



CLEANR GRUPA

SUSTAINABILITY
REPORT 2023



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About the report

Company	Joint-stock company AS "CleanR Grupa"
Registration number	40103799972
Legal address	Vietalvas iela 5, Rīga, LV-1009, Latvia
Type of activity under the NACE classification	64.20 Activities of holding companies 64.99 Other financial service activities, except insurance and pension funding
Reporting period	1 January 2023 to 31 December 2023
Reporting frequency	Annually
Date of publishing	30 April 2024
Date of previous consolidated report	The AS "CleanR Grupa" Sustainability Report for 2022 was approved and published on 28 April 2023.
Content of the report, reporting principles and basis	The AS "CleanR Grupa" Sustainability Report for 2023 was prepared in accordance with the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council on Corporate Sustainability Reporting (CSRD). The CSRD is applicable to CleanR Grupa from 2025. The report has been prepared by phased-in application of the requirements of the European Sustainability Reporting Standards (ESRS): General Disclosure and Application Requirements (ESRS1, ESRS2), Climate Change (ESRS E1), Own Workforce (ESRS S1), Consumers and End Users (ESRS S4), and Business Conduct (ESRS G1).
Data acquisition methods and the scope of the Sustainability Report	The report has been prepared based on the information provided by the companies of CleanR Group AS (hereinafter CleanR Grupa or the Group) and their business units, as well as the data on their activities. The report uses only reliable, verifiable, and substantiated data. The report does not fully reflect the sustainability performance of all companies included in the Group's financial consolidation. The sustainability approach, objectives and scope of the strategy described apply to the Group's directly or indirectly owned companies in which the Group has full operational control. The companies are listed in the "CleanR Grupa's key business lines" section of the report. Data on sustainability performance is primarily attributable to the above companies. Where data is presented for the Group as a whole or for an additional entity, this is specifically stated.
Approval of the report	The Sustainability Report has been approved by the CleanR Grupa Management Board, reviewed by the Supervisory Council, approved by the Shareholders' Meeting.
Format of the report	The report is available electronically on the CleanR Grupa homepage www.cleanrgrupa.lv (in Latvian and English) and on the Nasdaq Baltic homepage www.nasdaqbaltic.com (in Latvian and English). This version of sustainability report is a translation from the original, which was prepared in the Latvian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of annual report takes precedence over this translation.
Contact information	An email address for report-related communication, suggestions and enquiries: info@cleanrgrupa.lv

Keynote from the management

2023 – a year of dynamic development

Year 2023 in the environmental services industry in Latvia was marked by several changes in the public policy regarding waste management. One of the important developments regarding the environmental and waste management policymaking was the Ministry of Climate and Energy taking over the responsibility for the environmental and climate change matters, which also includes waste management, from the Ministry of Environmental Protection and Regional Development in 2024.

With respect to waste management, last year was marked by the regional consolidation of waste management processes and creation of the regional waste management centers, which will determine the regional development of the industry for the next five to seven years. Also, last year was marked by the introduction of the mandatory separate collection of biodegradable waste, which significantly widens operational scope, asking for infrastructural solutions, creation of new waste sorting habits in society, expansion of the scope of environmental education, as well as poses new challenges and opportunities for waste managers.

In addition, the legal framework governing the Natural Resource Tax was amended last year, foreseeing the introduction of extended producer responsibility for textiles as of 1 July 2024.

Also, we increasingly felt the implications of the European Green Deal on the national and regional level. One of the distinct trends was the transition to more environment-friendly vehicles, which also

motivated CleanR Grupa to invest in electrically powered vehicles and wider use of alternative fuels, for example, CNG. The requirement for greener vehicles has been included in more and more public procurements, with several municipalities having already set the requirement to use alternative or “clean” fuel as obligatory for the service providers.

In the environmental services sector, we observed liberalization of the regional market in 2023, with municipalities increasingly outsourcing urban and road maintenance services thus encouraging competition in the private sector.

This has also been a dynamic year for CleanR Grupa itself, mostly because it was the first year after reorganization and the first year as a participant in the capital market, following the Group’s debut in the Nasdaq Riga stock exchange.

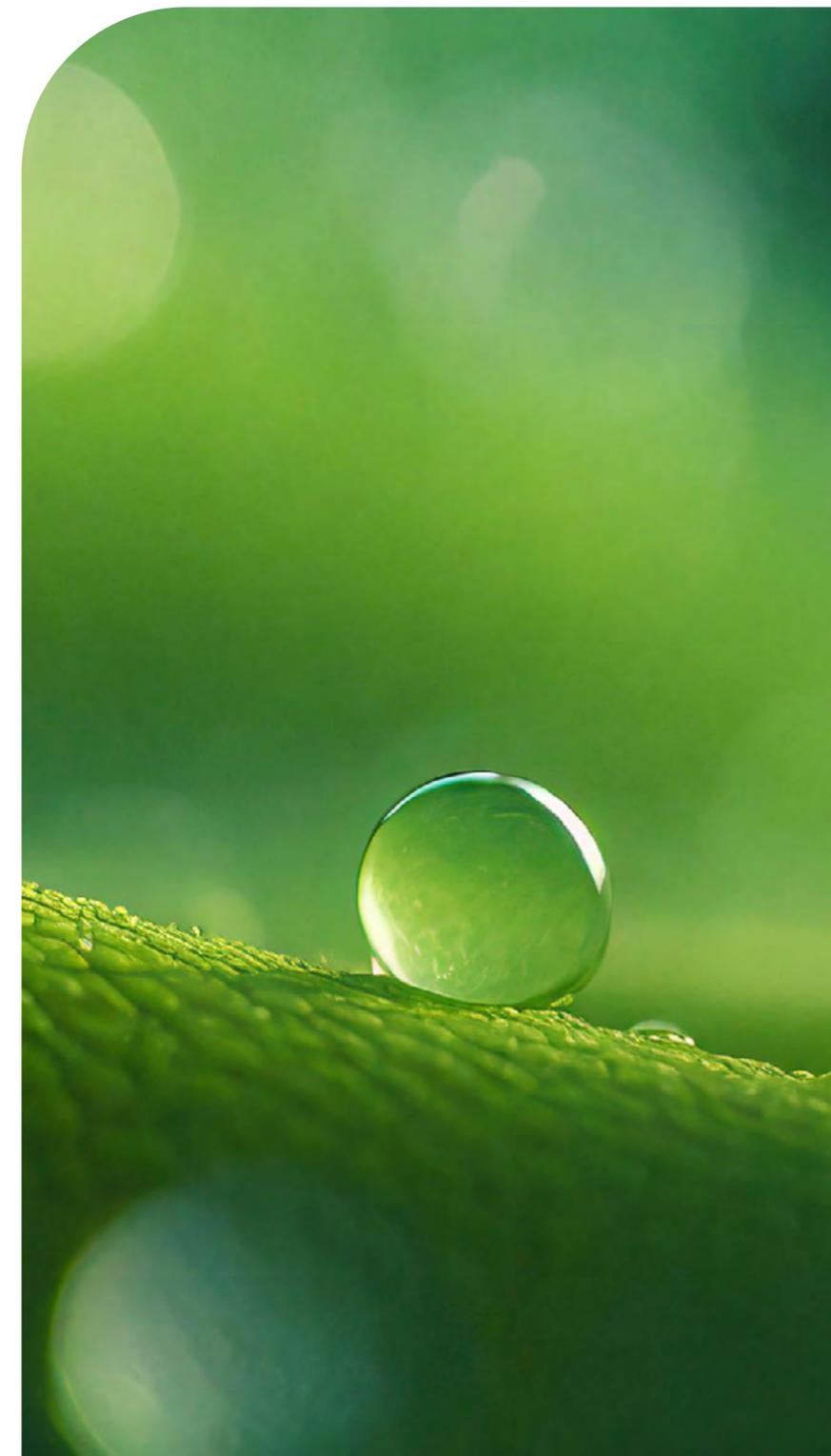
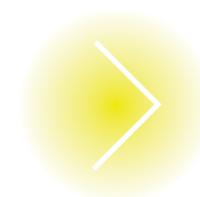
This reporting year, CleanR Grupa has recorded its historically highest financial results, demonstrating growth in all the key business indicators – a 76% EBITDA increase, a 14% increase in the value of the company assets, while maintaining a strong equity position of 51%. The Group’s investments in production development, modernisation and market expansion reached EUR 10 million.

