

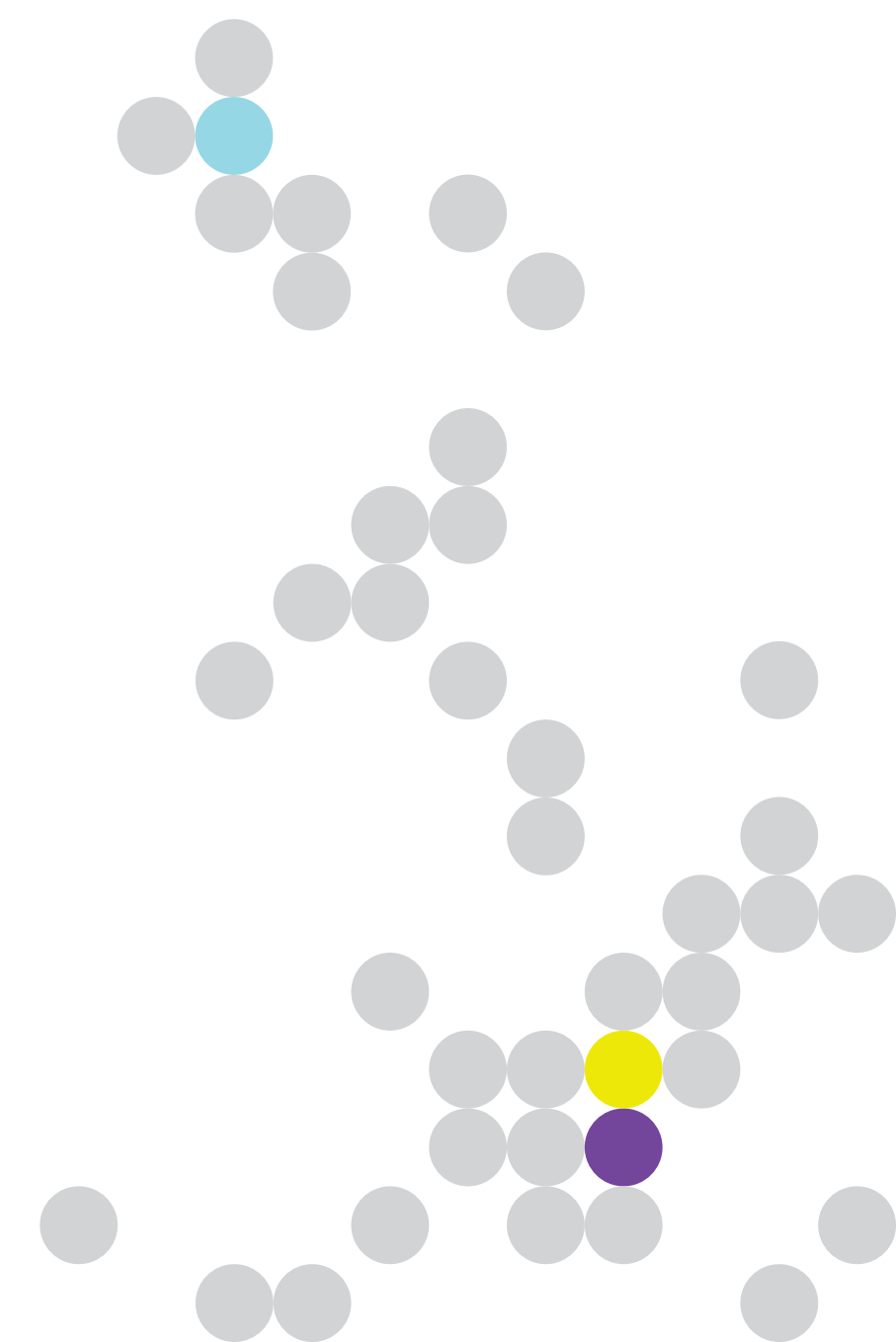
# ○ CLEANR GRUPA

SUSTAINABILITY REPORT  
2022



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## Keynote from the management

### 2022 – a year of change and growth

Last year for CleanR Grupa and its companies was marked by change and growth, where external challenges alternated with internal restructuring processes and growth. In 2022, the Group improved its corporate governance model by reorganizing its flagship company – Clean R – , creating separate businesses, with an aim for each of the set-up companies to focus on its core business area, thus facilitating more rapid growth.

Corporate governance is conducted by the parent company, defining a horizontal strategy in the area of environmental services and providing its subsidiary companies with the necessary tools, knowledge, and experience. Yet, the vertical development of subsidiary companies, including the planning of M&A deals, investments, and organic growth, is facilitated at each company individually. The management of the Group's companies has been put in the hands of industry professionals with extensive experience in the respective business fields, combining it with corporate governance experts, who joined the Group's management team last year, laying the foundation for faster organic growth in combination with conclusion of M&A deals. To finance more rapid development and growth of the Group's companies, in December 2022, CleanR Grupa issued corporate bonds, attracting funds worth EUR 15 million.

In 2022, CleanR Grupa concluded three major acquisition deals - acquiring SIA "RSC Noma", the largest construction waste management company in Latvia, SIA "ST Kūdra" and a

majority stake in company SIA "Zaļā josta", an extended producer responsibility system services provider. This has substantially strengthened the Group's presence in the commercial and industrial waste management segment, where the Group is represented through SIA "CleanR Verso", as well as in the segment of the extended producer responsibility system for packaging and environmentally hazardous goods.

In the area of waste management, last year in Latvia was marked by the achievement of one of the key goals of the circular economy. Along with the significant increase in the waste disposal tariff at the beginning of the year, economic justification has emerged for wider separate collection and sorting of waste, bringing as little as possible to landfill. In the context of these statutory changes, the Group's companies made significant investments in both the modernization of its packaging waste sorting facility in Riga, by automating its processes, and expanding its industrial material recovery centre "Nomales". Also, last year the Group launched its first plastic recycling facility, running it in a test mode. In addition, the Group continued running its social and environmental campaigns, such as "Nenoroc nākotni" (Don't Bury Your Future), where it keeps raising awareness of waste recycling in society. The Group's total investments in 2022 amounted to EUR 9.6 million, with the funds coming from the previous year's profits and operating cash flow.

The general economic and geopolitical climate had an impact on the Group's

performance in 2022, yet, despite the hikes in energy and fuel prices, which have had an adverse effect on the waste collection and recycling business, and inflationary pressures on employee pay and raw material supply for Vizii and Vizii Urban, the Group managed to both increase its turnover and profits, compared to 2021. Vertical integration in the area of waste management (from collection to recycling) will allow the Group to further diversify economic risks related to fluctuations in the raw material costs, which were profound in 2022.

2022 was also significant because, at the end of the year, we defined our Sustainability Goals for 2023–2025. This is our Group's first Consolidated Annual and Sustainability Report, which, as required by best practice and the EU's corporate sustainability reporting requirements, includes the Group's Statement on Sustainability. By publishing this report, we are initiating group-wide non-financial reporting, which we are committed to improve annually, including more and more of the Group's companies.



### AS "CleanR Grupa" Management Board



Juris Gulbis



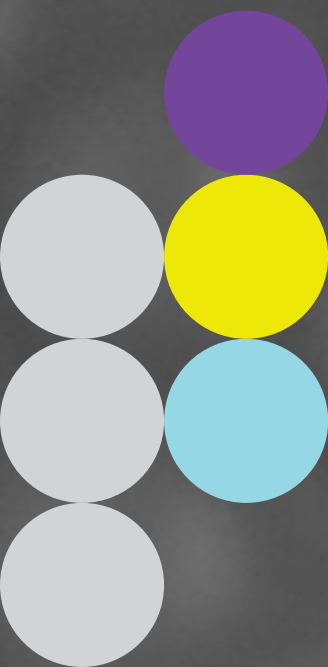
Inta Liepa



Guntars Levics



# ABOUT CLEANR GRUPA

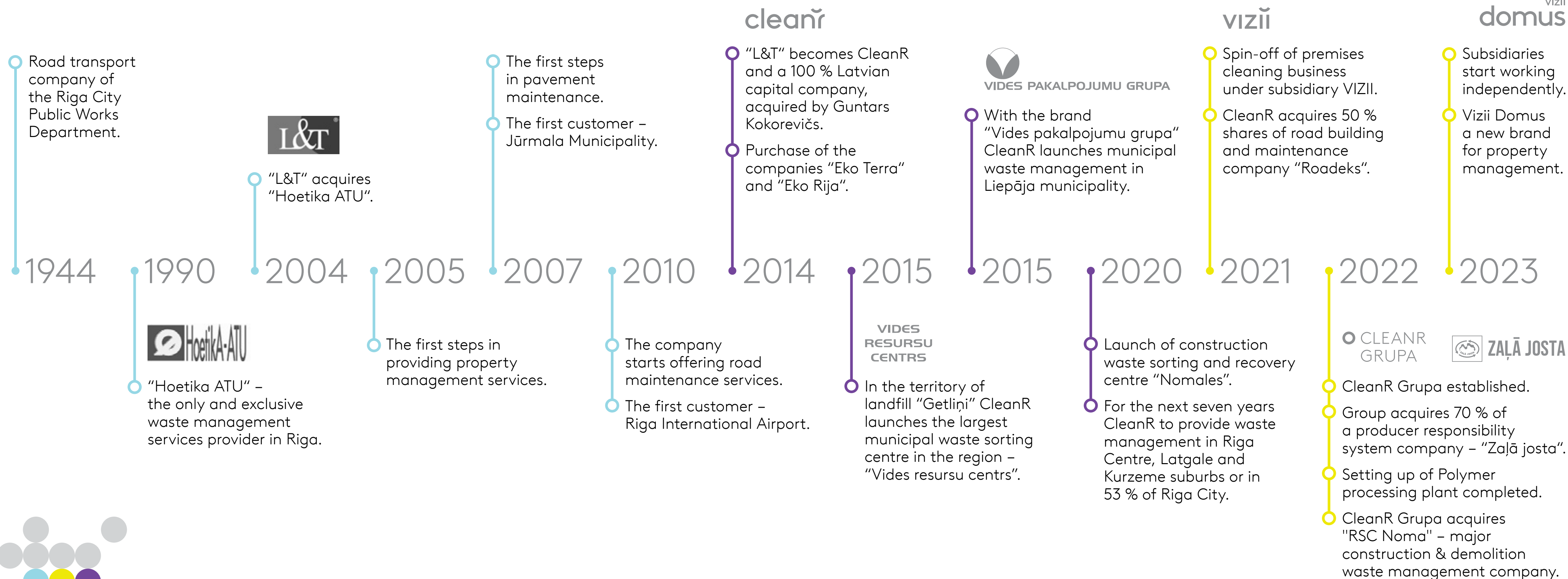




## Group's history

AS "CleanR Grupa" is a 100% Latvian capital company, which manages the leading and most experienced environmental services companies in Latvia.

AS "CleanR Grupa" core operating activity is the management of long-term financial investments. The Group started operating as a holding company in 2014, setting up its current business model in 2022, which for the Group's companies was a year marked by significant change. Yet it all started nearly 80 years ago.





## CleanR Grupa in Facts and Figures

The Group's largest companies operate in the waste management, premises, road, and urban environment maintenance, as well as property management sectors, every day serving over 50 thousand clients all over Latvia thus looking after over half a million Latvian people daily. By offering innovative, digitized, and tailor-made solutions, the Group ensures high quality of products and services, excellent customer service, and care for the environment.

In the pursuit of its mission to serve **PEOPLE AND THE PLANET**, CleanR Grupa is guided by the following principles:

### Grow and guide

A sustainable ecosystem for business development

### Educate and reward

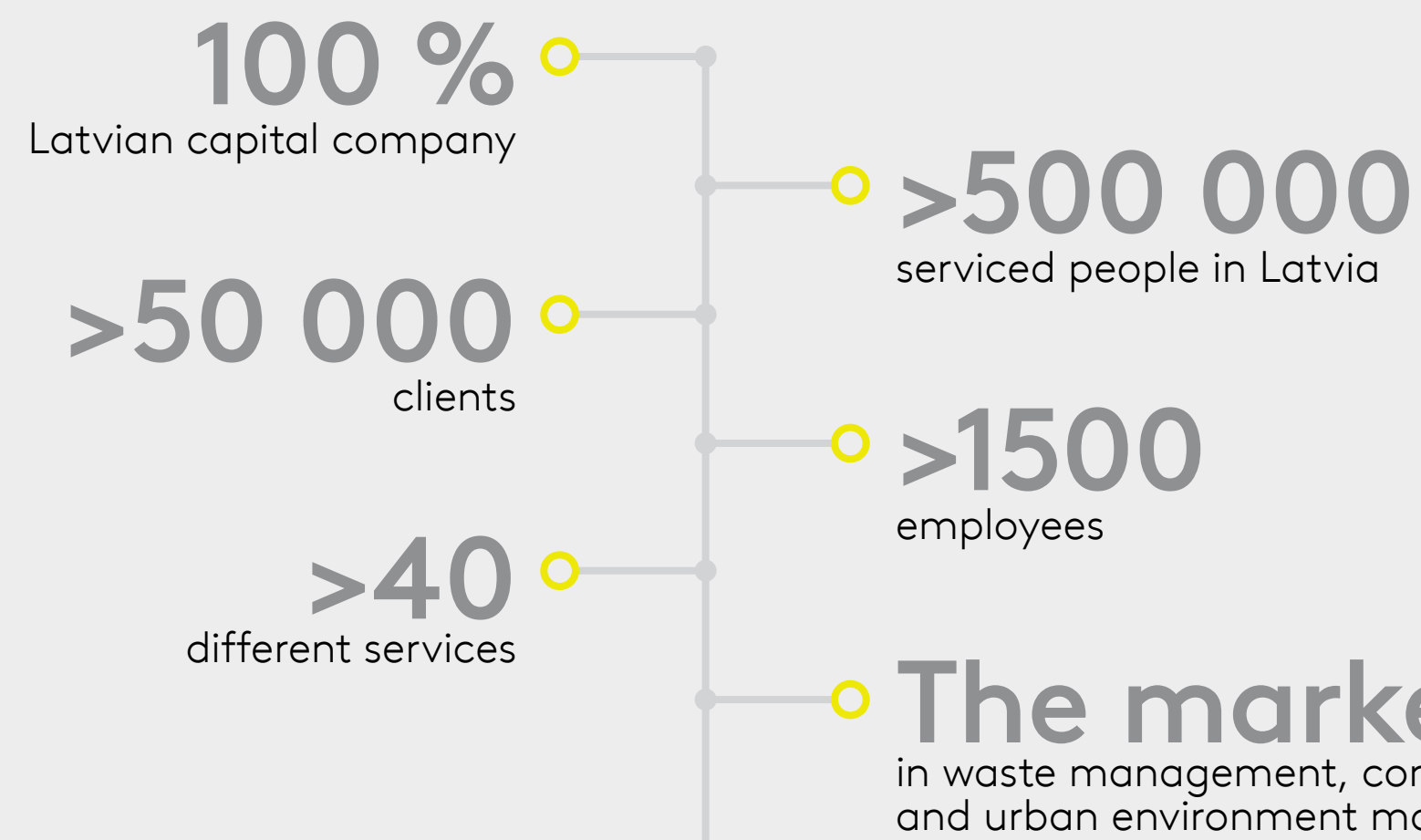
A supportive and growth-oriented workplace

