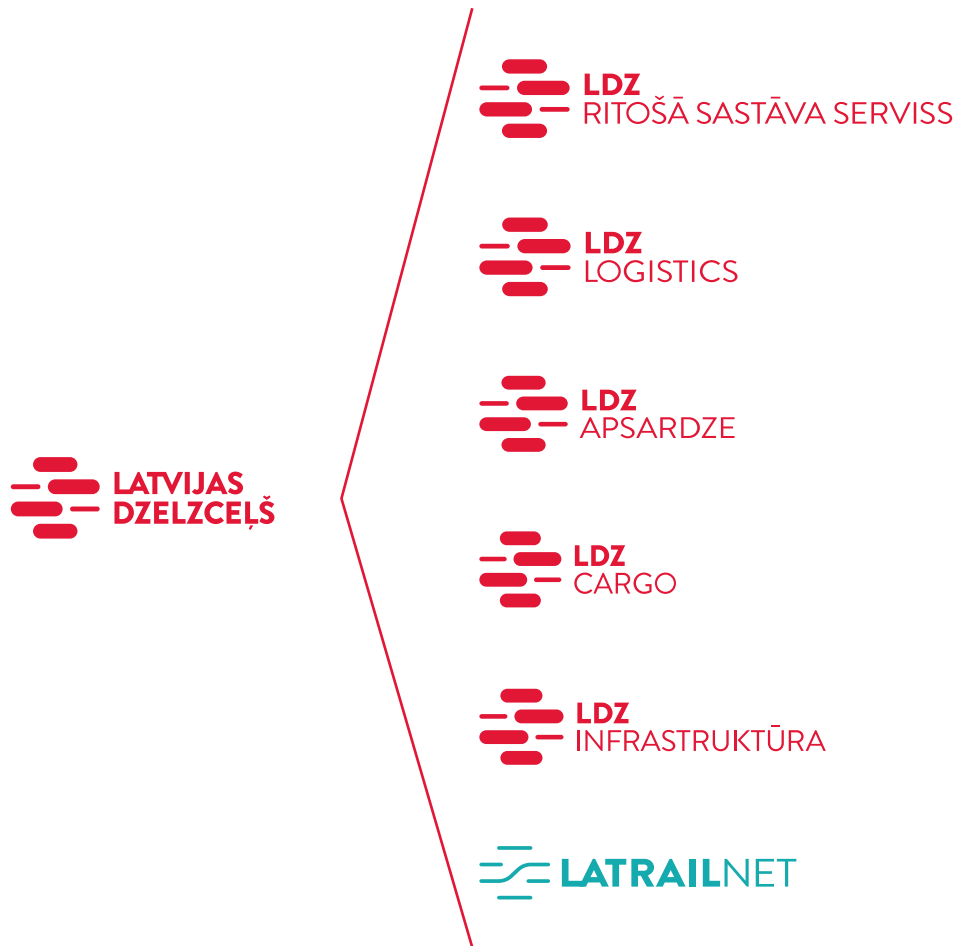
Sustainability and human capital

to improve the positive impact of LDz Group on the environment and society:

- Reducing the environmental impact of railways.
- Building a professional and loyal team and ensuring the growth and development of employees.
- Building and developing the reputation and image of a sustainable and socially responsible company.



STRATEGIC DIRECTIONS OF SUBSIDIARY COMPANIES



- **Ltd. “LDZ ritošā sastāva serviss”** – to provide cost-effective rolling stock repair and maintenance services, promoting efficient use of public railway infrastructure.
- **Ltd. “LDZ Loģistika”** – marketing and sales of intermodal logistics offers, attracting new customers to the Latvian transit industry and thus promoting the use of public railway infrastructure.
- **Ltd. “LDZ apsardze”** – to provide security services in a strategically important sector by ensuring an adequate level of security in implementation of measures, which are related to security of the transit corridor, along railways and in critical infrastructure.
- **Ltd. “LDZ CARGO”** – to be the leader in railway freight transport in the Baltics by turnover, to provide international passenger transport with high added value, to develop the logistics system.
- **Ltd. “LDZ infrastruktūra”** – to provide cost-effective structural repairs to public railway infrastructure by employing modern track overhaul technology in a sector of strategic importance to the Latvian economy.
- **JSC “LatRailNet”** – decision-making on public railway infrastructure charges and capacity allocation in a strategically important sector, ensuring equal, fair and non-discriminatory access to the public railway infrastructure of SJSC “Latvijas dzelzceļš” for all carriers, with the aim of becoming the Baltic leader in economically efficient use of railway infrastructure.