Year 2023 was the first year in which CleanR Grupa participated in the Baltic capital market – the Group became a participant of the Nasdaq Riga First North market. The bonds issued at the end of 2022 in the amount of EUR 15 million widened the range of the Group’s stakeholders to include bondholders from all three Baltic states. Participation in the capital market not only gives

opportunities for the Group but also requires it to sustain open, transparent and profitable business operations. The attracted funds were allocated for business development, including M&A deals, which allowed the Group to expand regionally and invest in infrastructure modernization.

Last year was the first year for CleanR Grupa under the new corporate governance model and group structure. As a result of the reorganization, in January last year, we set up several subsidiary companies, which before had been business functions of CleanR, a group subsidiary. We created Vizii Urban, an urban services company, and CleanR Verso, an industrial and construction waste management business. It was the second full year of operation for Vizii, a commercial cleaning company.

The transformation of the specialized functions into full-fledged subsidiary companies has encouraged strong and dynamic growth through agile management and a precise business focus. The companies have significantly grown their operations, acquired new business, and signed new contracts, which includes provision of urban services in Riga, Bauska, and Sigulda, a cleaning services agreement with Riga East Clinical University Hospital on cleaning the premises of five in-patient departments. Also, CleanR has expanded its geographical presence by providing its services in Latgale and the Pierīga district – the Ropaži and Ķekava municipalities.



Keynote from the management (continued)

We also made an important step in putting the principles of the circular economy into practice. The Group company CleanR opened the most modern plastic recycling plant in the Baltics at the beginning of 2023, allowing us to recycle plastics that until now we were not able to recycle in our country. Year 2023 was also marked by the CleanR leadership role in the waste management activities, introducing smart, modern and user-friendly waste collection solutions in the country's capital – underground waste containers for separate collection of waste in more than 30 residential yards in Riga, with a total of more than 120 containers. The promotion of waste sorting and recycling is a step towards the implementation of the EU Green Deal aims.

In the reporting period, we strengthened the Group's corporate governance model, following best practice, expanded the CleanR Grupa Council and Board, thus developing our managerial competence and assigning members particular areas of responsibility.

Year 2023 was the first year for the Group under a unified mid-term business and sustainability strategy underpinned by the following priority areas – efficiency and productivity, work safety and employee well-being, customer service digitization, corporate governance, and sustainability.

This reporting year was the first year when the Group began its sustainability reporting, becoming one of the first companies in the environmental services industry of Latvia to publish its Sustainability Report, as well as

a Consolidated Sustainability and Financial Statement, gradually applying the requirements set in the new corporate sustainability reporting framework of the European Union. To strengthen the Group's leadership role in the promotion of the circular economy, we made significant efforts in the implementation of our sustainability strategy. Last year, we devised the first Climate Plan in the environmental industry, made comprehensive carbon footprint calculations, allowing us to regard our operations as carbon neutral.

Investment in sustainable business operations is an ongoing process, therefore we continue devising processes and internal policy action, managing risks and opportunities, as well as collecting data so that in two years' time our sustainability reporting fully complies with the provisions of the EU Corporate Sustainability Reporting Directive and European Sustainability Reporting Standards. To learn more about our accomplishments in 2023, see our Sustainability Report.