### Maintain and develop

Substantiable towns and cities, where the environment serves the people

### Take care and preserve

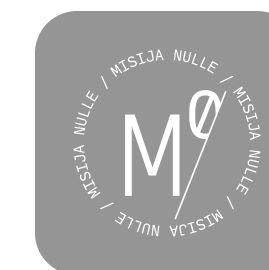
Responsibility for positive climate impact



CleanR, the Group's largest company, **a Platinum member** of the Suitability Index, Latvia's leading sustainability ranking



CleanR – **a family-friendly company**



CleanR Grupa – **a member of Mission Zero**, a workplace safety initiative



### Key figures in 2022

**€ 14.9 million** paid in taxes

**€ 68 million** turnover

**€ 10.4 million** EBITDA

**€ 9.6 million** investments

**€ 240 000** allocated to employees to mitigate effects of energy crisis

**3** M&A deals concluded: "Zaļā Josta", "ST Kūdra" and "RSC Noma"

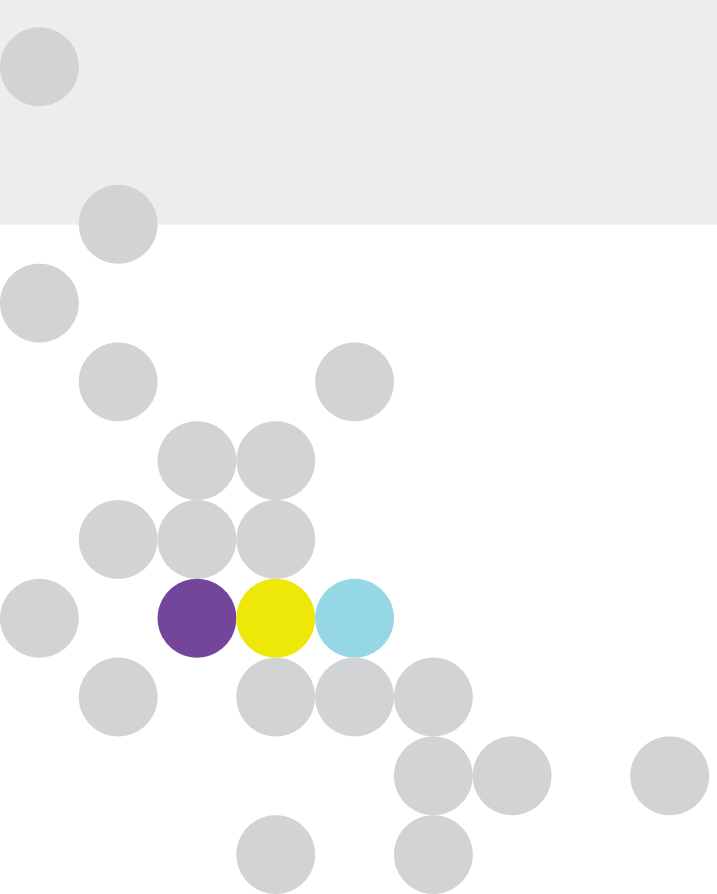
**€ 15 000 000** worth of bonds issued

First **8** underground containers installed in Riga

**52** CleanR textile sorting containers placed

**133 835 tonnes** of solid household waste collected

**>14 000 tonnes** of sorted packaging waste (cardboard, plastic, glass)





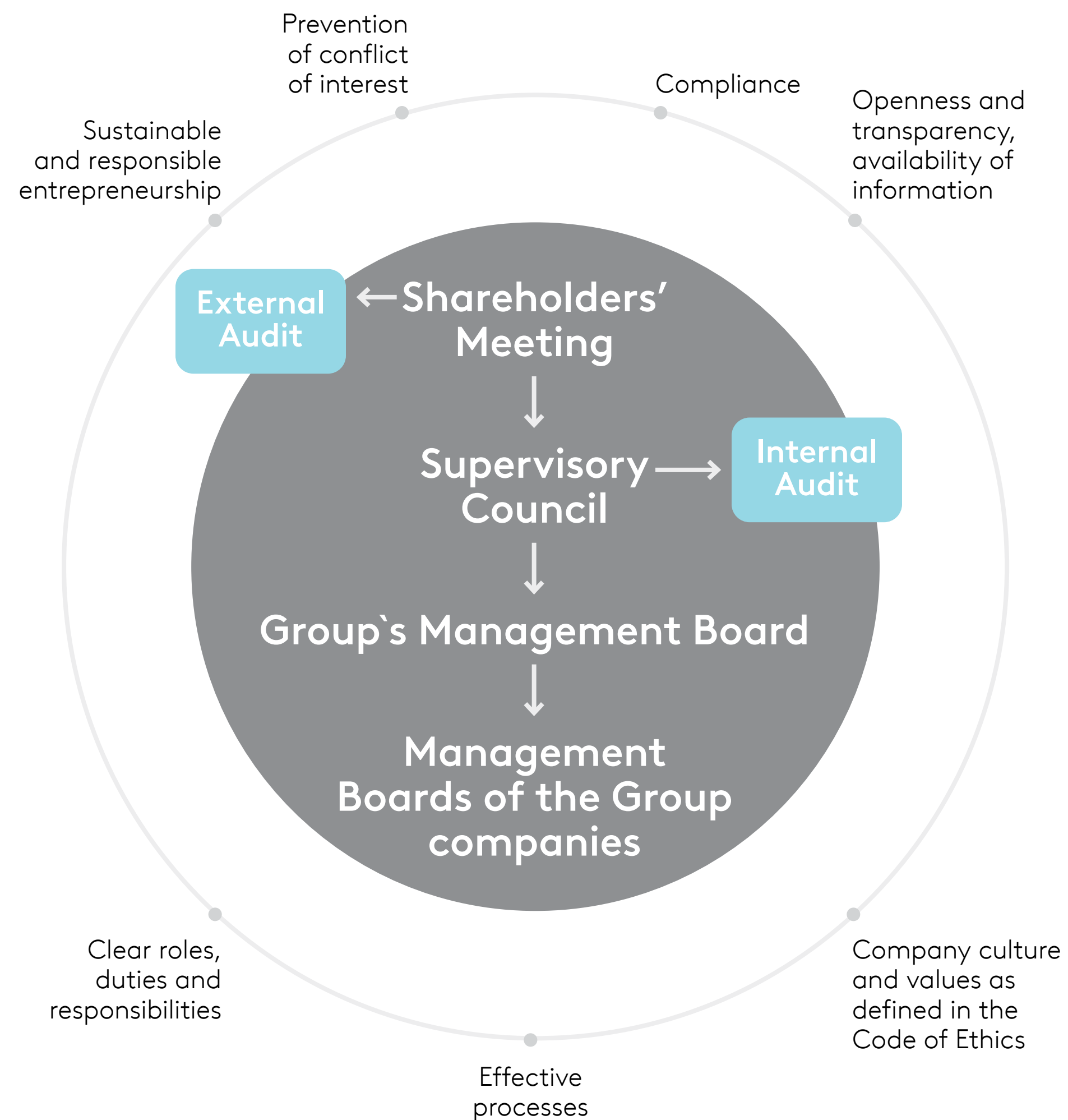
## The Group's corporate governance

CleanR Grupa has ensured that, in line with best practice, it has a comprehensive corporate governance structure in place, allowing the Group to operate transparently and efficiently, to balance and to protect the interests of its stakeholders.

CleanR Grupa's governance model is designed to separate strategic and operative management. CleanR Grupa's corporate governance is overseen by the Group's Shareholders, the Council, and the Board, whereas the corporate governance of the Group's subsidiary companies is overseen by the company boards. Each of them, according to their Articles of Association, regulations, and Latvian Commercial Law has their own responsibilities and mandates.

The board members of the Group's subsidiary companies have joint rights of representation, at AS "CleanR Grupa" – every board member owns a right to represent the company together with at least one more board member. On the Group's Council, there is one independent Council member. Two of the board seats at CleanR Grupa and its subsidiary companies are held by women and 11 by men.

The restructuring of the Group at the end of 2022 initiated a major review of its policies and procedures to define common governance principles for the whole Group. Up-to-date information on the Group's corporate governance is available in the [Corporate governance](#) section of the Group's homepage.



### Governance of the Group's companies

Those subsidiary companies of the Group where CleanR Grupa directly or indirectly holds a majority interest and is in control of the company are governed by commonly defined policies and procedures, as well as commonly devised business development strategy. The Group's strategy is developed by the boards of the Group's subsidiaries together with the Management Board of CleanR Grupa; it is then approved by the CleanR Grupa Council.

### Internal audit

AS "CleanR Grupa" employs an independent auditor reporting directly to the CleanR Grupa Council. The auditor audits the efficiency of internal controls, risk management, and governance processes at the Group's subsidiary companies, with an aim to assess and improve them. Internal audits are conducted according to the Annual Audit Plan. At the Group's companies where CleanR Grupa holds a majority interest and exercises full operational and financial control, internal audit reports are submitted for review to the CleanR Grupa Management Board as the shareholder of the respective Group company. At least once a year, the Group's Board and Council receive a report on internal controls and risk management system at the Group, including proposals for the necessary improvements.

### External audit

The external auditor is selected before the end of the current financial year through a tendering process, based on the most economically advantageous offer, considering the price of the service and the qualifications of the staff involved in the audit. The Group's external auditor is appointed by the Shareholder's decision of AS "CleanR Grupa". In 2022, the sworn auditors' firm SIA "POTAPOVIČA UN ANDERSONE" was selected to audit the Financial Statements of the Group's subsidiaries and the Consolidated Annual Report of AS "CleanR Grupa".



## CleanR Grupa Management

### Shareholders' Meeting

Majority shareholder (94 %) SIA "TAK Capital" (until 28 Sep 2022 SIA "Kapitāla Investīcijas")

- Appoints and removes board members, determines their remuneration;
- Approves amendments to the Articles of Association, decides on reorganization;
- Decides on changes in equity capital;
- Approves the Group's annual report and decides on the use of the previous year's profit;
- Appoints the external auditor.

### AS "CleanR Grupa" Supervisory Council (until 1 Jun 2022 AS "TAK Investīcijas")

- Approves Group's business and sustainability strategy, monitors its implementation;
- Reviews and adopts annual budget and monitors its implementation;
- Oversees the work of the Group's Board;
- Appoints and removes Board Members, determines their remuneration;
- Coordinates general operational principles;
- Ensures that the company operates in compliance with the law, Articles of Association, and Shareholder's decisions.



### Guntars Kokorevičs

Chairman of the Council

Founder and Chairman of the Supervisory Board of AS "CleanR Grupa". More than 17 years' experience in environmental industry, including partnership and regional representation of the global leading environmental services company "Veolia". Vice President of Employers' Confederation of Latvia (LDDK), Member of the Supervisory Board of Junior Achievement Latvia, Former CEO of Riga Stock exchange. Extensive experience in M&A transactions.



### Harijs Krongorns

Deputy Chairman of the Council

Deputy Chairman of the Council of AS "CleanR Grupa" with extensive council work experience in large Latvian companies, including "Valmieras piens", "Latvijas balzams", "Laima". Recorded history in consulting major M&A transactions in the environmental services industry. ACCA member since 2001. Skilled in corporate finance, management consulting, private equity, and asset management, as well as corporate law.



### Māris Mančinskis

Council Member

Mr. Mančinskis is the Independent Council Member of AS "CleanR Grupa" with substantial experience in the management of large companies. He was a long-standing Chairman of the Board of Swedbank Latvia, as well as a Council Member at KOOL, a gas station chain. Currently, he holds a seat on the Council of AS "Agrolats Holding", Executive Committee of the Latvian Olympic Committee, as well as on the Council of Victoriabank, a Moldovan bank, as a director appointed by the European Bank for Reconstruction and Development. He has acquired his education from the University of Latvia, Hofstra University in the United States, and London Business School.



## CleanR Grupa Management (continued)

### AS "CleanR Grupa" Management Board (until 01 June 2022 AS "TAK Investīcijas")

- Jointly manage and represent the company;
- Make sure the company operates in compliance with the relevant laws and regulations, its Articles of Association, and the Council's and Shareholder's decisions;
- Manage company assets;
- Act as the Shareholder of the Group's subsidiaries;
- Implement the Group's strategy, development plans, goals, and policies;
- Ensure the execution of the Group's annual budget.



### Juris Gulbis

Chairman of the Board

Mr. Gulbis was a long-serving CEO of Tet, a technology and entertainment company, as well as Head of the A.C.B. group's subsidiary companies "ACBR" and "8CBR". Before that, he worked for several different food processing and financial companies in Latvia and abroad. Mr. Gulbis holds an honorary degree from Riga Technical University. He has also acquired an ACCA Certificate in Financial Management, as well as increased his entrepreneurial skills at INSEAD and Stanford University.

#### Competencies and areas of responsibility

- Administrative, human resources and finance management
- Change management and business development
- M&A
- PR & marketing
- Corporate governance and sustainability



### Inta Liepa

Member of the Board

Ms. Liepa has more than 10 years of legal work experience in companies of various sizes, extensive experience in the development of legal acts and cooperation with state administration institutions. Considerable experience in the implementation of EU fund projects. Experience in improving the corporate governance of companies.

#### Competencies and areas of responsibility

- Legal support and compliance
- M&A



### Guntars Levics

Member of the Board

Mr. Levics has 17 years of experience in the waste management industry. He has led several significant waste management projects at CleanR Grupa, for example, setting up of the largest household waste sorting facility in the Baltics and the first plastics recycling plant. Both projects were co-financed by the EU funds.

#### Competencies and areas of responsibility

- Manufacturing and services management
- M&A



## Risk management at the Group

At CleanR Grupa's companies, identification and management of risks and opportunities underpins both the strategic planning processes and running of the daily operations. To date, risk management at the Group's companies was decentralized, leveraging various approaches. Yet, given the restructuring of the Group carried out in 2022, in 2023, the Group will seek to centralize its risk management processes to prevent potential losses or damage to the Group's reputation.

The risks associated with CleanR Grupa may be divided into four main areas – **strategic, financial, operational,** and **legislative** (legal, compliance). These risks inevitably also include sustainability risks, i.e., risks that are associated with the environmental, social, and corporate governance aspects.



### STRATEGIC RISKS

Risks that may hinder the achievement of the Group's strategic goals and may arise because of various external factors, such as:

- political,
- social,
- geopolitical,
- climate, incl. pandemic,
- technological,
- macroeconomic factors.



### FINANCIAL RISKS

Risks associated with financial management and planning, including changes in the Group's financial situation i.e., when financial forecasts may substantially differ from actual results. These risks are associated with:

- the prices of materials and resources,
- insufficient insurance/financial security cover, or warranties,
- interest rates,
- credit,
- liquidity, and
- cash flows.



