



AS “CLEANR GRUPA” PROCUREMENT POLICY

1. INTRODUCTION

AS CleanR Grupa (hereinafter CleanR Grupa, the Group) comprises the leading environmental services companies in Latvia, which operate in the fields of waste management, premises, road, and urban environment maintenance, as well as property management.

2. SCOPE

The Procurement Policy of AS CleanR Grupa (hereinafter the Policy) applies to all the companies directly or indirectly owned by CleanR Grupa where CleanR Grupa is a majority shareholder and exercises full control.

3. AIM

The aim of this Policy is to ensure an effective use of funds by purchasing high quality goods, services, and construction work for the most advantageous price while ensuring fair competition during the procurement procedure, as well as an open and transparent procurement process. When the costs of goods, services, or construction work are assessed, a life-cycle costing approach is used to the extent possible; also, a priority is given to the companies belonging to the CleanR Grupa holding or local suppliers, if the respective goods, services, or construction work may not be provided by the companies belonging to the CleanR Grupa holding company.

4. BASIC PRINCIPLES OF PROCUREMENT

The procurement process at CleanR Grupa is based on the following principles:

- 4.1. (*Fairness*) Procurement assessment criteria are clearly pre-defined, objective, and suitable to assess whether the goods, services, or construction work to be procured meet the interests of CleanR Grupa.
- 4.2. (*Competition*) The qualification requirements for the tenderers are designed to encourage competition among the market players and prevent protectionism.
- 4.3. (*Openness*) The tenderers are informed about the stages of the procurement procedure and the procurement procedure is documented.

5. STAGES OF PROCUREMENT PROCEDURE

The procurement procedure consists of the following consecutive stages:

- 5.1. (*Assessment of efficiency*) Prior to launching the procurement, as well as no less than once a year in case of long-term contracts, the capital company which requires the respective goods, services, or construction work (hereinafter the Contracting Entity) assesses the efficiency of the procurement. The Contracting Entity combines, to the extent possible, procurement of the same or similar subject matter of the prospective contract into one procurement.
- 5.2. (*Definition of requirements and criteria*) The procurement procedure is organized and documented by the Contracting Entity in cooperation with a procurement manager. The Contracting Entity defines the requirements for the goods, services, or construction work needed, as well as sets qualification requirements for the tenderers, considering the other policies of CleanR Grupa, for example, its Code of Professional Conduct, Code of Conduct for Suppliers, Sustainability Policy, Environmental and Energy Efficiency Management Policy, and Conflict of Interest Prevention Policy.

- 5.3. *(Call for tenders)* The Contracting Entity publishes information about procurements on its website or, if the Contracting Entity does not have one, on the CleanR Grupa website. If fewer than 3 (three) bids are received, the Contracting Entity contacts other potential candidates to ensure fair and maximum competition in every procurement.
- 5.4. *(Assessment of tenderers and bids)* A Contracting Entity representative together with a procurement manager assess the compliance of the tenderers and their bids to the set requirements, documenting the decision-making process. The Contracting Entity representative takes decisions independently and solely in the interest of the Contracting Entity. Selection of a tenderer or bid that is inconsistent with the set requirements is inadmissible. Any attempt to exert influence on the Contracting Entity representative is unlawful and shall be reported through the CleanR Grupa whistleblowing system. The Contracting Entity representative recuses himself or herself from decision-making if they face a conflict of interest or a reputational risk.
- 5.5. *(Decision-making)* Procurement decisions are reviewed by the competent governing institutions of the Contracting Entity according to the terms set in the corporate governance documents (articles of association, signatory powers matrix).
- 5.6. *(Announcement of the decision)* A Contracting Entity representative notifies the tenderer who has been awarded the contract. The Contracting Entity representative informs the rest of the tenderers of the assessment results of their bid.

6. OTHER PROVISIONS

- 6.1. This Policy is reviewed as necessary but no less than once a year.
- 6.2. The Policy is supplemented by other operational principles of CleanR Grupa set in internal policies and procedures, which are available in the Corporate Governance section of the CleanR Grupa website.