AS "CleanR Grupa" Management Board



Juris Gulbis



Inta Liepa



Agita Baltbārde



Guntars Levics



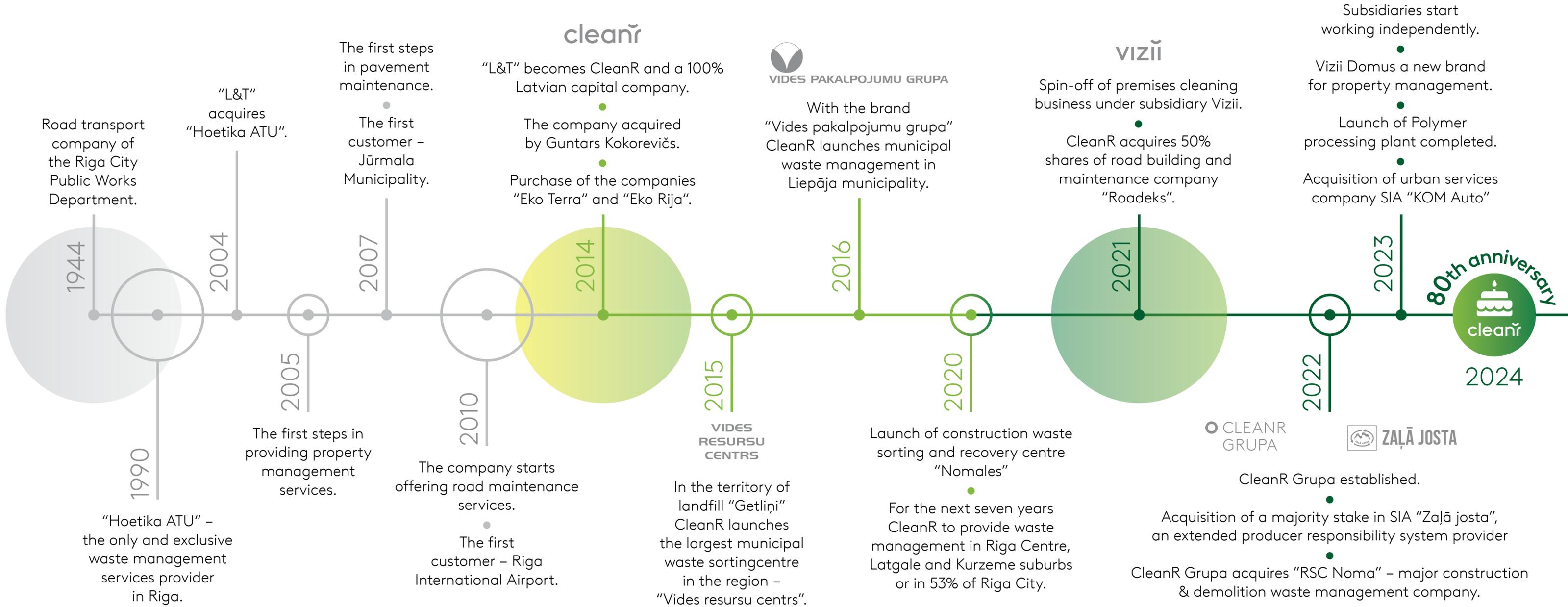
GENERAL INFORMATION



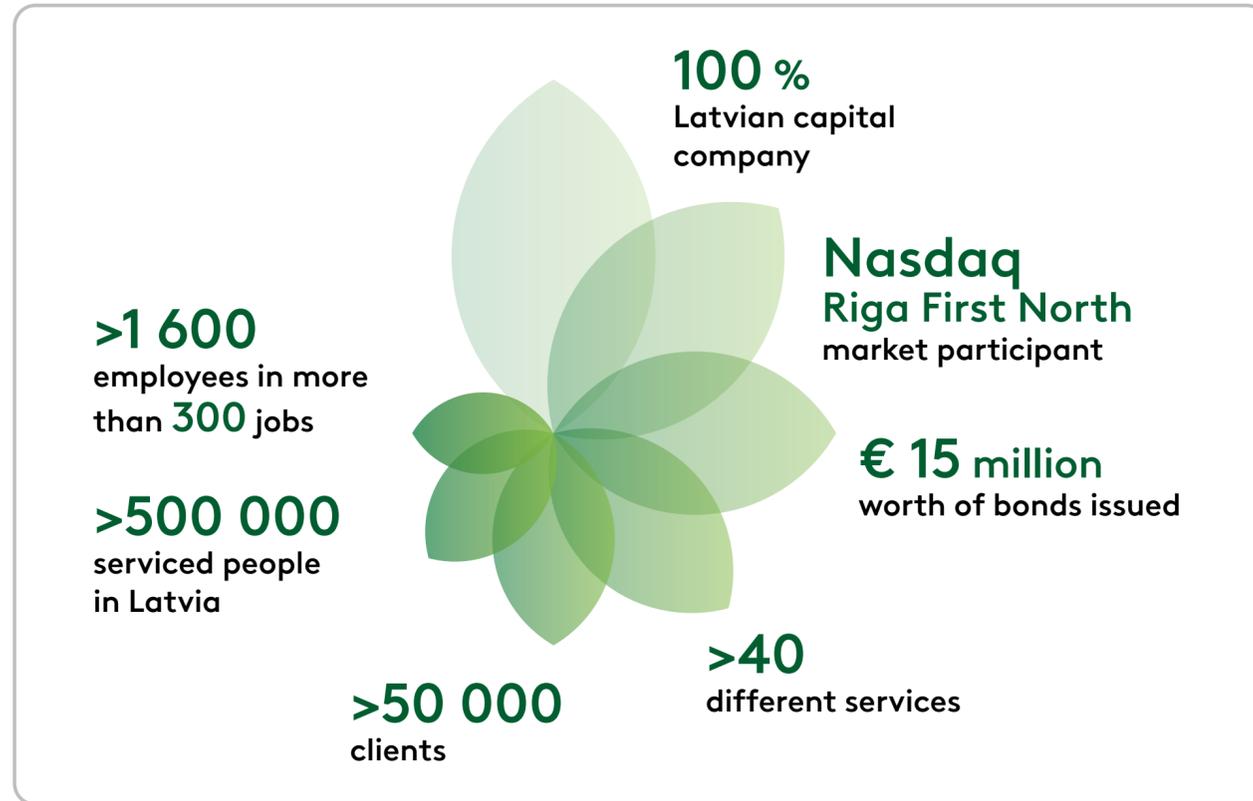
About CleanR Grupa

CleanR Grupa is a 100% Latvian capital company which manages the leading and most experienced environmental services companies in Latvia. The 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, yet the beginning of its key operating activities can be traced back to 80 years ago.

The Group's largest companies operate in areas of waste management, waste recycling, commercial cleaning, road and urban maintenance, property management, as well as extended producer responsibility.



CleanR Grupa in Facts & Figures



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
- Take care and preserve** Responsibility for positive climate impact
- Maintain and develop** Sustainable towns and cities, where the environment serves the people
- Educate and reward** A supportive and growth-oriented workplace

CLEANR GRUPA



"A" rated taxpayer



Silver award 2023 in the Diverse and Inclusive Workplace category



Member of Mission Zero, a work safety initiative

cleanr



Platinum member of the Suitability Index, Latvia's leading sustainability ranking



Family-friendly company



Silver award in the Safest company car fleet contest – Domestic cargo transport and specialized fleet vehicles

Year 2023 at a glance

FINANCIAL GROWTH



SIGNIFICANT EVENTS

WASTE MANAGEMENT

cleanr

In **Riga** and **Jurmala**
34 sites with
123 underground
containers set up

Opening of **Plastics
recycling facility**

In "**Tīrmāja**"
campaign waste
collected in Riga
and Pieriga
9 t of textiles
112 t of electronics

cleanr
verso

Opening of
**the most
modern
materials
recovery
facility**

> 92 000 t
of materials
recovered

ENVIRONMENTAL SERVICES

vizī
urban

Urban services
provision started in
Bauska and **Sigulda**

Acquisition of
SIA "KOM Auto"

vizī

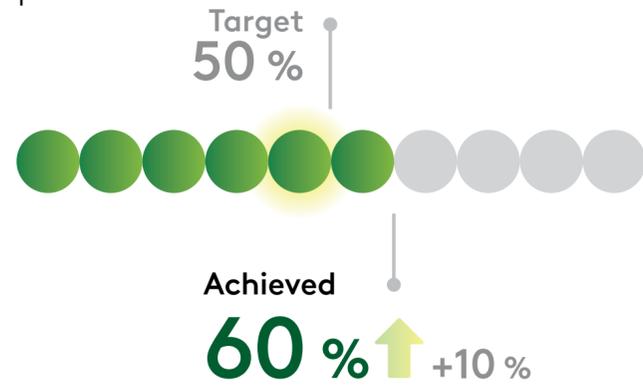
Cleaning of
premises of Riga
East Clinical
University
Hospital
**5 in-patient
departments**

Launch of a digital
communication
and customer
service tool –
**first mobile
service quality
control app**

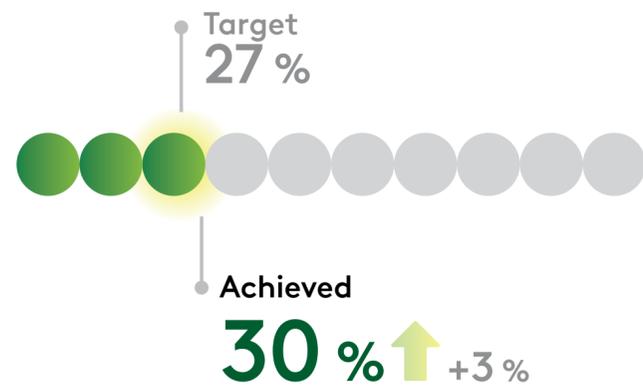
Performance of Group's Sustainability Targets 2023

ENVIRONMENT

CO2 footprint and avoided emissions accounting system in place



The proportion of separately collected and recyclable waste of all the municipal waste collected



SOCIETY

Employee satisfaction (eNPS), points



Employee voluntary turnover decrease



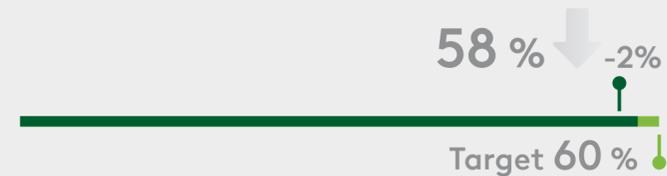
Total recordable incident rate TRIR index



Average training hours per administrative employee annually



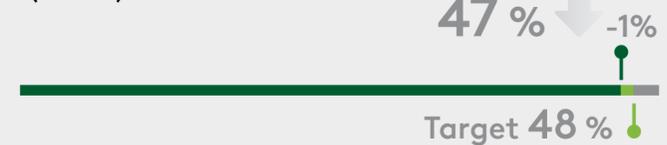
Active e-services users



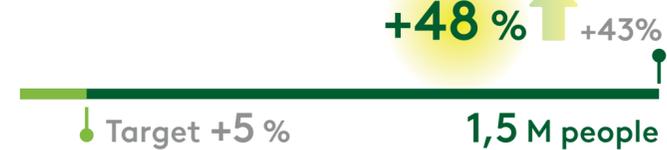
Applications in e-services – self-service portal and the App



Customer Satisfaction (NPS)