### OPERATIONAL RISKS

Risks associated with the continuity of the provision of services and operation of manufacturing sites, with Group's assets, as well as people's health and safety, IT security, and impact on the environment. They may arise from:

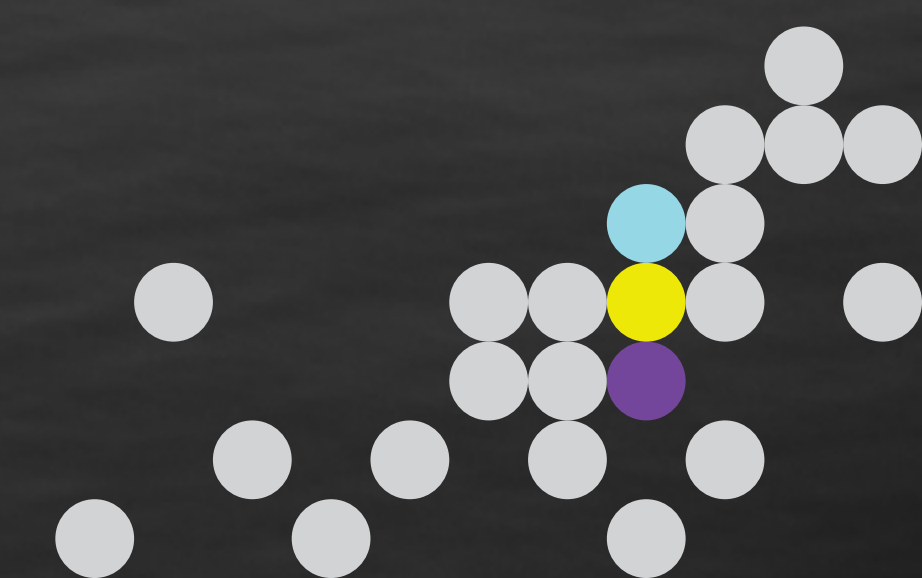
- incomplete/ineffective processes and systems,
- damaged machinery, or equipment,
- due to human error or lack of expertise.



### LEGISLATIVE RISKS

Risks associated with the Group and its companies' compliance, regulatory changes governing the industry the Group operates in, especially, in the environmental services sector. Also, risks associated with:

- changes in tax laws,
- implementation of long-term agreements,
- litigation, as well as
- supply chain management.





## Risk management at the Group (continued)

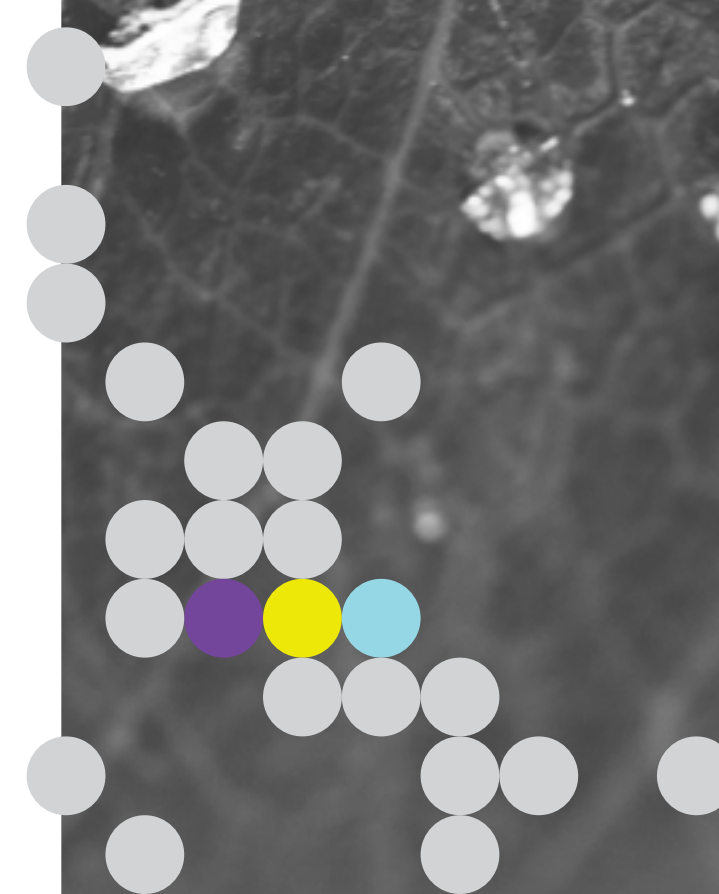
In 2023, we plan to draw up a group-wide risk management policy, which would set out joint principles and approach to risk management across the whole Group. It is envisaged that, at the Group level, risk management will be overseen by the CleanR Grupa Council, implementation ensured by the Group's Board, whereas the business-specific risk management processes will be coordinated by the boards of each respective subsidiary company. The next year's Sustainability Report will include an updated Group risk overview.

### Due diligence

Due diligence is an important part of the Group's business. Due diligence is conducted to identify, prevent, and mitigate any potential adverse impact on the Group and to ensure its successful operation.

Research of the target market and potential business partners allows the Group to make the right decisions with respect to cooperation and the best business strategy to be employed in the respective market. Upon implementing or providing a new service in a new market or to a new client, the management of the respective line of business or company conducts appropriate market and customer research. Upon signing a contract, it is required to perform solvency, tax payment, sanctions check on the contracting party. In the future, when performing supplier assessment, we have planned to also include environmental and social criteria.

When concluding merger and acquisition deals, a more thorough due diligence process is carried out, which, inter alia, includes assessment of the target company's existing governance practices, business conduct and reputation checks, analysis of the financials and assets, analysis of the respective regulatory framework of the business, evaluation of the work environment and management competencies.





## CleanR Grupa's key business lines

CleanR Grupa's companies provide a total of over 40 different services. They fall into two main areas – **waste management** and **environmental services**.

CleanR Grupa is a **customer-oriented group of companies**. By offering innovative, digitized, and tailor-made solutions, the Group ensures high quality of products and services and excellent customer service. The Group **seeks to offer integrated services**, which include both **full-cycle waste management** – collection, sorting, and recycling – and **environmental services**.

### WASTE MANAGEMENT

SIA "Clean R" is the Group's largest company, which **handles collection of sorted and unsorted solid household waste** in the municipalities of Riga, Liepāja, Jūrmala, Stopiņi, Ozolnieki, Inčukalns, and Jelgava. CleanR also handles collection of sorted biodegradable waste and textile, providing the necessary infrastructure for it. The company operates 9 sorted waste collection sites. CleanR's share of the waste management market in Latvia reaches 40 %. At the end of 2022, the company opened its new plastic recycling plant. CleanR ensures the full cycle of the circular economy – collecting, sorting, and recycling plastic into new products.

cleanr

SIA "CleanR Verso", whose provided services had been one of CleanR's long-lasting lines of business, was set up as an independent legal entity in 2023. The company handles **commercial and industrial waste**, as well as **sorting of secondary materials** (paper, metal, cardboard, plastic, glass) collected from residents and businesses. Currently, these are the fastest-growing business segments in the Group's portfolio. The company operates two material sorting facilities in Riga, and an industrial waste sorting and recovery center "Nomaļes" in the Stopiņi municipality.

cleanr  
verso

SIA "Zaļā josta" is an extended producer responsibility company, which became part of the Group at the end of 2022. The company **organises management of used packaging, disposable dishes and tableware, environmentally harmful products and electrical appliances** thus providing an opportunity for the producers to obtain a 100 % exemption from Natural Resources Tax as well as it ensures that waste generated by producers' economic activity is collected, recycled, and goes into repeated circulation. As of 2023, the existing Group's company SIA "Eko Rija" will be incorporated into the structure of "Zaļā josta", and further on, the "Eko Rija" clients will be served by a single "Zaļā josta" brand. CleanR Grupa owns 70 % of the "Zaļā josta" shares.

ZAĻĀ JOSTA

SIA "Vides resursu centrs" is **the largest municipal waste sorting facility in Latvia and the Baltics**, with an annual throughput of 270 000 tonnes. CleanR Grupa indirectly owns 53 % of the "Vides resursu centrs" shares.

VIDES  
RESURSU  
CENTRS

VIZĪI

SIA "Vizii" had been CleanR's key line of business for 15 years, was spun-off as an independent legal entity on 1 September 2021. Vizii provides **the daily cleaning of commercial, manufacturing, and public spaces and offices**, and general cleaning of premises. The company uses innovative cleaning solutions (utilizing robots and nanotechnology, including the spray-wash systems) and environment-friendly cleaning products. Vizii's services are used by "Rimi" and "Maxima", the leading retailers in Latvia, pharmaceutical company "Olainfarm", and others.

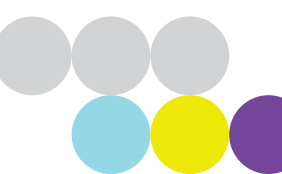
vizii  
domus

Vizii Domus is a **property management business brand**, which comprises five Group companies with invaluable experience of almost 30 years in property management. Currently, Vizii Domus manages residential buildings and commercial property in 7 Latvian towns and cities – Riga, Jūrmala, Jelgava, Tukums, Sigulda, Cēsis, and Priekule.

vizii  
urban

SIA "Vizii Urban" provides **territory, street, road, and urban environment maintenances services**. With its 20 years of experience in urban environment maintenance, having previously been one of CleanR's lines of business, Vizii Urban is a knowledgeable partner to municipalities and companies which care for neat and tidy public spaces. The Vizii Urban services also include planting of greenery, cleaning of beaches, daily maintenance and cleaning of public spaces and venues, as well as specialized public road maintenance services in winter. The largest Vizii Urban's clients are the municipalities of Jūrmala, Rēzekne, Tukums, Liepājas and Riga, as well as such well-known brands as "Maxima", "Rimi", "Neste", "Knauf".

### ENVIRONMENTAL SERVICES



## CleanR Grupa's Strategic Priorities 2023–2025

### The Group's Strategic focus for the next three years

Efficiency, productivity, and climate impact mitigation

Focussed group-level sustainability management

Customer satisfaction and digitization of customer service

Employee safety and well-being

Strengthening of corporate governance model

### Efficiency, productivity, and climate impact mitigation

The Group will continue to invest in technology that not only improves and streamlines processes, **increases productivity**, and **reduces costs**, but also **mitigates the impact** the Group's companies have **on the environment**. This will contribute to the achievement of the Group's sustainability goals and the aims of the EU's Green Deal, as well as will facilitate Latvia's advancement towards the circular economy.

In recent years, the Group has invested over EUR 2.5 million in the more environment-friendly natural gas vehicles. In the coming years, the Group plans to continue modernizing its fleet of cars and trucks used in service provision by adding more environment-friendly and cost-efficient vehicles.

Over the next period, one of the key focuses of the Group is **to sort, recycle, and produce more**. The Group's companies have made substantial investments in the **modernization** of the packaging waste sorting facility by **automating** its operations and will continue investing in the expansion of "Nomales", a construction waste sorting and recycling center, with an aim to make it the first and largest in Eastern Europe. In 2022, CleanR launched a new line of business – polymer recycling. A new plastic recycling plant was built at "Gurnicas", in Ķekava municipality. The new plant has been equipped with cutting-edge technology, which lets the plant produce up to 1000 tonnes of plastic pellets and flakes a month, nearly 100 % of them being exported.

Considering the planned increase in production capacity of the above business lines and the estimated rise in energy consumption, given the Group's sustainability targets, **the Group will seek to strike a balance between its business and environmental goals, controlling its resource consumption** and, potentially, investing into renewable energy solutions.

CleanR Grupa will seek to ensure that its investments, goals, and plans are compatible with the transition to a sustainable economy and with the limiting of global warming to 1,5 °C in line with the Paris Agreement. **The Group's aim is to become climate-neutral by 2050.**

A significant strategic element of the Group's companies is the implementation of **new, innovative services and infrastructure solutions** that foster the circular economy and climate neutrality. In 2022, CleanR started offering installation of underground containers, and has installed eight of them in Riga. The company will also continue expanding its textile sorting container network. By the end of 2023, CleanR has planned to put up total of 100 textile containers in Riga and other areas and municipalities serviced by the company. In addition, the company will put extra effort in informing and educating the society to encourage separate collection and composting of biodegradable waste.

In the area of industrial waste sorting and recycling, it is planned to significantly increase the sorting capacity of construction waste, increasing the amount of the recovered



## CleanR Grupa's Strategic Priorities 2023–2025 (continued)

materials, and reducing the amount of refuse buried in landfills. In the segments of commercial cleaning and urban environment maintenance, the Group's companies will seek to apply environment-friendly cleaning products even more, as well as innovative and climate-neutral technical solutions for maintenance of urban territories.

The next period's strategic focus will also be on **innovation of services and processes**. We will continue the already started projects co-financed by the EU LIFE program that are aimed at devising and implementing solutions which raise awareness of waste as a resource, promote waste sorting and implementation of the circular economy.

Overall, in 2022, the Group continued to grow and expand, carrying out M&A deals in the construction waste management and extended producer responsibility areas. Over the next three years, the Group will seek to maintain and expand its presence in those regions and segments in Latvia where it is not represented or is a minority player at the moment. Also, it will consider providing its services outside Latvia.

### Customer satisfaction and digitization of customer service

Over the next period, the Group's companies will seek **to improve and digitize customer service** as well as implement common customer service standards and metrics. Given the completed restructuring of the Group in 2022, during the coming years, the Group's aim is to develop MANAI VIDEI, a multi-channel

client service platform, and implement it in all the Group's companies. Offering convenient and fast self-service options, thus increasing customer satisfaction, will remain one of the Group's priorities.

### Safety at work and employee well-being

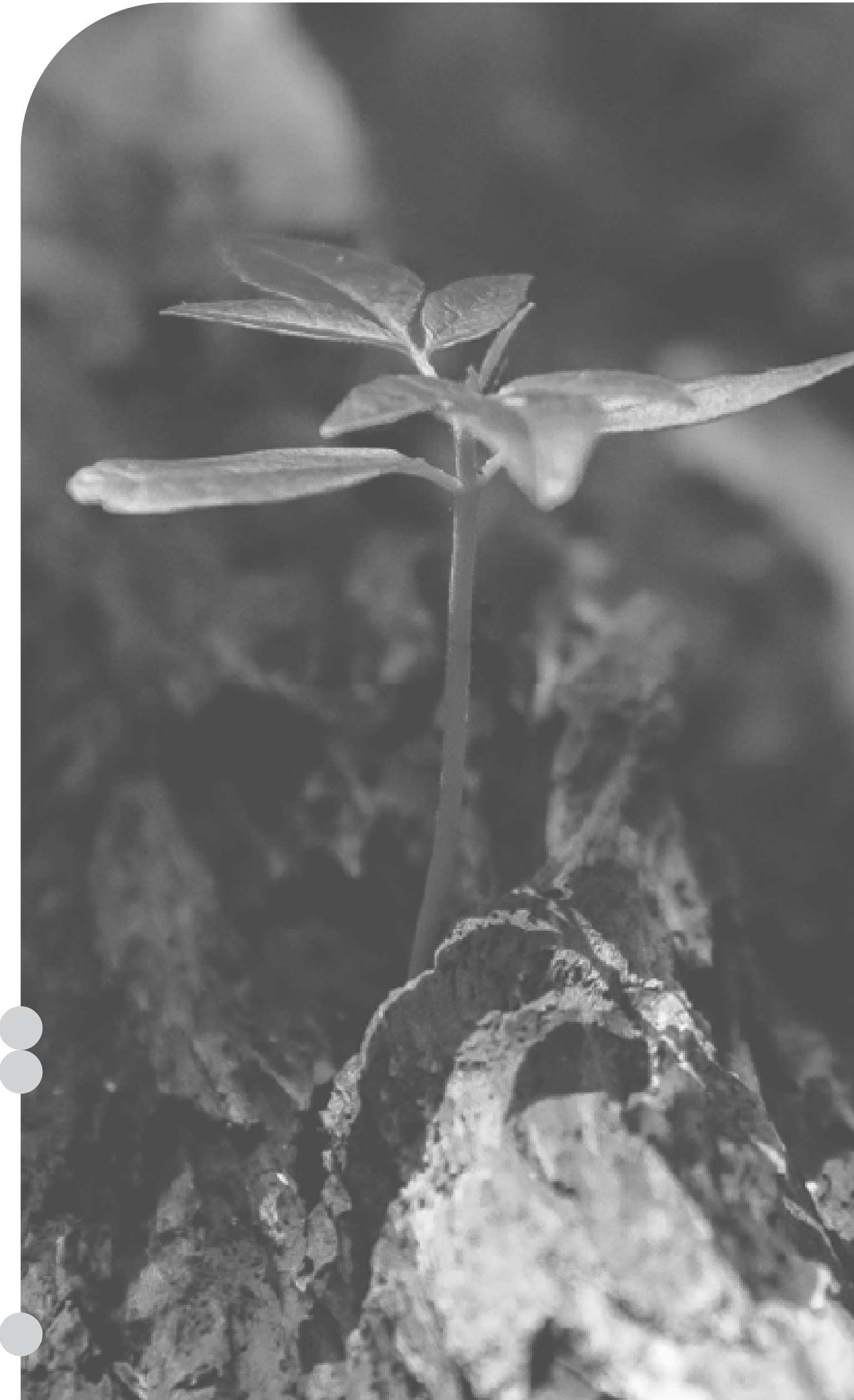
The success of the Group's companies depends on their employees. Therefore, over the next strategy period, the Group will concentrate on **employee growth, development, and health, with the key focus on employee well-being and safety at work**. The Group will continue running its Leader Development and Manager Assessment Program, as well as improve employee onboarding at the Group's companies. To boost employee engagement, loyalty, and sense of belonging, it is planned to set up an Employee Council, continue improving internal communication within the Group, as well as expand and diversify the benefits package.

At the end of 2022, CleanR Grupa joined the [Mission Zero](#) initiative; in 2023 we start a group-wide project called "Drošinātājs", with an aim to promote and build a safer workplace and meet our sustainability goal – zero accidents at the workplace.

### Corporate governance and sustainability

Given the completed restructuring of the Group in 2022 and M&A deals, one of the priorities for the next period will be the **strengthening of the Group's corporate governance model**, following best practice.

Bearing in mind what has been achieved so far, we will seek to gradually put more and more of the Group's companies under the **Group's sustainability governance** umbrella to facilitate the implementation of the Group's sustainability strategy. In 2023, with the Group having started its annual non-financial reporting, reflecting its progress in the environmental, social, and governance areas, the Group will continue improving its system to control the implementation of the Group's sustainability goals. Also, the Group will continue calculating its carbon footprint and handprint, improve its business and sustainability risk and opportunity assessment, ensure integration of its sustainability goals into the management's incentive schemes. The Group will seek to regularly engage its stakeholders and inform them of the Group's sustainability ambitions and achievements.



## Taxonomy-eligible and Taxonomy-aligned activities

To meet the aims of the EU’s Green Deal and promote sustainable investments, in 2020, the European Commission passed [Regulation \(EU\) 2020/852](#), which provides a classification system, establishing a list of environmentally sustainable economic activities. The Taxonomy Regulation sets out 6 environmental objectives:

- Climate change mitigation;
- Climate change adaptation;
- The sustainable use and protection of water and marine resources;
- The transition to a circular economy;
- Pollution prevention and control;
- The protection and restoration of biodiversity and ecosystems.

To determine whether a particular economic activity of the CleanR Grupa companies may be regarded as environmentally sustainable, we assessed whether it:

- Has a substantial impact on one or more of the environmental objectives set forth by the Taxonomy Regulation;
- Does not cause serious harm to any of the environmental objectives;
- Is carried out, meeting the basic requirements of the social and governance area.

Under the Taxonomy Regulation, non-financial companies are required to disclose the share of their turnover, capital (capex), and operational expenditure (opex) associated with taxonomy-eligible economic activities and must assess which of these activities meet the technical screening criteria and therefore are considered taxonomy – aligned and must disclose their proportion in the above-mentioned financial criteria.

CleanR Grupa evaluated two of its key business activities according to the current Group structure in 2022, and their eligibility and alignment with the technical screening criteria set forth by the EU Taxonomy, and deemed the following economic activities as taxonomy-eligible:

Taxonomy-included/aligned activity	NACE Rev.2	Group company in 2022
<b>5.5. Collection and transport of non-hazardous waste in source segregated fractions</b> (Separate collection and transport of non-hazardous waste in single or comingled fractions aimed at preparing for reuse or recycling)	NACE 38.11 Collection of waste (excluding hazardous waste)	CleanR (Collection and transportation of municipal solid waste, secondary materials, construction waste)
<b>5.9. Material recovery from non-hazardous waste</b> (Construction and operation of facilities for the sorting and processing of separately collected non-hazardous waste streams into secondary raw materials involving mechanical reprocessing)	NACE 38.32 Recycling of sorted waste	CleanR (otriezējo materiālu, būvniecības atkritumu šķirošana un/vai pārstrāde)

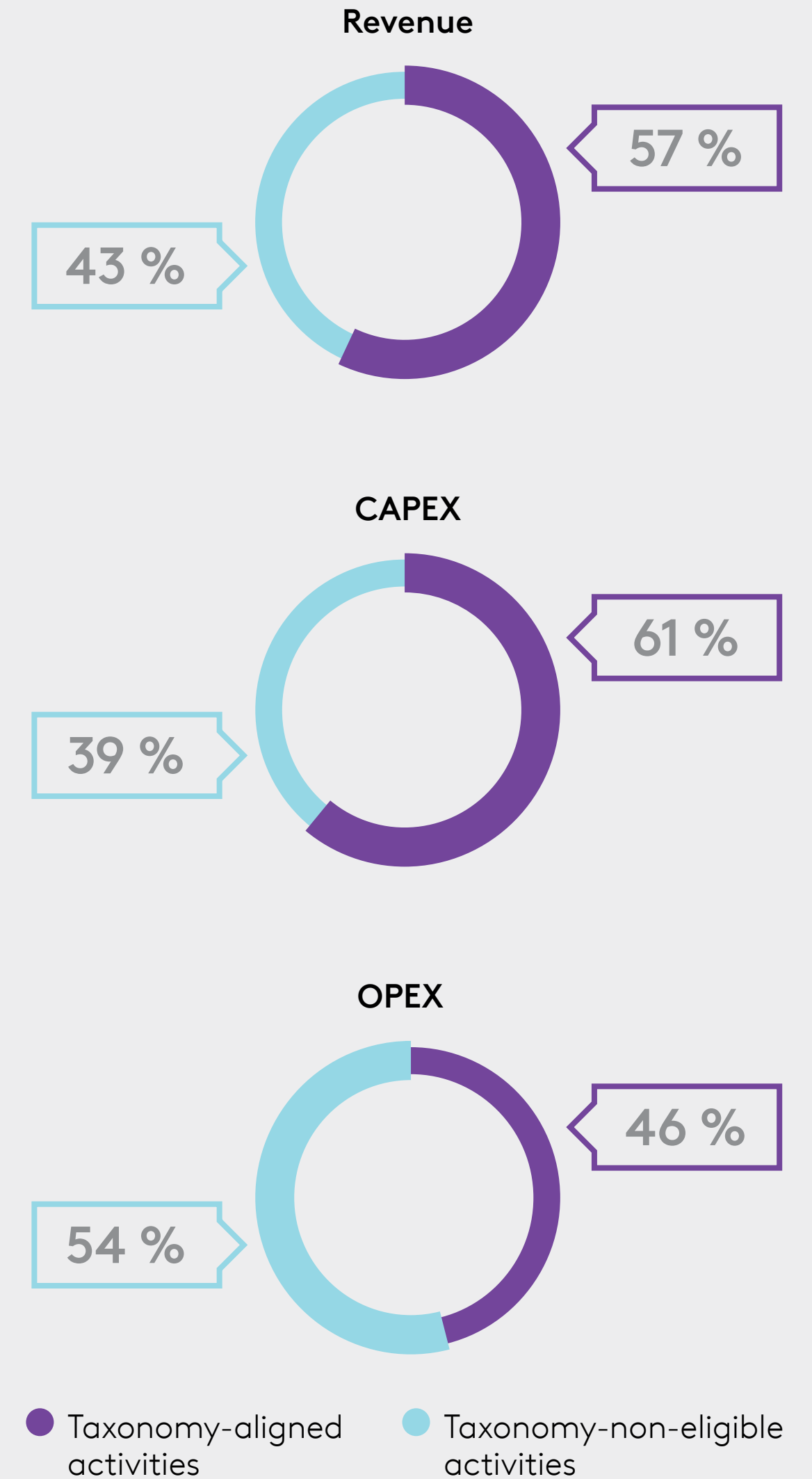
### The main types of economic activity of CleanR Grupa that are not Taxonomy-eligible:

**Vizii** – General cleaning of buildings (81.21), Other building and industrial cleaning activities (81.22);

**Vizii Urban** – Other cleaning activities (81.29);

**Vizii Domus companies** – Management of real estate on a fee or contract basis (68.32).

In the next reporting period, the Group is committed to review and continue assessment of other of its economic activities according to the Taxonomy Regulation.





# SUSTAINABILITY MANAGEMENT



## Sustainability management at the Group

### Ilgstpējas vadības struktūra

CleanR Grupa  
Supervisory Council

CleanR Grupa  
Management Board

The Group's Chief Officer  
for Communication  
and Sustainability

The Group's  
Sustainability  
Manager

ESG  
working  
groups

In 2022, CleanR Grupa drew up its first Environmental, Social, and Governance (ESG) or Sustainability Policy, setting out the strategic framework, approach, and main principles for managing sustainability at the Group, as well as the sustainability management structure.

Under this policy, the CleanR Grupa Board is responsible for the development and implementation of the Group's Sustainability Strategy. The Group's Council monitors the implementation thereof.

The Group's Chief Officer for Corporate Communication and Sustainability regularly reports to the Board on the sustainability-related issues, speaks of the roll-out of the Sustainability Strategy at the Group's Board meetings, and takes care of the necessary external communication related to the Group's sustainability plans and progress on the achievement of the set goals.

The Group's Sustainability Manager works out an action plan to achieve the strategic goals and ensures its implementation across the Group. Sustainability Manager also handles the daily management of sustainability-related issues and is responsible for appropriate internal communication and implementation of sustainability-related initiatives.

To ensure transparency and achievement of the set sustainability goals and objectives, dedicated working groups have been set up within the Group, which include the managers of the respective Group's companies, as well as heads of functions and specialists. Each ESG Working Group has been assigned a head, who is responsible for the implementation of procedures and controls to achieve the set goals and objectives. Both the Sustainability Manager and respective Heads of Working Groups take part in Board meetings, where they report on the implementation of sustainability goals.

## Sustainability approach and scope

Sustainability is an integral part of CleanR Grupa's business strategy and decision-making. The operations of the Group's companies are underpinned by care for people and the environment, as well as fair and ethical governance. Considering the impact of its operations and responsibility towards the stakeholders, **the Group observes the following key sustainability principles:**

- We follow high legal, ethical, economic, social, and environmental standards and maintain open communication, including a dialogue with our stakeholders;
- Communication related to the impact the Group and its services have is based on complete, precise, comparable, and verifiable data;
- We regularly monitor the Group's use of resources and impact on the environment, and based on the obtained data, take the necessary measures to mitigate the impact and increase energy efficiency.
- By setting an example with our actions in the field of sustainability, we not only seek to inspire but also encourage other industry players, our suppliers, and clients to follow our lead.

In 2022 CleanR Grupa's sustainability approach and strategic framework were initially devised for the Group's key business lines operated by SIA "Clean R", SIA "CleanR Verso", SIA "Vizii", and SIA "Vizii Urban". Yet, given the restructuring carried out at the end of 2022 and the Group's future development plans, it is envisaged to gradually include into the sustainability framework and strategy implementation also other Group's companies which are directly or indirectly owned by and in which AS "CleanR Grupa" is the majority shareholder and exercises full control.

This Sustainability Report has been prepared according to the requirements of the EU's corporate sustainability reporting framework, considering the needs of the financial sector, investors, and other stakeholders. Next year, we will continue to develop and improve our sustainability reporting and scope and will ensure that sustainable approach is the core of the CleanR Grupa's operation, and every employee and business partner knows their impact and role in it.



# Stakeholder engagement

An important part of CleanR Grupa’s responsible business practice is cooperation with the stakeholders. In 2022, upon devising the Group’s sustainability framework, we identified our key stakeholders. The Group interacts and collaborates with its stakeholders on a regular basis and in a number of ways – through dialogue, exchange of opinions, consultations, engagement, and partnership.

CleanR Grupa always cares for its stakeholders’ opinions and needs, as well as for the value it can create for them. Therefore, the Group regularly carries out activities aimed at finding out the stakeholders’ needs and expectations. The Group’s role and significance in society, as well as its stakeholders’ opinion forms the basis for the Group’s sustainability approach and strategy.



## The Group's key sustainability areas

In 2022, CleanR Grupa conducted a comprehensive materiality analysis to identify the key sustainability areas for the Group. As the strategic sustainability framework was devised for the whole Group, it considered the different sectors the Group's companies operate in. It looked at the number of employees at each of the Group's companies, and their contribution to the Group turnover, as that allowed to determine the "weight" of each individual company in the context of the Group.

As a result, the Group's priorities were identified, based on:

- The trends stemming from the comparative analysis within the constraints of the industry;
- Requirements set out in the EU's sustainability framework (including taxonomy and corporate sustainability reporting);
- The stakeholders' opinion (online survey and 1:1 interviews);
- The Group's management opinion (debates and workshops).

As a result of this analysis, the Group's initial range of sustainability priorities were highlighted, which were discussed by the management team of the Group's companies, adjusting certain significant aspects. To find out the stakeholders' opinion, all the areas were divided into five thematic blocks: corporate governance, environmental impact, work environment, sustainable services, and contribution to society.

In 2022, we carried out a stakeholder survey, where external stakeholders expressed their views on the performance of the Group's companies to date, as well as their expectations and suggestions with respect to their future approach to social, environmental, and governance management. With certain key stakeholders, in-depth interviews were carried out to gain more valuable insight into both the existing performance and the necessary improvements. Also, during the conversations we heard a wealth of practical advice, which was then discussed in seminars and workshops with the Group's management team.

Based on the double materiality assessment, a CleanR Grupa materiality matrix was designed, reflecting the Group's key sustainability areas and their significance to both external stakeholders and the Group itself. As a result of the assessment, 17 key sustainability areas were identified. The Sustainability Report describes all the key areas<sup>2</sup>.

For the purposes of CleanR Grupa's 2023–2025 Strategic Sustainability Framework, nine of the topics have been identified as priorities, which render the four key sustainability areas for the Group:

- Climate impact mitigation, energy efficiency, circular solutions
- Employee well-being and development
- Access to services (innovation, digitization), environmental education.
- Sustainable procurement and responsible supply chain

Within each of these areas definite commitments have been made, and they will be paid special attention to across the Group.