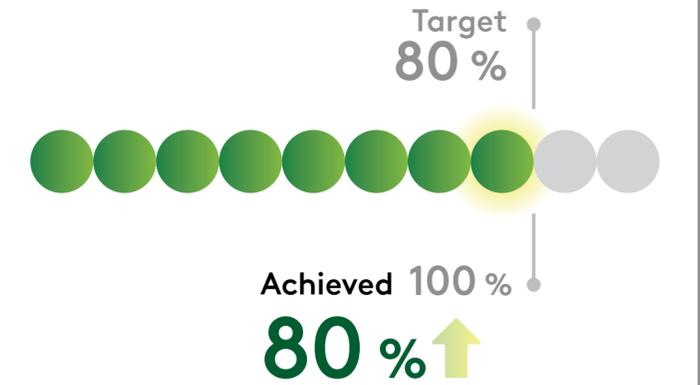


Environmental education – reached audience

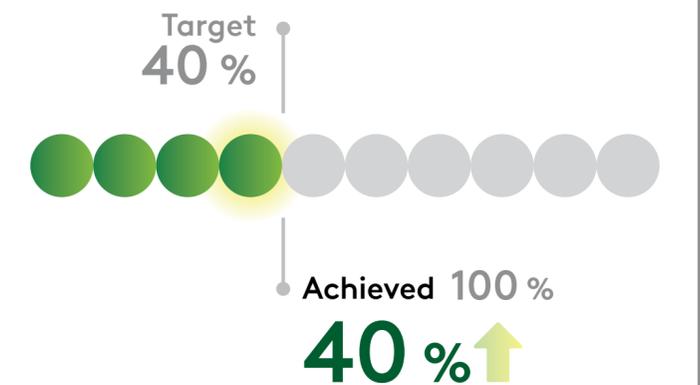


GOVERNANCE

Partners acquainted with the Group's Supplier Code of Conduct



Sustainable procurement system implemented



CleanR Grupa management

Shareholders' structure

The CleanR Grupa shareholders: SIA "TAK Capital" – 94% Harijs Krongorns – 6%

True beneficiary: Guntars Kokorevičs

AS "CleanR Grupa" Supervisory Council



Guntars Kokorevičs
Chairman of the Council

Founder and Chairman of the Council of CleanR Grupa. More than 18 years' experience in the environmental industry, including partnership and regional representation of Veolia, a global environmental services company. Vice President of Employers' Confederation of Latvia (LDDK), Member of the Council of Basketball Club "Liepāja" and Member of the Council of Junior Achievement Latvia, Former CEO of Riga Stock Exchange. Extensive experience in M&A deals.



Harijs Krongorns
Deputy Chairman of the Council

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



Māris Mančinskis
Council Member

Independent Council Member of CleanR Grupa with substantial experience in the management of large companies – a long-standing Chairman of the Board of "Swedbank Latvia", as well as a Council Member at "KOOL", a gas station chain. Currently, also 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. Acquired education from the University of Latvia, Hofstra University in the United States, and London Business School.

AS "CleanR Grupa" Management Board



Juris Gulbis

Chairman of the Board

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, worked for several different food processing and financial companies in Latvia and abroad. Holds an honorary degree from Riga Technical University. Also holds an ACCA Certificate in Financial Management and has increased entrepreneurial skills at INSEAD and Stanford University.

Areas of responsibility and sustainability competences

- Economic impact and performance
- Risk and opportunity management
- Employee well-being, safety, development
- Development and use of innovative technologies, digitization
- Active and transparent involvement in industry policymaking



Agita Baltbārde

Member of the Board

Wealth of experience in corporate communication and sustainability management, as well as investor relations at companies of various profiles. Has worked as Head of Communications at "Sadales tīkls", the national electricity distributor, and "Cēsu alus", the largest beer brewer in Latvia. Also, Communication Advisor to the Minister of Economics of Latvia, as well as Chief Officer for Communication and Investor Relations at Elevation Group, a global financial technology company. Has been with CleanR Grupa since 2022, holding the position of Chief Officer for Corporate Affairs and Sustainability.

Areas of responsibility and sustainability competences

- Corporate governance and sustainability reporting
- Stakeholder management
- Promotion of circular economy
- Environmental education
- Involvement in community support



Inta Liepa

Member of the Board

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 institutions. Considerable experience in the implementation of EU fund projects. Experience in improving corporate governance of companies.

Areas of responsibility and sustainability competences

- Corporate governance, compliance, and business ethics
- Due diligence
- Data security and privacy protection
- Responsible supply chain and sustainable procurement



Guntars Levics

Member of the Board

19 years of experience in the waste management industry. Led several significant waste management projects at CleanR Grupa, for example, setting up of the largest municipal waste sorting facility in the Baltics and the first plastics recycling plant. Both projects were co-financed by the EU funds.

Areas of responsibility and sustainability competences

- Energy efficiency management
- Implementation of circular solutions in Group services
- Service accessibility, safety
- Involvement in industry policymaking

CleanR Grupa's corporate governance ESRS GOV-1, GOV-3

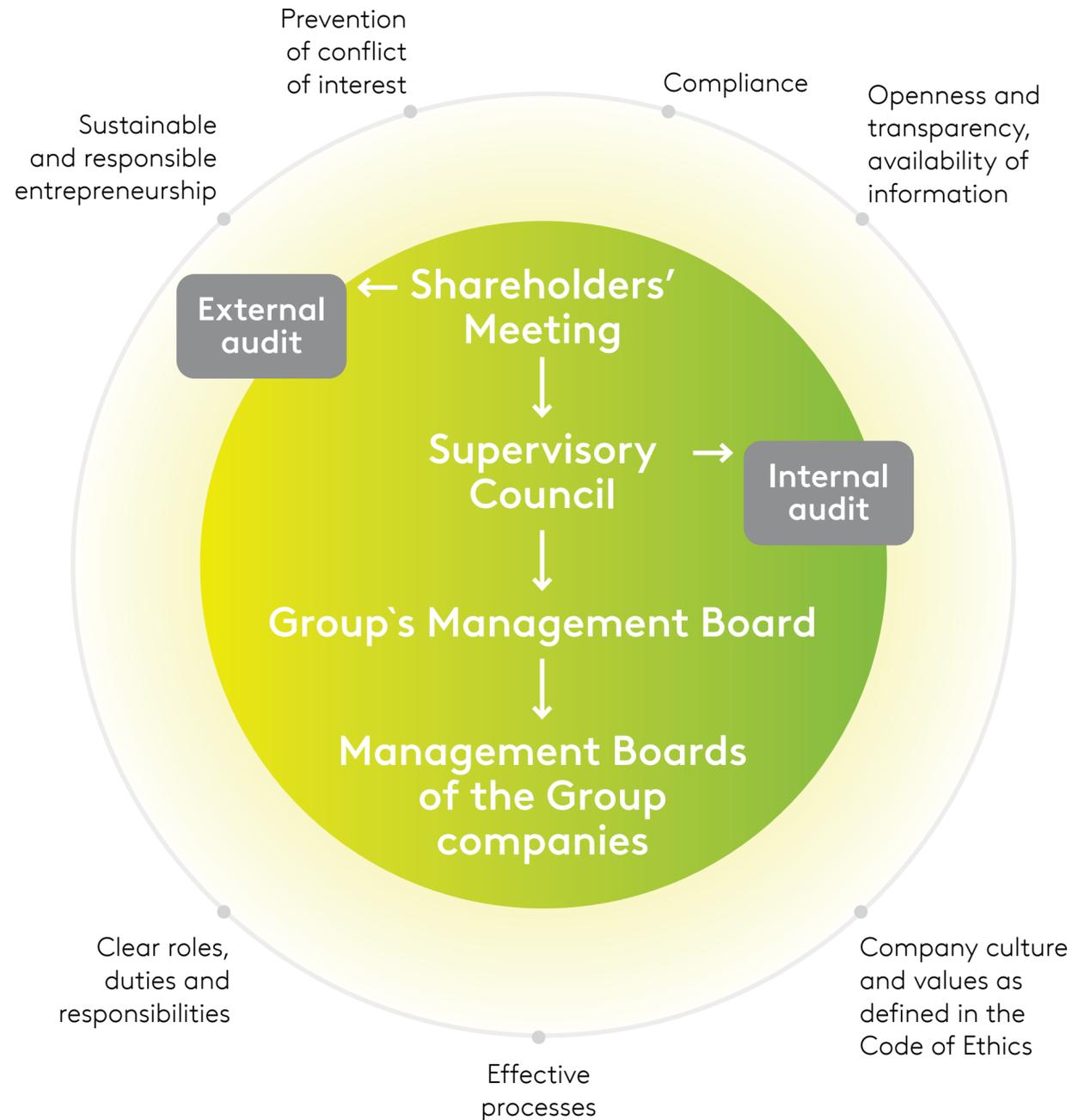
CleanR Grupa seeks to ensure that it has a comprehensive corporate governance structure in place in line with best practice, allowing the Group to operate transparently and responsibly, balancing and protecting the interests of its stakeholders.