## Materiality matrix

### ENVIRONMENT

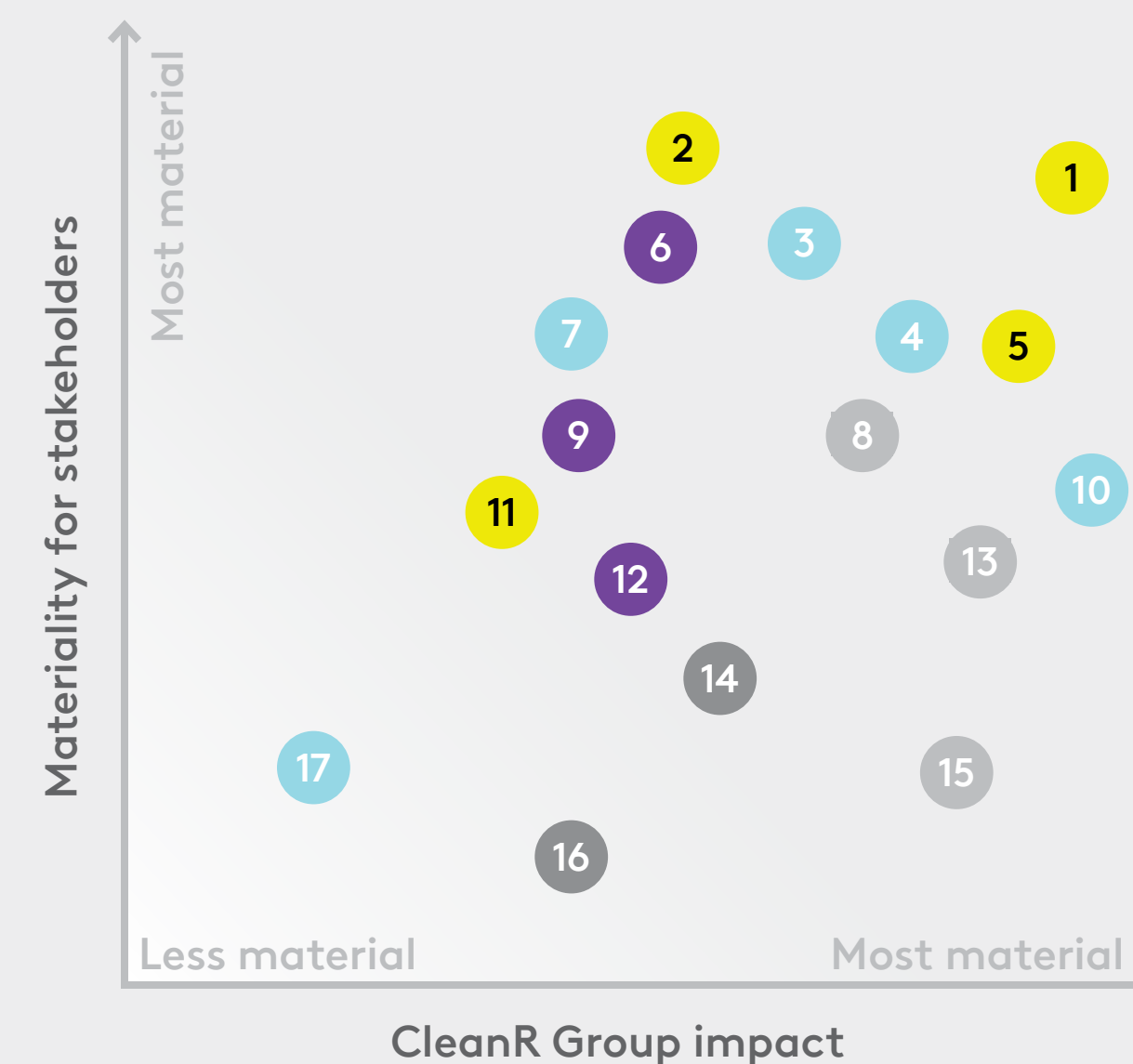
- 1 Circular solutions
- 2 Pollution prevention
- 5 Climate impact and energy efficiency
- 11 Protection of biodiversity and nature

### SERVICES

- 3 Access to services
- 4 Services impact on health and safety
- 7 Responsible communication about services
- 10 Innovation and digitization
- 17 Data security and protection of privacy

### WORK ENVIRONMENT

- 6 Employee health and safety
- 9 Inclusive, fair treatment of employees
- 12 Employee development, education



### SOCIETY

- 14 Active and transparent engagement in industry policy-making
- 16 Environmental education opportunities, promotion of the use of sustainable solutions

### GOVERNANCE

- 8 Business ethics and compliance
- 13 Open communication, active stakeholder engagement
- 15 Responsible supply chain and sustainable procurements

<sup>1</sup> The respondents were asked to give their answers, primarily bearing in mind the Group's key lines of business – municipal waste management, sorting of secondary materials, handling and recycling of construction waste, territory and road maintenance, cleaning of premises.

<sup>2</sup> To consolidate information, the aspect "Open communication, active stakeholder engagement" has been covered under "Active and transparent engagement in industry policymaking"; the "Services impact on health and safety" is described in section: "Access to services, innovation and digitization".

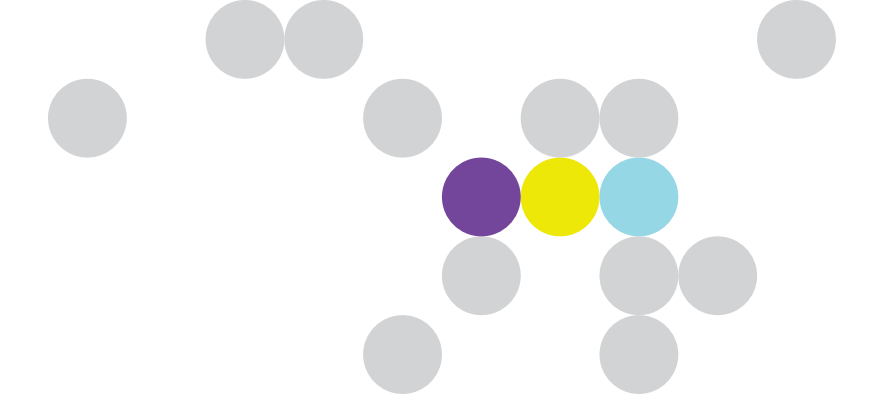


# The Group's sustainability goals and contribution to the UN Sustainable Development Goals

To meet our commitments, we have set targets and key performance indicators (KPIs) to be attained by 2025 in each of the priority areas. Those targets have been described in detail in the respective sections of this report.

## Sustainability goals

2023-2025



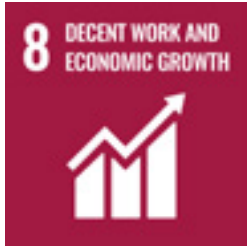



## The Group's sustainability goals and contribution to the UN Sustainable Development Goals (continued)

By running its daily operations and pursuing its sustainability goals, CleanR Grupa also contributes to the achievement of the following United Nations (UN) [Sustainable Development Goals](#):

The Group make an indirect impact also on the following goals:



UN Sustainable Development Goal	Target	Relevant CleanR Grupa priority area
 <b>13 CLIMATE ACTION</b> <b>Take urgent action to combat climate change and its impacts</b>	<b>13.1.</b> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.	Climate impact mitigation and energy efficiency.
 <b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b> <b>Ensure sustainable consumption and production patterns</b>	<b>12.2.</b> By 2030, achieve the sustainable management and efficient use of natural resources. <b>12.4.</b> Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment. <b>12.5.</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse. <b>12.7.</b> Promote public procurement practices that are sustainable, in accordance with national policies and priorities.	Climate impact mitigation and energy efficiency Provide access to services. Reduce pollution. Promote the use of circular and sustainable solutions. Responsible supply chain and sustainable procurements.
 <b>8 DECENT WORK AND ECONOMIC GROWTH</b> <b>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</b>	<b>8.2.</b> Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors. <b>8.5.</b> By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. <b>8.8.</b> Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	Develop and use new and innovative technology, digitization. Inclusive, fair treatment of employees. Employee development. Employee health and safety.
 <b>6 CLEAN WATER AND SANITATION</b> <b>Ensure availability and sustainable management of water and sanitation for all</b>	<b>6.3.</b> By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.	Climate impact mitigation . Promote the use of circular and sustainable solutions.





# RESPONSIBILITY TOWARDS THE ENVIRONMENT





## Climate impact mitigation and energy efficiency

### Our commitment

We are committed to measuring, monitoring, and mitigating our impact on the environment in the long term, reviewing our habits and efficiency, as well as implementing new environment-friendly solutions. We seek to promote circularity by both creating new services and supporting initiatives fostering climate neutrality.



Taking care of our impact on the environment and energy efficiency are significant core aspects of the operations of the CleanR Grupa companies. Over the next three years, these aspects will be addressed more profoundly, especially our carbon footprint. We identify and monitor the key environmental aspects of the operations of each of the Group's companies, and each company seeks to reduce its resource consumption to the extent possible.

#### CleanR, Vizii, Vides resursu centrs

ISO 14001:2015

ISO 50001:2018

#### Vizii Urban

ISO 14001:2015

In 2022, the Group purchased eight new natural gas garbage trucks. Also, the Group took several measures to increase energy-efficiency – it continued installing LED lights as well as presence and motion detectors. In

2022, CleanR, the largest Group company, altered its heating system from gas boilers to wood pellet boilers. These measures will not only allow the Group to cut costs, but also will considerably reduce its impact on the environment.

The Group has set the aim to become climate-neutral by 2050. To achieve this, it will devise its long-term Climate Impact Mitigation Strategy. The Group has already created a data collection and analysis tool, which has been used to identify Scope 1 and Scope 2 emissions for the Group's key business lines, as per "The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard" guidelines, and to determine intensity of those emissions. However, the obtained data does not give a full picture of the Group's impact on the environment. Therefore, it has been decided to identify Scope 3 emissions, and taking into account that, by ensuring separate collection of waste, sorting, and recycling, the Group significantly contributes to the reduction of the carbon footprint of its clients and the whole country, more comprehensive calculations with respect to both – the Group's carbon footprint and handprint will be made and reported on in the next year.

Overall, we plan to keep reducing the Group's environmental impact gradually over the next years, in line with the available investments. We have already modernized our vehicle fleet by adding more environment-friendly, low emissions vehicles. In 2023, we plan to replace almost half of our light vehicle fleet with new, hybrid or electric cars. We will also optimize our waste hauling routes to reduce fuel consumption, and we will make infrastructure improvements not only to increase efficiency, but also to potentially start using renewable energy. In 2023, we will continue monitoring climate inside our offices and perform energy audits of the buildings, with an aim to attract funding to improve their energy efficiency.

According to best practice, we will engage and educate our employees about energy saving, safe and economical driving, as well as about meeting business-specific environmental requirements. The envisaged Group Employee Handbook will include a section devoted to the environment and energy efficiency topics.





## Implementation and use of circular solutions



By 2035, the share of municipal waste landfilled in the EU must be **reduced to 10 %** of the total amount of municipal waste generated.

The services provided by the Group in the area of waste management contribute to the EU's Green Deal and UN Sustainable Development Goals by both reducing pollution and the amount of waste buried in landfills and considerably increasing waste recycling and production of new materials.

One of the tools to foster implementation of circular solutions is the attraction of EU financing. The Group's subsidiary company CleanR, in cooperation with the Ministry for Environmental Protection and Regional Development of Latvia and other industry players, is taking part in the LIFE integrated project by the European Union "Waste as a Resource in Latvia – Promotion of Regional Sustainability and Cycle by Implementing the Concept of Using Waste as a Resource". The project activities will focus on looking for circular solutions in construction waste management and promotion of separate collection of other types of waste.

For over two years now, CleanR Verso has been successfully using construction waste to produce new materials, for example, broken concrete and stone for building gabions or for road construction. To further promote circular principles and raise public awareness of industry-inherent risks and opportunities, it is planned, under the EU's LIFE program, to **design a digital solution for handling over construction waste and a solution for construction materials exchange**, as well as to create a **modern demo waste sorting site**, where possibilities of sorting of different types of waste will be shown.

At the end of 2022, the Group opened its **new plastic recycling plant**, which, as of 2023, has been running at full capacity, and is **contributing to the promotion of the circular economy**. The plant will recycle polyethylene (LDPE and LLDPE), colored (LDPE), high-density polyethylene (HDPE), and polypropylene (PP) waste. These plastics will be recycled into flakes or pellets, which will then be handed over to be recycled into new materials. This is the first plant in Latvia to recycle polystyrene, a plastic used in yogurt packaging, children's toys, dishes, and lights. Also, the plant will be able to process acrylonitrile butadiene styrene (ABS) resins and their composite materials, namely, plastic used to produce car parts, interior items, electronic device casing, textile, and building materials.

In 2022, the CleanR Verso secondary materials sorting sites **received by 29 % more separately collected household waste**

(light packaging – cardboard, metal plastic, glass) than in 2021. Although the overall trend is positive, the Group aims to further increase the volumes of separately collected and recyclable waste and to encourage society to continue to sort more correctly and more actively.

The Group's goal by 2025 is:

- To increase the proportion of separately collected and recyclable waste to achieve 50% of all the waste collected from customers by the Group;
- To develop and implement a carbon footprint and handprint calculation and data collection system in the Group. To set the targets and key performance indicators (KPIs) emission reduction, so that by 2050 the operations of the Group's companies are climate neutral.





## Pollution prevention

Any waste handling activity – collection, transport, sorting, storage, recycling, and regeneration – according to the legal framework, qualifies as a polluting activity and therefore requires special permits pursuant to the Waste Management Law and Law on Pollution. The permits are issued by the State Environmental Service of Latvia, which also monitors compliance with the terms of the permit and relevant laws and regulations. The permit includes terms that a waste manager must fulfil – polluting activity limits (allowed waste flow and amount, allowed waste handling activities) and reporting procedures to report on the company's compliance with the permit terms thus seeking to decrease the adverse effects on the environment to the lowest level possible.

The Group's waste management companies have obtained the necessary permits to perform polluting activities and manage waste. **The Group regularly reviews the terms of the permits it operates to ensure compliance**

**and to keep the permits up to date with the actual waste amounts and waste handling activities performed.** The State Environmental Service of Latvia runs regular documentation and on-site checks to make sure the company acts in compliance with the set requirements.

In line with the issued permits and environmental program, the Group's manufacturing and waste management sites undergo regular rainwater, groundwater, air quality, smell and/or noise monitoring. The responsible environmental specialist in the Group follows the procedure and checks results to make sure they comply with the terms set out in the permits. In 2022, no provision set by the permits and relevant laws and regulation were exceeded.

## Protection of biodiversity and nature

We organise the Group's activities not only to prevent pollution, but also **to protect nature and its biodiversity.** Through extensive environmental education activities and the provision of appropriate service infrastructure, we encourage the society to sort and dispose of waste correctly, thus ensuring that less waste ends up in landfill.