CleanR Grupa's governance model is designed to separate strategic and operative management. CleanR Grupa's corporate governance is overseen by the Group's Shareholder, Council, and Board. The corporate governance of the Group's subsidiary companies is overseen by the boards of those company. Each of them, according to their Articles of Association, Regulations, and Latvian Commercial Law has their own responsibilities and mandates¹.

The Group seeks to employ highly qualified managers and specialists in particular business areas, while also ensuring diversity² at the different management structures of the Group.

Those subsidiary companies of the Group where CleanR Grupa directly or indirectly holds a majority interest and exercises full operational and financial control are governed by commonly defined [policies](#) and processes, as well as commonly devised and approved business development and sustainability 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 and overseen by the CleanR Grupa Council.

Every year, corporate goals are set for the whole Group as well as each subsidiary company, which are in turn incorporated into the individual goals of the board members, according to their responsibility area. At the date of this report, the sustainability targets have not been integrated into the Group's management incentive scheme.



Internal audit

The Group employs an independent internal auditor subjected to the CleanR Grupa Council, whose task is to provide independent, unbiased advice and assurance with the aim to improve the Group's operations and increase its value. The internal audit helps the Group to achieve its goals by introducing a systematic and disciplined approach to risk management, controls, including sustainability reporting and corporate governance processes with the aim of assessing and improving their efficiency.

Internal audits are based on the principles described in the Internal Audit Policy and the CleanR Grupa Annual Audit Plan, which is approved by the Group's Council. Internal audit reports are regularly submitted to the CleanR Grupa Board and Council. No less than once a year, the Group's Council is provided with a general overview of the Group's internal controls and risk management system and suggestions for its improvement.

External audit

An external auditor for the Group companies and the Group itself is selected before the end of the current fiscal year by conducting a price survey and via the most economically advantageous tender procedure, evaluating both the price and qualifications of the involved personnel. The Group's external auditor is appointed by the Shareholders' Meeting. The Group has selected Grant Thornton Baltic Audit as the external auditor for the Group's Consolidated Annual Report of 2023.

¹ CleanR Grupa's Corporate Governance Statement for 2023 is available on the Group's homepage Corporate governance section.

² See this report's section "Responsibility towards employees".

Risk and opportunity management at the Group ESRS GOV-5

Identification and management of risks and opportunities at the CleanR Grupa companies is at the basis of both strategic planning and daily operational processes. The Group's approach to risk and opportunity management is described in its Risk Management Policy and Risk Assessment Guidelines.

Risk management at the Group is a continuous and even process, with the aim to foresee and prevent any potential damage to the reputation, financial position, and operations of the Group companies. Efficient risk management not only allows the Group to ensure compliance with legislative acts and best governance practice, but also identify opportunities.

During the reporting period, **the Group centralized its risk management process** to ensure comprehensive and systematized risk management across the Group.

The Group's business risk framework also includes risks associated with the environment, social area, and governance, i.e., sustainability risks.

Risks are divided into risk categories. During risk assessment, the potential types of impact and its degree is identified. All the risks classified as critical or high are addressed by planning and applying a set of measures to reduce their impact to an acceptable level. In parallel, we review opportunities and benefits gained for the Group by mitigating the impact of those risks.

The identified impacts, risks, and opportunities related to sustainability matters have been described in the relevant section of the respective sustainability aspect. The identified financial risks have been analyzed in the Group's Consolidated Financial Statement.

Risk management at a Group level is overseen by the CleanR Grupa Council, with the boards of the CleanR Grupa companies being responsible for the implementation. The boards of the CleanR Grupa companies assign risk owners to risks or risk types, who must make sure that all the planned risk management measures are efficient. Every CleanR Grupa employee is involved in risk reporting within the scope of their responsibility.

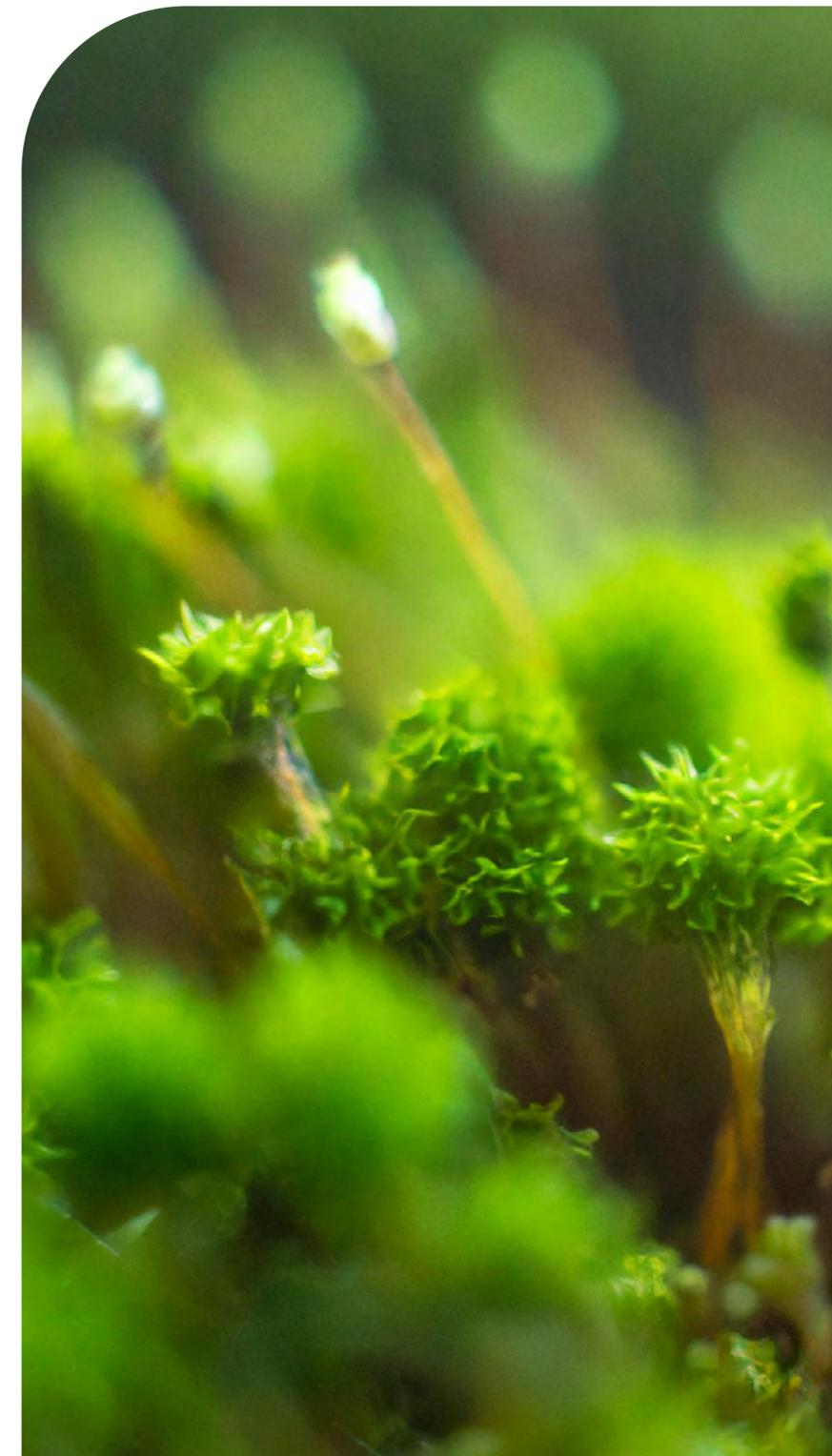
During the reporting period, we organized training in risk management for the board members of the Group companies to ensure proper and common understanding of risk management and strengthen risk and opportunity management at the Group.