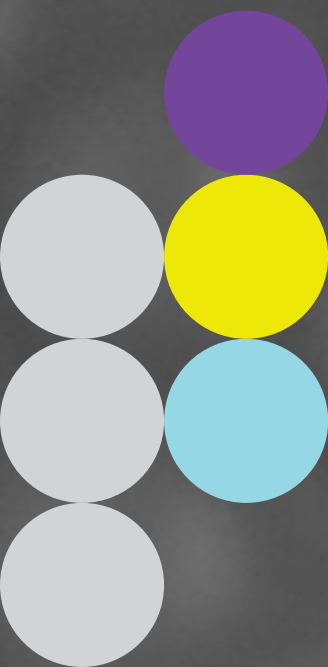
By ensuring collection, sorting, and recycling of separately collected – recyclable waste, we reduce the need to use natural resources to produce new materials. Every year CleanR provides detailed information to customers and organises free drop-off campaigns for different types of waste (electrical appliances, automotive tyres, bulky waste, etc.) in the municipalities served by the company, thus reducing the risk of environmental pollution that could result from the improper disposal of this waste. In the premises cleaning sector, we offer to our customers and use environmentally friendly cleaning products, which decompose naturally and do not cause harm

to people or the environment. In the next strategy period, the Group will consider ways to further enhance the positive impact of the Group's businesses by considering investments in the initiation and implementation of activities that contribute to the protection of nature and biodiversity and foster climate neutrality.





# RESPONSIBILITY TOWARDS SOCIETY – SERVICES





## Access to services, innovation, digitization, and safety

### Our commitment

We are committed to investing in efficiency, modernization, and infrastructure to improve our services and increase customer satisfaction. At the same time, we consistently seek to increase our customers' understanding of environmental services and environmental protection. We implement cutting-edge IT solutions to facilitate the use of remote and self-service tools.



The Group provides **more than 40 different services** in the areas of waste management, premises, road, and urban territory maintenance, as well as property management. The Group's clients are both private persons and companies and organizations of various sizes and industries – private companies, state and municipal companies and institutions. The Group has **over 50 thousand clients all over Latvia**, the population served by the Group's companies – more than half a million.



**66%** of our clients appreciate and are highly satisfied with our e-services

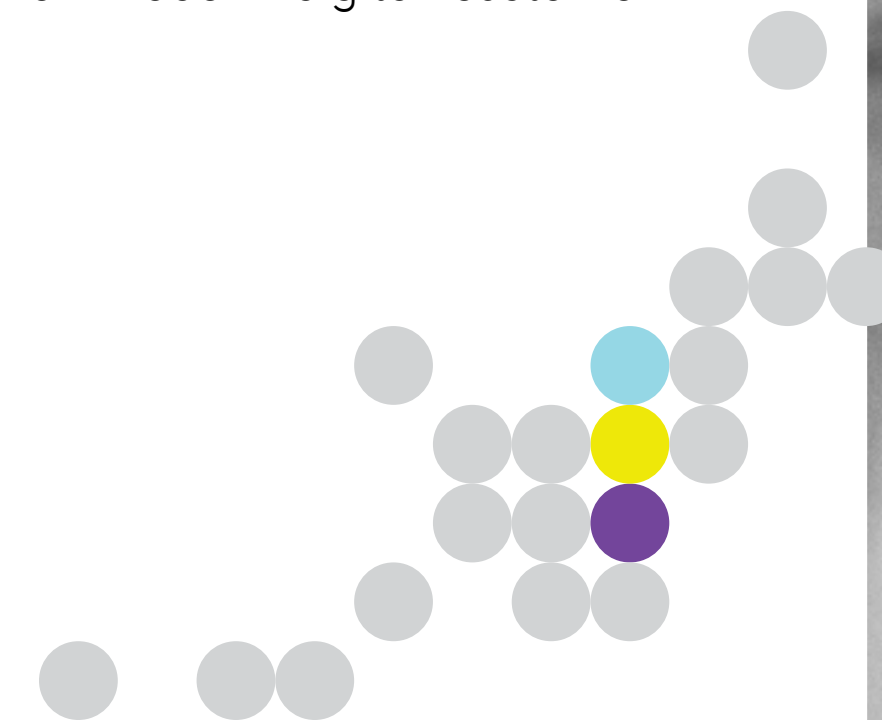
(2022 Customer Survey, ratings from 8 to 10)

CleanR Grupa not only seeks to ensure **physical access to services**, i.e., enough waste containers for various sorts of trash, properly-equipped [sorted waste collection sites](#), or duly maintained roads, outdoor spaces, and removed building refuse, but also **digital access to services** – providing the Group's clients with **fast and convenient remote self-service options**.

For our clients – municipalities, CleanR has developed a **digital solution** called VISZINIS, which enables the responsible municipality employees to check online on a map whether a waste management service contract has been concluded at the specific address. This solution facilitates the performance of municipal functions and makes it possible to verify and ensure that all households are part of the overall waste management system of the municipality.

The Group also focuses on the development of **innovative, circular solutions**. Last year, CleanR started offering installation of [underground containers](#), and has already built eight of them in Riga. Underground containers ensure tidier, safer, and more environment-friendly waste collection, as the containers are more capacious, and waste may be collected at longer intervals.

The Group makes sure that the **services** of its companies **in both – physical and digital settings are safe** for the Group's employees, clients, and the society. The safety of the Group's services is largely ensured through innovative solutions, digitization, and modernization – the Group is investing in a more environment-friendly and ergonomic vehicle fleet, modern, robotized cleaning equipment, convenient waste sorting lines and sites, and implementation of modern digital customer service tools.





## Customer service and digital self-service opportunities



Our customer service provides **QUICK** and **HIGH-QUALITY SUPPORT** TO OUR CUSTOMERS, taking care of their needs for environmental services.

Considering the Group's customer base and structure, customer service is provided through different channels – **in person** at our Customer Service Center and **remotely** by phone or via our self-service portal.

The first-level customer service is organized in a centralized manner via the Group's Customer Service Center. The second-level customer service takes place via customer relations, sales managers, and customer service experts. Written customer complaints are reviewed and solved within 10 days. Oral complaints are dealt with immediately. Customer complaints are handled at each of the Group's companies individually. Each company also conducts regular customer satisfaction surveys. Based on the customers' feedback and comments, the Group's companies look for ways to improve their service.

Bearing in mind our customers' need to receive information about services quickly and conveniently, the Group has worked out and is constantly improving modern digital self-service tools:

- the online self-service portal [manai.videl.lv](https://manai.videl.lv)
- mobile app [MANAI VIDEI](#)

The number of applications and contracts signed in e-services by self-service portal and app users is gradually increasing. The main challenge is to change our customers' habits from wishing to receive information about their invoice or apply for a service through our Customer Service Center rather than view their invoice or apply for a service online or via our app.

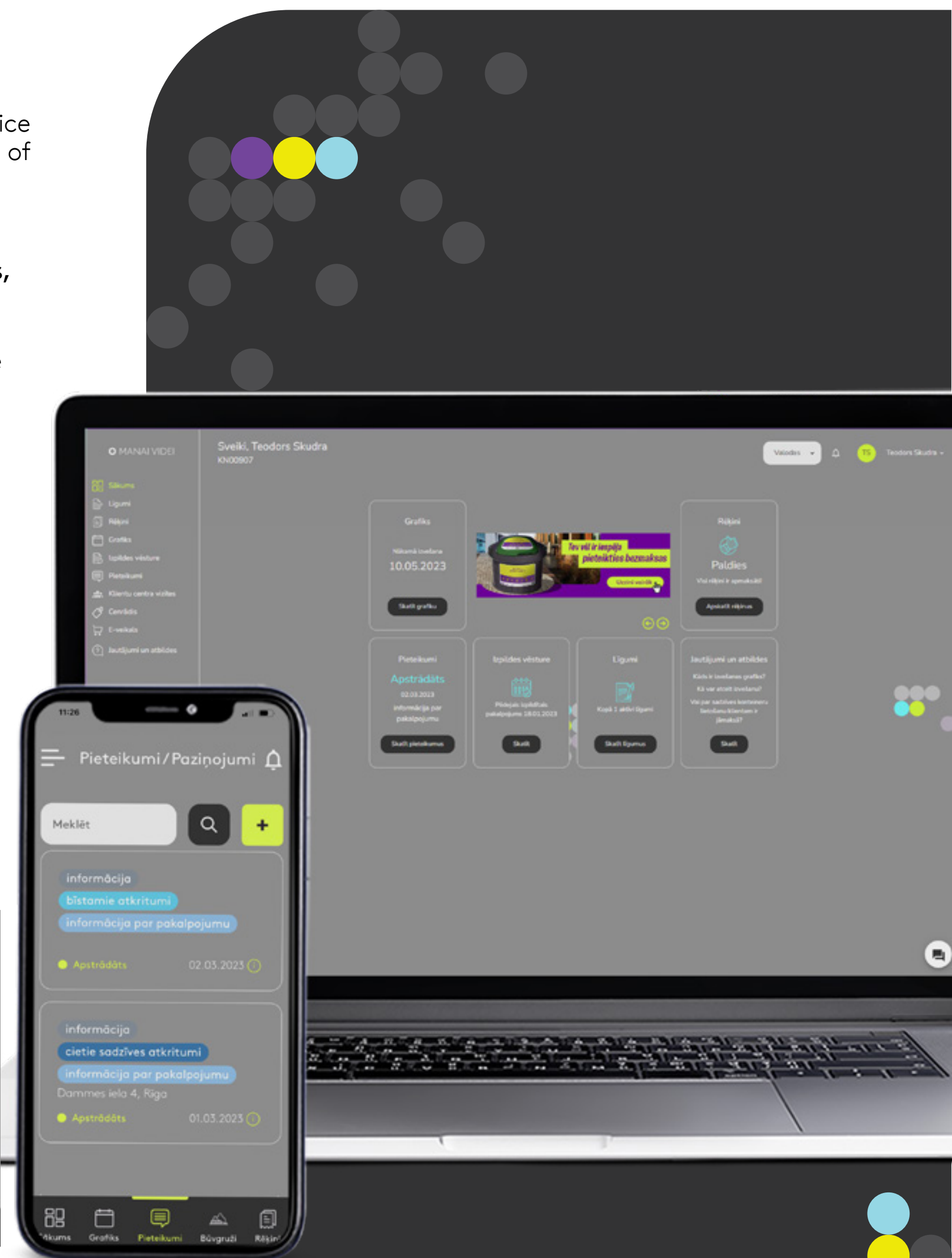
The Group seeks **to provide faster, more convenient, and easier access to information on services**, billing, contracts, their conclusion, and **further customer service remotely and self-service**, thus increasing not only customer satisfaction but also reducing the environmental impact arising from the customers' in-person visits.

In 2023, the Group will continue working on developing joint customer service standards and customer satisfaction metrics, the MANAI VIDEI app – by gradually adding more and more of its services –, as well as new functionalities, for example, e-commerce options. The Group will also continue informing

its clients of the benefits of the self-service and will carry out accessibility evaluation of the Portal and the App.

**By 2025, with regard to customer satisfaction and digital access to services, we are set to achieve that:**

- At least 75 % of the Group's clients have access to user-friendly, convenient, and accessible digital self-service tools;
- App-based applications and applications in e-services reach 60 % of all the applications received;
- The Group's Net Promoter Score stands at 50.





## Data protection and privacy

CleanR Grupa takes all the necessary security measures (including administrative, technical, and physical) to protect personal data. The data may be disclosed to third parties only in cases set out in the relevant legal acts. CleanR Grupa's companies take care of their clients' privacy and protection of personal data, respecting clients' rights to appropriate handling of their data in compliance with the applicable legislative acts – Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and other applicable legislative acts in the area of privacy and data protection.

The Group has drawn up privacy policies, which are available on the homepages of the Group's companies, for example, [Privacy Policy of CleanR](#) or for [Vizii Privacy Policy](#).

The processing of data on the clients' portal and the app MANAI VIDEI, as well as during direct communication is organised to ensure confidentiality of personal data. In 2022, no complaints were received regarding violations of the personal data protection or privacy provisions.

## Responsible communication about services

CleanR Grupa's companies make sure that all stakeholders can access and have complete and clear information about the Group's services, how to apply for and use them, and their benefits on the company homepages, social network accounts, at events, and through various campaigns, booklets, as well as via electronic newsletters.

The Group's companies ensure that their communication with clients as well as marketing and advertising activities comply with the relevant laws and regulations, fair competition standards, and the principles described in the [CleanR Grupa Code of Ethics](#) and [Principles for Marketing and Communication](#).





## Environmental education, fostering sustainable solutions

Environmental education is an essential part of the Group's business. As a leader in the environmental services industry CleanR Group is aware of its role in achieving the Green Deal goals set by Latvia, including its ability to contribute to changing the habits of the society, which is particularly important for the implementation of the principles of the circular economy in the field of waste management – as its cornerstones are the active involvement of society and each individual.

To promote the involvement of the society in the creation of a zero-waste and sorting culture, CleanR Group companies regularly invest in environmental education activities with the aim to:

- Raise awareness
- Change mindsets and habits
- Motivate:
  - 1 Not to create waste!
  - 2 To sort!
  - 3 To use waste as a resource!

The Group's investment in education of the society has two dimensions – educational activities and investments in appropriate infrastructure development.

**The Group's goal** is to increase the audience reached by environmental education activities by 5 % every year.

### CleanR Group's key public environmental education initiatives and activities in 2022:

#### Environmental education activities

- **The first online waste sorting workshop** in Latvia
- Regular electronic **newsletter** for CleanR customers
- Campaign **#biovaig** – organised in cooperation with Riga City Council, SIA "Rīgas namu pārvaldnieks", "CleanLiving", and landfill "Getliņi", to promote sorting of biodegradable (BIO) waste and offer easy solutions for sorting of BIO waste for residents of apartment buildings
- **Practical educational sessions on composting** for kindergarten teachers held in cooperation with Dzidra Kreišmane, Associate Professor and Senior Researcher at Latvia University of Life Sciences and Technologies
- **Waste sorting workshops** in five neighbourhoods of Riga City
- **Waste sorting workshops** in Jūrmala, Ulbroka (Ropaži Municipality), Carnikava (Ādaži Municipality) and Ikšķile (Ogre Municipality)
- **How to sort waste in Riga?** – a common waste sorting guide created in cooperation with Riga City Council
- Annual, free drop-off campaigns "**EKO dienas**" for different types of waste organized in the municipalities served by CleanR
- **Guidelines for organic composting:** "Compost in kindergarten. Guidelines for effective composting integrated into the educational curriculum in educational institutions"
- A booklet on sorting of textiles "**Viegli šķirot tekstilu**"
- A digital leaflet on easy sorting "**Viegli šķirot pareizi**"
- Information and education campaign "**Nenoroc nākotni!**" (Don't bury the future) with the theme "Waste sorting – an opportunity to care for the environment and your wallet!"
- Educational activities on waste sorting at various public events supported by the Group: youth camp "**Personality Academy**" organised by Latvian Olympic Committee, largest beach volleyball competition world tour "**Elite 16**" held in Jūrmala, and at "**Ghetto Games**" events all over Latvia

#### Infrastructure in Latvia

- **11 478** sorting containers (for paper, plastic, metal)
- **6 198** containers for glass
- **914** bio waste containers
- **52** containers for textile
- **8** underground containers in Riga Central Market
- **9** sorted waste collection sites
- **339** sorted waste collection points



# RESPONSIBILITY TOWARDS EMPLOYEES





## Working environment

### Our commitment

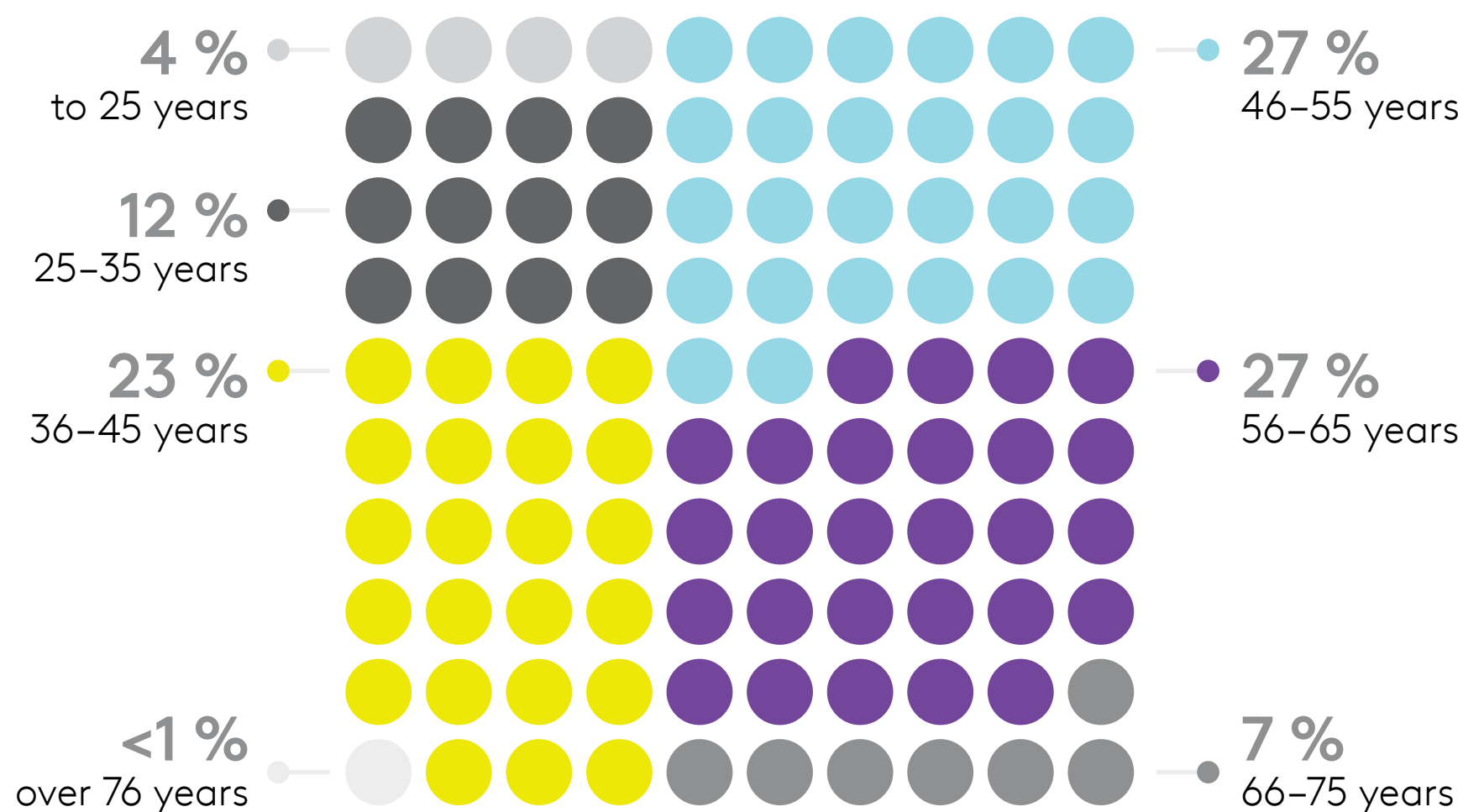
Employees are our key assets, representing the Group and the services we provide. One of our key values and priorities is safety at work. We seek to build an inclusive and growth-oriented workplace where everyone feels valued and is able to realize their full potential.



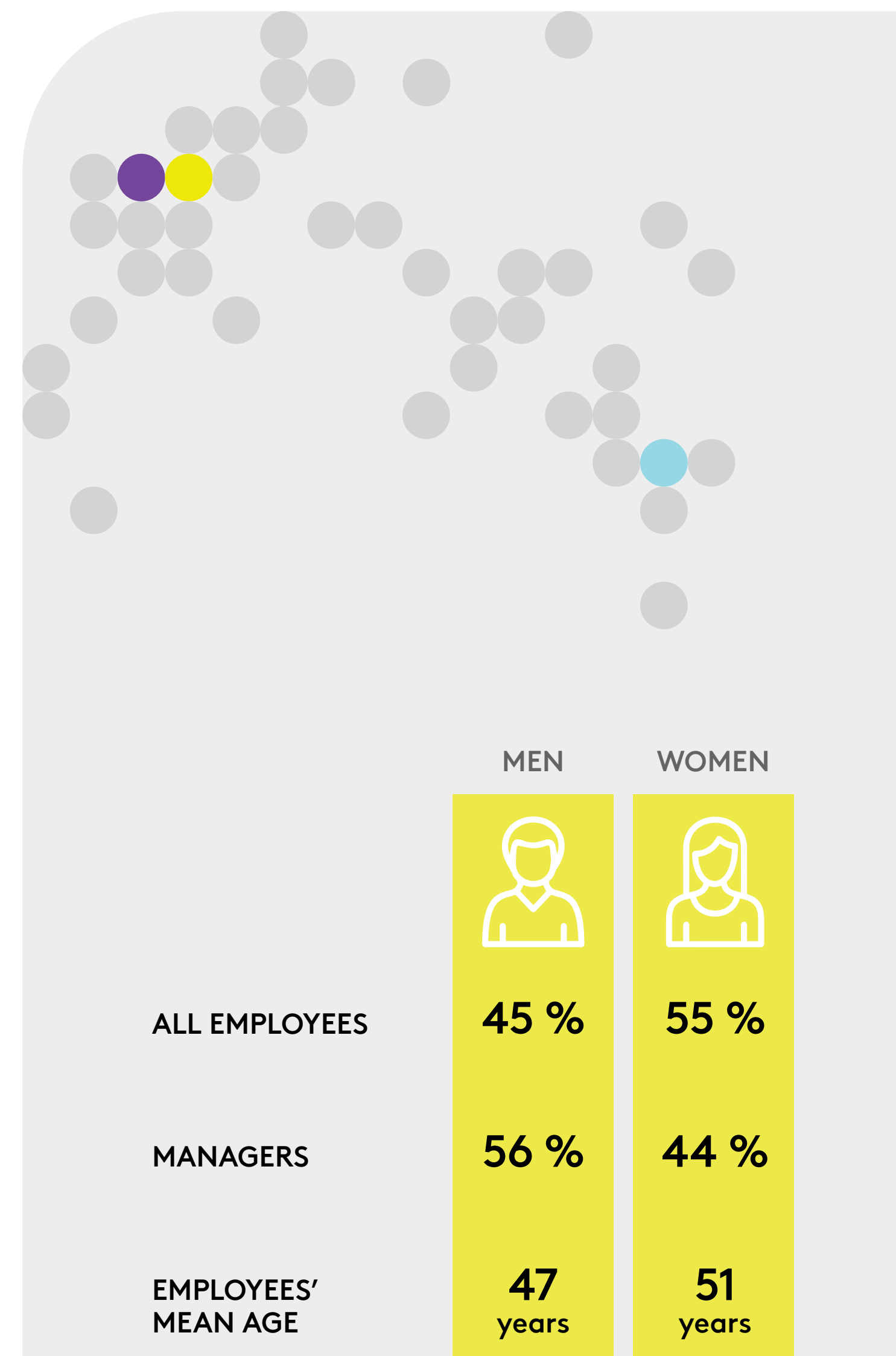
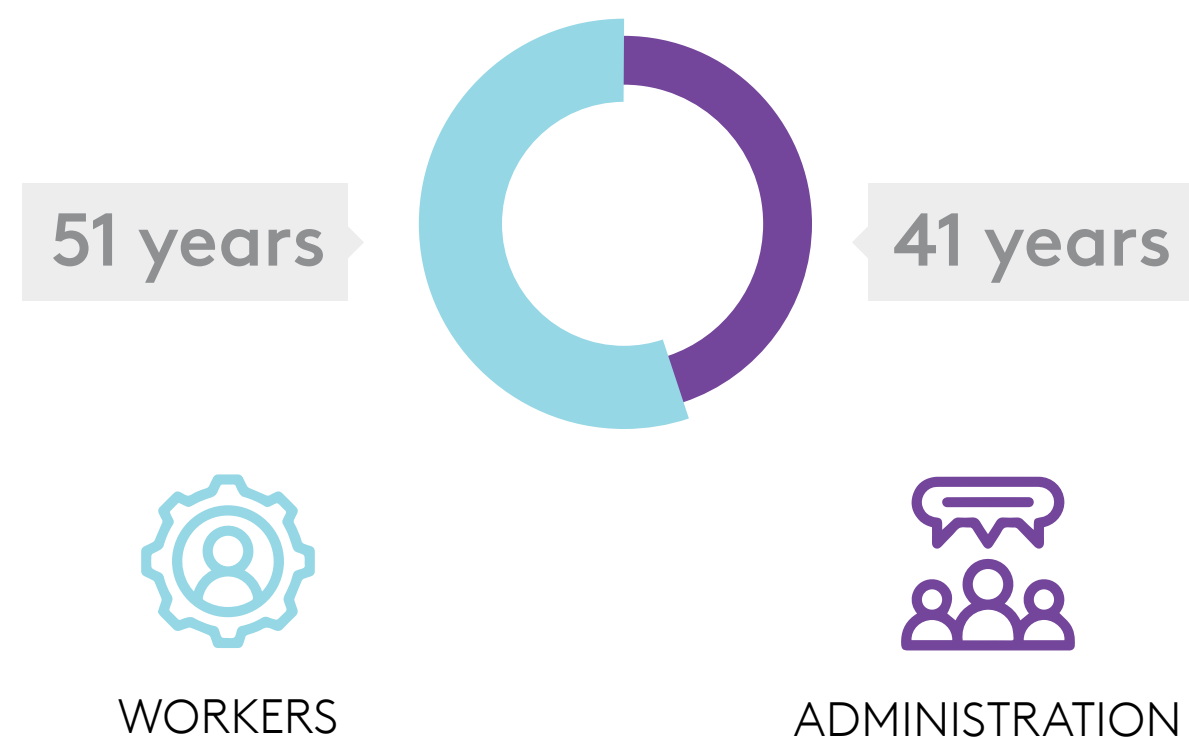
CleanR Grupa's Human Resources Policy sets out principles for sustainable personnel management. Its main objective is to implement joint, modern, and efficient personnel management across the Group to make sure the Group employs qualified, professional, and motivated staff to reach high efficiency of the Group's operations. Also, the Group makes sure to observe the rights of the Group and its employees during the employment relationship, improve work organization, and foster employee development and loyalty.

As at the end of the reporting period, CleanR Grupa<sup>3</sup> employed 1331 employee. The Group maintains a healthy gender balance, and its workforce includes people of various gender age groups. The mean age of the Group's staff is 49; the youngest employee is 17, and the oldest – 82. The mean length of service at the Group is 3.9 years, the longest – 42 years.

### Employee breakout by age



### Mean age



<sup>3</sup> AS "CleanR Grupa", SIA "Clean R", SIA "CleanR Verso", SIA "Vizii", SIA "Vizii Urban", SIA "Vides resursu centrs", PS "Vides pakalpojumi Liepājai".



## Working environment (continued)

### Inclusive and fair treatment

CleanR Grupa maintains **an inclusive workplace** - one that **encourages diversity** and **precludes discrimination** based on ethnicity, age, gender, disability, sexual orientation, religious beliefs, political opinions, marital status, social background, and the like. During the reporting period, no discrimination complaints were received.

The Group's company culture encourages **cooperation, support, and respect**, thus increasing employee involvement and contribution. The Group seeks to build a workplace where employees feel engaged and contribute to the Group's business goals.

To increase employee sense of belonging and engagement, as well as awareness of Group's activities, in 2022, we held quarterly forums for administrative staff and organised engaging competitions, for example, on ways to save energy. We called on employees to take part in Drosmes kastes (Courage boxes), a social campaign for the Children's Clinical University Hospital, organized regular management road trips to employees in the regions, and created a new internal communication channel - a closed Facebook group "CleanR Grupas Bals" (The CleanR Grupa Voice).

To increase employee attachment and reward loyalty, the Group greets its employees on their work anniversary at the Group.

CleanR Grupa **engages its employees in decision-making** by conducting employee surveys, putting up employee suggestion boxes,

as well as by incentivizing them to help attract new employees, to develop new business and efficiency ideas by allocating bonuses in the benefits package.

The Group regularly conducts employee engagement and satisfaction surveys, employer branding surveys, and 360-degree manager evaluation to receive feedback and implement the necessary changes and improvements. To facilitate dialogue, one of the priorities of 2023 is to create the **Employee Council**, which will play a significant role in decision making and implementation of suggestions.

The Group also has devised its Whistleblowing Policy, which all employees have been duly informed about. Concerns may be reported via the Group's [homepage](#). The whistle-blowers are ensured protection and the disclosed information is of restricted access.

### Fair pay

The Group makes sure its **employees receive fair and competitive pay and rewards, commensurate with their performance**. Our remuneration system stipulates equal pay for equal work to both men and women, regardless of their age. To make sure we pay competitive salaries in line with the company's financial abilities, we use qualitative data on pay in the market and remuneration studies. Every year, the Group participates in the Figure (earlier—Fontes) Salary Survey to assess our employee pay against the market rates.

The Group's remuneration system comprises compensation for work and fringe benefits. The remuneration system, as well as the procedure and criteria for granting fringe benefits, is described in the company's internal normative documents, which comply with the laws and regulations governing employment relationships. Our fringe benefits package is created to support and take care of our employees and their family members. At the same time, we make sure it offers equal treatment to men and women, regardless of their age.

We set annual goals to the CleanR Grupa companies with the most impact on the Group's financial results, which are then cascaded down to the department and division heads. We also set goals for certain job posts that have an impact on the business results, for example sales staff and work managers.

All the CleanR Grupa's employees have social insurance. The Group's companies ensure social protection to employees in the events of illness, unemployment, accidents, disability, childcare, and retirement.





## Employee well-being – health and safety

Care for our employees' health, well-being, and safety is at the focal center of the CleanR Grupa companies.

The Group provides the employees with **health insurance** once they have passed the trial period. At some Group companies and job positions, where, due to the business specifics staff turnover is higher, employees get health insurance after their first year with the company. Employee insurance covers a number of services, including psychologist consultations, in-patient care, rehabilitation, dentistry, and vaccination. The Group also holds an open insurance policy. All CleanR Grupa employees receive **accident insurance** from their first working day for the company.