Due diligence ESRS GOV-4

Due diligence is essential to the Group's business – it is an integral part of its decision-making and risk management process. **Due diligence is conducted to identify, prevent, and mitigate any actual and 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 or business direction. 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, and the contracting party is requested to confirm compliance with the Group's Supplier Code of Conduct. In the future, when performing value chain assessment, we have planned to also include environmental and social criteria.

When concluding merger and acquisition deals, a thorough due diligence process is carried out, which, inter alia, includes assessment of the target company's tax payment, corporate 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 and model

The Group's main activities may be divided into two business lines – **waste management** and **environmental services**.

By devising innovative, digitized and tailor-made solutions, the Group companies deliver high quality products and services, and superior customer service. The Group seeks to provide **integrated services** comprising both **full-cycle waste management** – collection, sorting, and recycling – and **environmental services**.

WASTE MANAGEMENT AND RECYCLING

cleanr

SIA "CleanR" is the Group's largest company, which handles **collection of sorted and unsorted municipal waste** in Riga, Liepāja, Jūrmala, Ozolnieki, Inčukalns, Ropaži, Garkalne, Jelgava, the town and rural territory of Baldone and the rural territory of Kastuļina. CleanR also handles collection of sorted biodegradable waste and textiles, providing the necessary infrastructure for it. CleanR's share of the waste management market in Latvia reaches 40%. In 2023, the company opened its new plastic recycling plant, thus starting to pursue a new business direction.

cleanr
verso

SIA "CleanR Verso" **handles and recycles commercial and industrial waste**. The company also sorts and sells for further recycling separately collected and recoverable materials (packaging) derived from residents and businesses. These are the fastest-growing business segments in the Group's portfolio. The company operates a secondary raw materials recovery facility in Riga and an industrial waste sorting and recycling centre "Nomales" in the Ropaži municipality.

ZAĻĀ JOSTA

SIA "Zaļā josta" is an extended producer responsibility system provider with the largest market share in Latvia. The company **organizes management of used packaging, disposable dishes and tableware, environmentally harmful products, and electrical appliances** thus providing an opportunity for the producer to obtain an exemption from the Natural Resources Tax. CleanR Grupa owns 55% of the "Zaļā josta" shares.

VIDES
RESURSU
CENTRS

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

VIDES
PAKALPOJUMU
GRUPA

PS "Vides pakalpojumi Liepājai", a general partnership, provides **waste management services in the city of Liepājā and elsewhere in the Dienvidkurzeme municipality**. The general partnership, which since 2016 operates under the "Vides pakalpojumu grupa" registered trademark, comprises partners with extensive industry know-how – CleanR, Tranzīts L Waste and EKO joma. The general partnership serves about 8 000 customers. CleanR Grupa indirectly owns 51% of the share capital.

ENVIRONMENTAL SERVICES

VIZIĻ

SIA "Vizii" delivers **the daily cleaning of premises and general cleaning services** of various complexity. The company uses innovative cleaning solutions and environment-friendly cleaning products. Vizii's services are used by public institutions and private companies and organizations of various sizes and industries, including medical institutions, shopping malls, well-known retail chains, sports centers, and Latvia's largest manufacturers.

vizii
domus

Vizii Domus is a **property management business, which comprises five Group companies** with invaluable experience of almost 30 years in property management. 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" is **an urban services company with 20 years of experience**. It carries out street, road, and pavement maintenance, as well as planting of greenery, cleaning of beaches, daily maintenance and cleaning of public spaces and venues. In 2023, Vizii Urban acquired SIA "KOM Auto", a Cēsis-based company, to expand its business. The largest Vizii Urban's clients include the municipalities of Jūrmala, Rēzekne, Tukums, Liepāja, Alūksne, Bauska, Sigulda, Cēsis, and Riga, as well as large commercial companies.

CleanR Grupa's Strategic Priorities ESRS BP-2, SBM-1

CleanR Grupa's operations have always been underpinned by sustainable development of the company.

The Group's Strategy for 2023– 2025 focuses on:



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 climate impact. 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.

Over the next period, one of the key focuses of the Group is to sort, recycle, and produce more. The target is to significantly increase the sorting capacities, increasing the amount of the recovered materials, and reducing the amount of waste buried in landfills. The Group has made significant investments in modernisation of sorting centres and new recycling lines, thus it will continue to develop its construction waste sorting and recycling centre, making it the first and largest in Eastern Europe, as well as will increase polymer recycling capacities.

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.

As until today, also 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. In the segments of commercial cleaning and urban environment maintenance, the Group's companies will seek to use environment-friendly cleaning products even more, as well as innovative and climate-neutral technical solutions for maintenance of urban territories.

CleanR Grupa will seek to ensure that its investments, goals, and plans are compatible with the transition to a sustainable economy and limiting of global warming. The Group's aim is to become climate-neutral in its own operations 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. Therefore, CleanR will continue installation of underground containers and expanding its textile sorting container network.

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.

Customer satisfaction and digitization of customer service

The Group's companies will seek to improve and digitize customer service, as well as implement common customer service standards and metrics, will keep working on the development of MANAI VIDEI, the Group's multi-channel client service platform, and the mobile App. 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.

Corporate Governance and Sustainability

Considering the reorganization of the Group and M&A deals carried out in the previous year, one of the strategic priorities of the current period will be the strengthening of our corporate governance model, following best practice.

We will continue to perform sustainability management at a group level. Although the corporate sustainability reporting regulations apply to CleanR Grupa only as of 2025, the Group will continue its non-financial reporting practice. We will continue devising our processes, internal policies, and plans, managing risks and opportunities, including assessment of our value chain, calculating our GHG emissions and emission avoidance, as well as collecting other data needed for sustainability reporting, so that in two years' time the Group's Sustainability Statement fully complies with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS).

SUSTAINABILITY MANAGEMENT



Sustainability management

ESRS GOV-1, GOV-2, IRO 1

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.

The CleanR Grupa Sustainability Policy, which sets out the strategic framework, approach, and the basic principles with regard to sustainability matters, as well as its management structure, was devised in 2022. 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 Board Member responsible for Corporate Affairs and Sustainability regularly reports to the Board on sustainability matters, on the roll-out of the sustainability strategy, and takes care of the 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 implement the strategy and achieve its goals and coordinates its implementation across the Group. The Sustainability Officer also handles the daily management of sustainability matters and is responsible for appropriate internal communication and implementation of sustainability-related initiatives.