To promote a healthy and active lifestyle, over the past years, the Group's employees were offered a chance to take part in the Riga marathon both individually and as part of the company's team. In 2022, the Group's team took part in Krasta mači, a 24-hour open-air basketball event in Riga. In August 2022, the Group held its Sports Day. At the end of 2022, to promote the importance of mental health and work-life balance, we set up a well-being or quiet area at CleanR's office – a space where anyone may take a step back to, for example, read a book brought by fellow co-workers on stress management, effective communication, or meditation techniques.

To promote work-life balance, the Group's benefits package includes:

- A paid day off on an employee's birthday if that falls on a weekday;
- Additional holidays on:
  - The first school day if an employee's child is in the 1st to 3rd grade;
  - An employee's child's graduation day at kindergarten, school, college, university;
  - An employee's child's wedding day.

The Group also provides support in case of other important life events. It provides financial support for its employees on their weddings, in case of birth of a child, as well as upon a family member's death.

Given their business specifics, the Group's companies may offer their workers full- or part-time employment, regular working hours, and shift work. Office staff may do flexitime and work remotely.

### Work safety at the Group

The Occupational Health and Safety system (OHSS) at the CleanR Grupa companies complies with the provisions of the relevant laws and regulations and ISO 45001:2018 standard. At the Group's companies where the OHS system is certified according to ISO, it is audited and certified externally. At the rest of the Group's companies, the OHSS is designed and

maintained to meet the regulatory requirements, and its control is ensured internally. The 2022 ISO recertification and surveillance audits did not reveal any non-compliance.

Employees receive regular updates on occupational health and safety and job-related workplace risks. In line with the relevant occupational health and safety legislation, we provide introductory trainings, initial workplace briefings, repeated and ad-hoc briefings, as well as purpose-based and thematic trainings. In line with the job duties, workplace risk assessment, and relevant legislation, employees must undergo mandatory health checks. Employees receive personal protective equipment, and we make sure our equipment, devices, and tools are safe by performing the necessary maintenance checks and replacements.

Every year, the Group's companies carry out workplace risk assessment and devise an Occupational Health and Safety Action Plan, setting actions to be performed in the current year. We have introduced regular workplace safety checks at the Group's companies and their business units also to discuss safety issues with our employees and duly identify risks, as well as to promote cooperation and employee engagement in maintaining a safe workplace.

CLEANR

VIZII

VIZII URBAN

VIDES RESURSU CENTRS

**ISO 45001:2018**

Occupational health and  
safety system



## Employee well-being – health and safety (continued)

### Accidents at work

Accidents at work are recorded and investigated according to the procedure set forth by legislation. To improve the OHSS, we also record and examine near-accidents.

In 2022, eight workplace accidents were recorded at the Group, of which two resulted in serious injuries. Two of the cases involved sub-contractor workers. The accidents at work mostly arose from employee negligence lifting or carrying heavy items; in two cases workplace safety rules had been violated. In 2022, the Group's TRIR (total recordable incident rate) stood at 0.83<sup>4</sup>.

To mitigate safety risks associated with sub-contractor work, as of 2023, the Group has planned to include a reference to its Code of Conduct for Suppliers in its service agreements, which, inter alia, will serve as a sub-contractor's acknowledgement that they have taken all the necessary occupational safety measures and provide safe working environment to their workers. In this regard, the Group's workplace safety officer will conduct random inspections.

In 2022, [CleanR Grupa joined the social initiative "Mission Zero"](#), uniting employers who care for their employees' health and safety. Upon signing this initiative, CleanR Grupa has committed to promote, implement, and follow business principles which place an individual's health and safety at the focal center, engage in creation of an experts' network, and exchange experience and best practice.

The Group's investments in occupational safety and workplace improvements increase every year. In previous years, in cooperation with the Latvian Ergonomics Society, the Group audited the ergonomic risks of several of its companies' workplaces and business functions and has started introducing the necessary improvements. Also, the workplace is being made increasingly friendly for people with disabilities. To improve occupational safety processes, in 2022, the Group decided to switch from outsourcing this function to setting up its own internal team of work safety officers. They conduct regular premises, manufacturing plant, and territory inspections, identify, and prevent workplace safety risks.

To reduce occupational safety risks and engage all the Group's employees, in 2023, the Group launches a new safety-at-work campaign called "Drošinātājs" (The one who secures). The aim of the campaign is to emphasize that every employee is responsible for his/her own safety, as well as everyone can prevent harm caused to others by taking initiative and reporting occupational safety risks and suggesting the necessary safety improvements.

In 2023, the Group will not only focus on its employees' physical safety but also on their mental health. This theme has been included in the Group's internal communication activities and training topics.

<sup>4</sup> The total recordable incident rate measures the number of safety incidents against the total number of hours worked at the Group's companies\*200 000. The measure uses 200 000 hours because it is the total number of hours (excluding holidays and sick leave) worked annually by 100 workers (100 workers \* 40 hours\* 50 weeks)





## Employee development and education

The Group seeks to promote a culture of learning and knowledge exchange, aimed at employee personal growth, engagement, and interaction to increase the company's efficiency and competitiveness. The Group provides internal and external one-on-one and group training opportunities. Employees can develop their skills and knowledge on their own or manager's initiative.

The trainings are aimed at equipping employees with versatile skills and competences, and to raise qualifications. In 2022, the training budget reached 2.42 % of the personnel salary costs.

In 2022, the Group's employees took part in over 90 training events – seminars, webinars, conferences, and experience exchange events. Last year, one office employee devoted an average of 13 hours for learning. The Group also pays a special attention to assessing its managers' competencies annually and improving their communication and management skills. In 2022, 19 of the Group's managers underwent the 360-degree evaluation.

To improve digital skills, in the spring of 2022, every employee had an opportunity to remotely participate in "Morning Technology Workouts", where in two seminars employees perfected their Microsoft Teams and Microsoft PowerPoint skills. In 2022, the Group's board members and department managers received training in corporate sustainability and EU Taxonomy Regulation.

**By 2025, CleanR Grupa's goals with respect to employee well-being and development are:**

- Zero accidents at workplace;
- Increased employee satisfaction rate – e-NPS by 19.7 points (compared to 2021);
- Reduced staff voluntary turnover within the Group by 3 % (compared to 2022);
- At least 16 hours of training for each administrative staff annually.





# RESPONSIBLE GOVERNANCE





## Business ethics and compliance

### Our commitment

Our responsibility reaches over the walls of our Group. Responsible business partners lead us closer to reaching our sustainability goals and help us run efficient everyday operations. We seek suppliers who follow the same principles as us.



CleanR Grupa's companies strive to run responsible, honest, ethical, and transparent business operations. This approach applies to all the Group's companies, as well as the Group's clients and partners. We make sure that the Group operates in line with all the applicable laws and regulations. In 2022, CleanR Grupa did not face any penalties of non-financial sanctions arising from non-compliance in the environmental, social, and governance areas.

The ethical side of the Group's operations is governed by the values set forth in the Group's [Code of Ethics](#). In all its operations and deals, the Group pursues openness, integrity, loyalty, honesty, confidentiality, and professionalism. The Group promotes a working environment free from conflicts of interests. The Group ensures that the Group companies and/or structural units between which a conflict of interest arises or may arise are independent of each other.

## Sustainable procurements and a responsible supply chain

Based on the materiality analysis, the Group's Sustainability Strategy for 2023–2025 will also focus on running a responsible supply chain and responsible procurements. The services, goods, and construction procurements run by the Group's companies amount to several millions of euros annually.



By running sustainable procurements, the Group has a great opportunity to promote sustainability principles and a responsible approach to business at a larger scale.

At the end of 2022, the Group devised its [Code of Conduct for Suppliers](#), which was approved at the start of 2023. We have launched deployment of the code across the whole Group. Upon closing deals, the suppliers and business partners of CleanR Grupa's companies confirm their compliance with the Group's Code of Conduct for Suppliers and their commitment to follow it.

The Group's Code of Conduct for Suppliers **includes several essential pre-conditions to enter a business relationship with CleanR Grupa**, which have been defined in line with the principles set forth in the UN Global Compact. The code not only requires supplier to comply with the legislation governing their operations and non-violation of sanctions, but also to **observe human rights**, take responsibility for the workplace and **safety at work, ethical interaction** and actions, **fair competition**, and **prevention of a conflict of interest**, including **corruption** and **fraud, protection of data and privacy**, as well as **responsible attitude towards the environment**. The Group has also set up [Hotline](#), a digital whistleblowing solution where both employees and suppliers may raise concerns about possible breaches.

The Group is fully aware that an inability to maintain existing business relationships with suppliers and subcontractors may adversely affect the Group's operations, financial position, cash flow, operational results, and business opportunities. Therefore, alongside the implementation of our Code of Conduct for Suppliers, we will start devising a joint supplier management system, which will allow supplier mapping, regular assessment, and will include a supplier self-assessment questionnaire.

In general, the Group's procurements will be organized so that they promote effective use of resources, open tender procedure, free competition, equal and just treatment, and the use of green procurement principles where economically justified.

Following the restructuring of the Group in the second half of 2022, we have started revising our existing procurement procedure, defining a joint approach to procurements group wide.

A responsible supply chain is important not only to prevent risks for the Group but also to foster sustainable development of the industry. Therefore, once we have implemented a sustainable procurement system in our Group, we will promote its proliferation in the industry. At environmental services trade associations, we will call on other industry players to work out joint sustainable procurement principles and standards.

### By 2025, CleanR Grupa's goals with respect to a responsible supply chain and sustainable procurements are:

- All the Group's suppliers have read and accepted the Group's Code of Conduct for Suppliers;
- A joint sustainable procurements system has been implemented group-wide.





## Open and transparent engagement in industry policymaking, active engagement of stakeholders

Active engagement in industry policymaking is an integral part of the Group's operations, accompanied by active engagement of stakeholders.

In 2022, the CleanR Grupa company representatives took an active part in working groups, meetings, and industry conferences. By using their experience and expertise, they sought not only to promote the development of the environmental services industry but also the business sector and competitiveness of the Latvian companies.

The Group's interests are represented in drafting the EU directive amendments through communication with state institutions – primarily the Ministry for Environmental Protection and Regional Development (and the competent authorities subjected to it, for example, the State Environmental Service, the Latvian Environment, Geology and Meteorology Centre), and through communication with other ministries to formulate the national position, as well as through industry associations – Latvian Association of Waste Management Companies (LASUA), Latvian Waste Management Association (LASA), and European Waste Management Association (FEAD), which has a mandate to represent and lobby the interests of the industry before the European Commission.

The Group's key operations are governed by a set of environmental protection laws. The main legislative act governing the industry is the Waste Management Law, followed by the Law on Pollution, Natural Resources Tax Law, as well as a number of other laws and regulations directly or indirectly entailed with the industry. Over the course of 2022, CleanR Grupa has defended its position and submitted proposal with respect to the amendment to the three aforementioned laws, offering

solutions that would benefit not only the industry but the economy at large.

Upon assessing draft or amended laws, the development of the Group's position and its coordination with the involved parties takes place at various levels and cooperation models. A consensus must be reached at both the industry level (LASUA and LASA) and the Latvian Chamber of Commerce and Industry (LTRK), where interest often clash (producers, merchants, and waste management industry players). CleanR Grupa always seeks to reach an agreement or a similar position, also at the municipality level – with the Latvian Association of Local and Regional Governments and the Large Cities Association, whose members are important clients of the Group.

The Group is also represented at the meetings of the Social Security Subcommittee (SDA) and Work Affairs Tripartite Cooperation Subcommittee (DLTSA) of the National Tripartite Cooperation Council under the Employers' Confederation of Latvia, where important questions related to the labour rights and social security laws are initiated and resolved. The Group will keep working in these subcommittees also in 2023 to debate downtime and overtime pay and discuss changes in labour tax.

In 2022, the CleanR Grupa companies took part in a waste management industry conference organized by LASUA and SIA Liepājas RAS [Latvia's Green Deal in Waste Management](#). At the conference, we spoke about the private-public partnership models in waste management in different European countries, including the Baltics, emphasizing the importance of synergy between private capital and public stability to reach the recycling goals set out in the legislative acts, as

well as shared our experience in driving our customer service at CleanR towards process digitization and automation, including setting up of a customer self-service portal.

In April 2022, we participated in the conference [More recycled waste – less buried resources](#), organized in cooperation with Dienas bizness, a business newspaper, emphasizing the possibilities to use waste as an energy resource, as well as sharing the findings of our research into people's recycling habits. We also stressed the importance of environmental education and access to convenient and user-friendly waste sorting services all over Latvia. As a result of this research, CleanR designed the first waste container labels in Latvia based on the needs and sorting habits of the society. The labels are easy to see, read, and understand; they contain the information on the waste type to be put in the container and a QR code, which gives additional information on sorting.

In June 2022, we also shared our experience in improving customer service using digital technology at the Corporate Sustainability and Responsibility Institute's event [Responsible Ideas Market 2022](#) withing the Responsible Business Week campaign.

In December 2022, together with LASUA, we organized a webinar [Construction Waste Management – How to Promote Sustainable Development of the Industry](#), where, together with other environmental, waste management, and building experts and municipal authorities, we discussed the problems, challenges, and opportunities in the area of construction waste management.



## Membership in industry associations, unions and organisations

CleanR Grupa's companies take an active part in various societies and associations, where they exchange experience with industry experts, participate in events, as well as suggest initiatives and discuss issues related not only to the development of the environmental services sector but also the Latvian economy and business environment.



Latvian Association of Waste Management Companies



Latvian Construction Association



European Waste Management Association



Latvian Association for Personnel Management



Latvian Waste Management Association



GS1 Latvia



Professional Cleaning and Facility Management Association of Latvia



Business Efficiency Association



Employers' Confederation of Latvia



BNI Latvia



Latvian Chamber of Commerce and Industry





## Contribution to the community

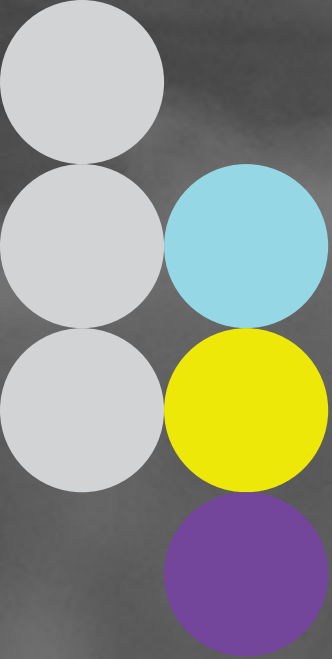
Being aware of its impact on society, CleanR Grupa every year contributes to the community, supporting it the following priority areas—WELL-BEING, ENVIRONMENT, EDUCATION.

### Key activities and projects supported in 2022:

- 19 waste sorting workshops all over Latvia
- The Junior Achievement Latvia Leadership program
- Personality Academy, Latvian Olympic Committee's youth camp
- Vītoli Fonds scholarship for talented youth
- Young "Elite 16" beach-volleyball talents Ardis Daniels Bedrītis and Artūrs Rinkevičs
- "Ghetto games" and "Krasta mači" event support
- General sponsor of Latvia's National Women's Volleyball Team and U-18 Youth Volleyball Team
- Latvian Handball Federation and Liepāja Basketball Club
- Goods and monetary donations worth over EUR 28 thousand in support of Ukraine







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 CleanR Grupa