To ensure transparent and efficient work toward the set sustainability goals and objectives, dedicated working groups have been set up within the Group: Service Management, Work

Environment and Safety, Environmental and Energy Efficiency, and Corporate Governance Working Groups. They include the senior managers of the Group companies or heads of the respective functions, and specialists.

Each working group has been assigned a head, who is responsible for the implementation of the procedures and controls to achieve the set sustainability goals and objectives. The work of these groups is overseen by the Group's Sustainability Manager. Both the Sustainability Manager and respective heads of the working groups take part in board meetings, where they report on the implementation of sustainability goals.

During the reporting period, two reports on the achievement of sustainability goals were presented to the management bodies, including a separate report on GHG emissions inventory and the Group's Climate Plan. Two meetings of the Service Management Working Group, three meetings of the Work Environment and Safety Working Group, and three meetings of the Corporate Governance Working Group were held. The Environmental Working Group actively continued its work on the development of the Group's GHG emissions accounting system, the calculation of generated and avoided emissions, and devising of the Group's Environmental and Energy Efficiency Policy.

Sustainability governance structure

CleanR Grupa
Supervisory Council

CleanR Grupa
Management Board

Group's Board Member
for Corporate Affairs
and Sustainability

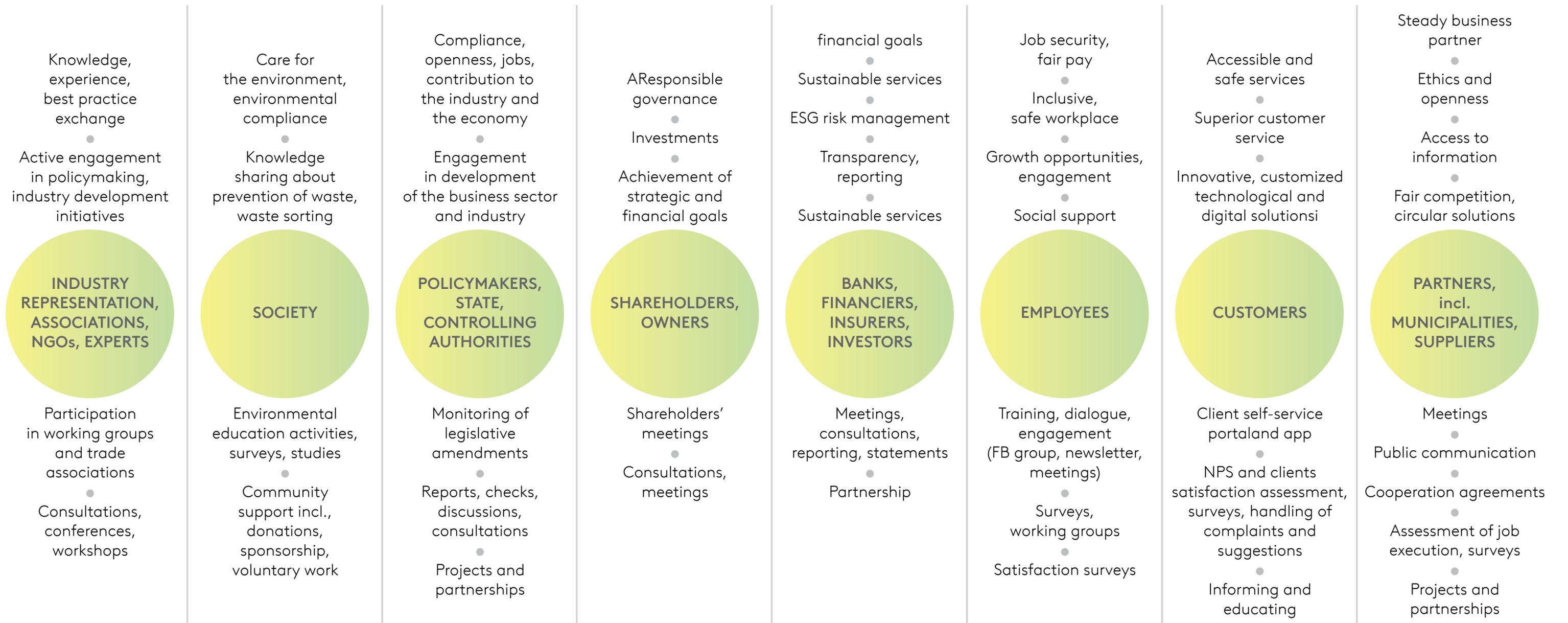
Group's
Sustainability
Manager

ESG
working
groups

Stakeholder engagement ESRS SBM-2

An important part of CleanR Grupa’s responsible business practice is cooperation with the stakeholders. 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 impact on society, as well as its stakeholders’ opinion forms the basis for the Group’s sustainability approach and strategy. The impact of the stakeholders’ views and interests on the Group’s sustainability matters is described in more detail in the section devoted to the particular topic.



The Group's key sustainability areas ESRS SBM-2

The Group's approach and strategic framework for sustainability was devised in 2022 and initially was aimed at the Group companies running its key operations: CleanR, CleanR Verso, Vizii, and Vizii Urban. Considering the reorganization of the Group carried out at the end of 2022 and its strategic development goals, as of 2023, the Group's strategic sustainability framework is gradually being applied to the rest of the companies directly or indirectly owned by CleanR Grupa, where the Group is a majority shareholder and exercises full operational control³.

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 companies operate in. It looked at the number of employees at each of the Group's companies and its contribution to the Group's turnover, as that allowed us 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;
- the stakeholders' opinion (online survey and 1:1 interviews);

- the Group's senior management opinion (debates and workshops).

As a result of this analysis, the Group's initial range of sustainability priorities were defined, which were discussed and adjusted by the management team of the Group companies, adding certain significant aspects.

To find out the stakeholders' opinion, all the areas were divided into five thematic blocks: korporatīvā pārvaldība:

- corporate governance;
- environmental impact;
- work environment;
- sustainable services;
- contribution to society.

In September 2022, we carried out a stakeholder survey, where the 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, 18 key sustainability areas were identified. The Sustainability Report describes all the key areas⁴.

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:

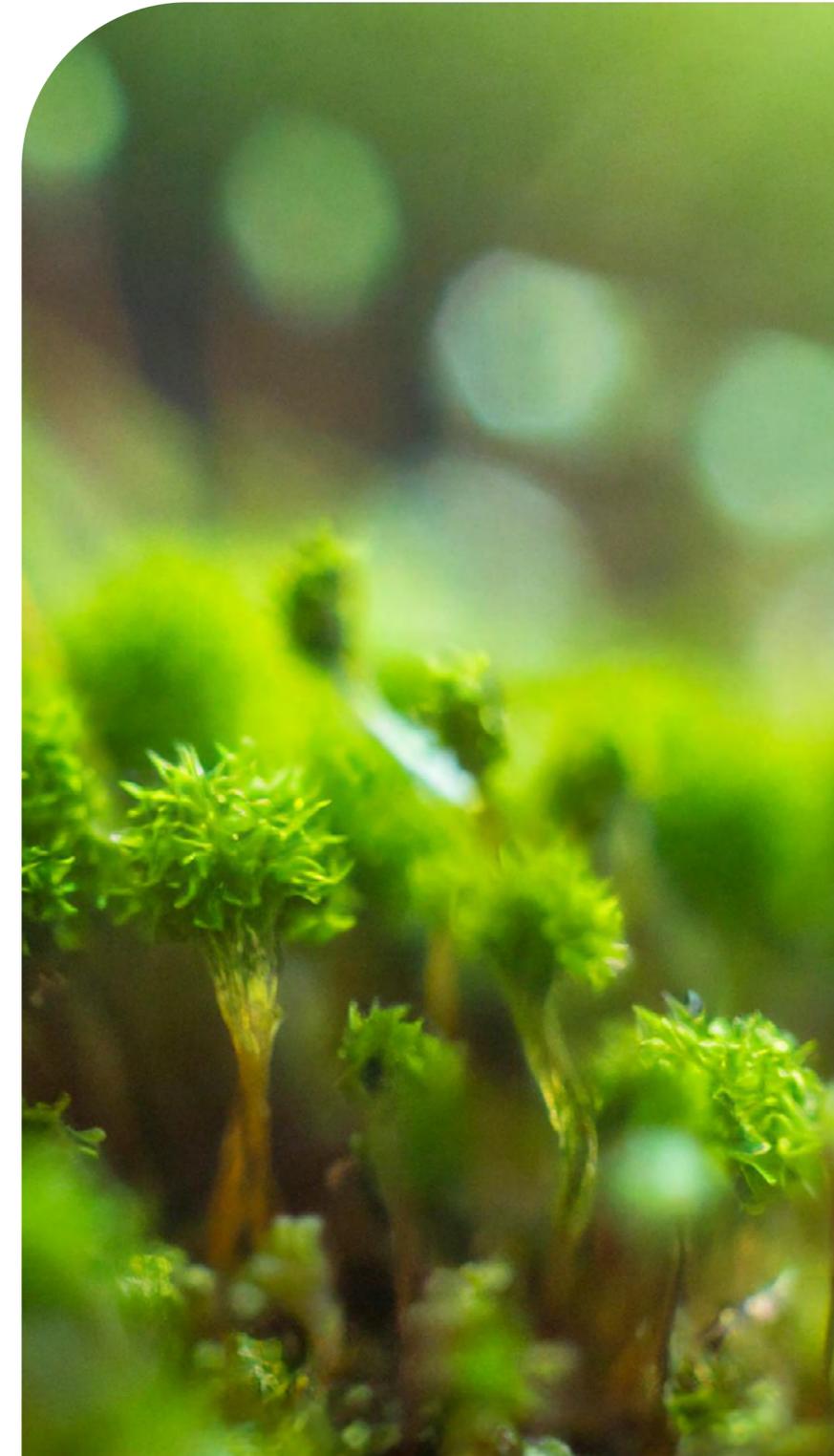
- Climate impact mitigation, energy efficiency, circular solutions;
- Employee well-being and development;
- Access to services (innovation, digitization), incl., environmental education;
- Sustainable procurement and responsible supply chain.

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

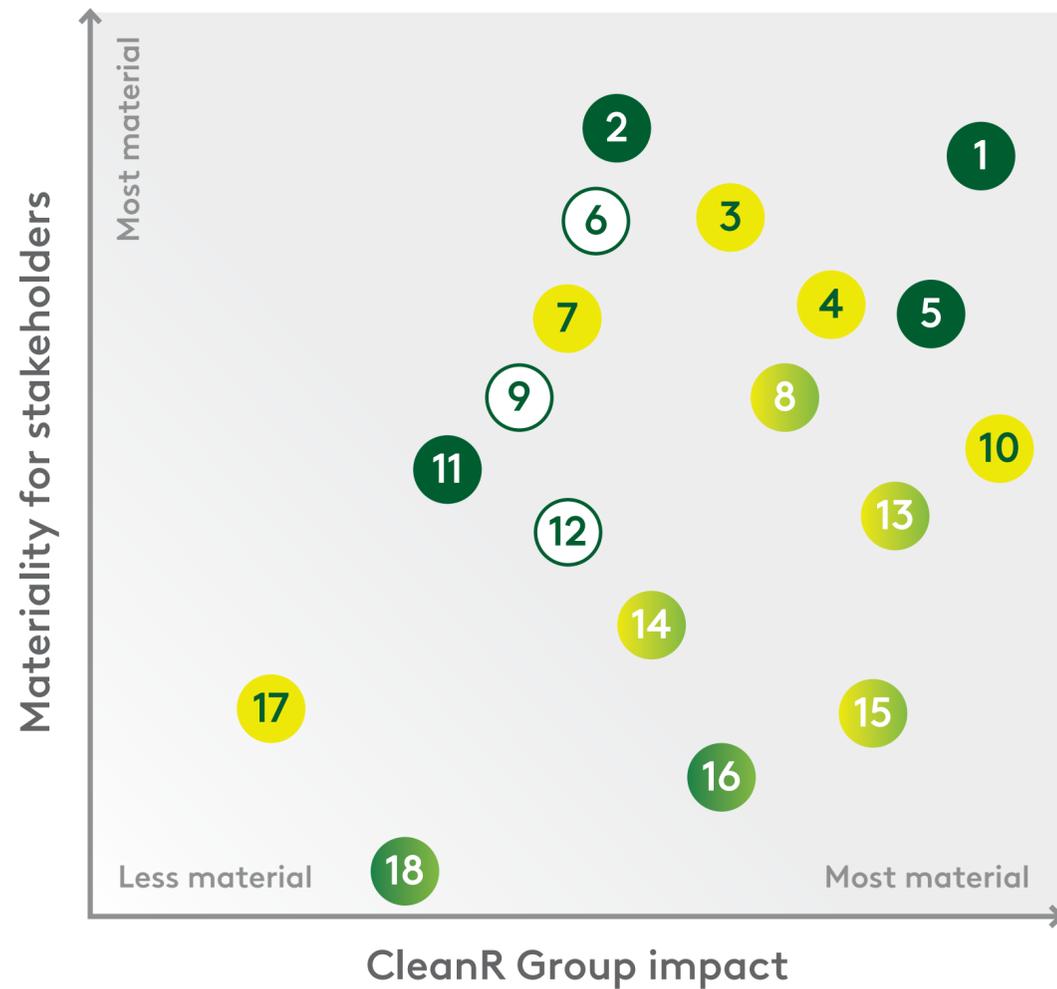
Next year with the change of the strategy period, in parallel to working out the new strategy, we will reassess the key areas, seek more precise formulations in line with the ESRS, assess them according to the ESRS double materiality principles and the European Financial Reporting Advisory Group (EFRAG) Guidelines, as well as update and set forth new goals for the next strategy period.

³ The companies are listed in the following section of the report: "The Group's key business lines".

⁴ To consolidate information, the aspect "Open communication, active stakeholder engagement" has been covered in "Active and transparent engagement in industry policymaking"; the "Services impact on health and safety" is described in section: "Access to services, innovation and digitization".



Materiality matrix



ENVIRONMENT

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

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

WORKING ENVIRONMENT

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

GOVERNANCE

- 8 Business ethics and compliance
- 13 Open communication, active stakeholder engagement
- 14 Active and transparent engagement in industry policy-making
- 15 Responsible supply chain and sustainable procurements

SOCIETY

- 16 Environmental education opportunities, promotion of the use of sustainable solutions
- 18 Contribution to the local community

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 and compiled in the Annex thereto.

Sustainability goals 2023-2025



ENVIRONMENT

Pursuit of **climate neutrality** through implementing the key principles of the circular economy – in business and services.



SOCIETY

Care for **employee** well-being, offering safe and growth-oriented workplace.

Building responsible **society** through environmental education.

An industry leader in innovation, providing **clients** with access to services and digitized processes.



GOVERNANCE

Care for a **responsible supply chain** by implementing **sustainable procurements**.

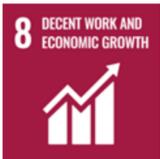


The Group's sustainability goals and contribution to the UN Sustainable Development Goals (continued)

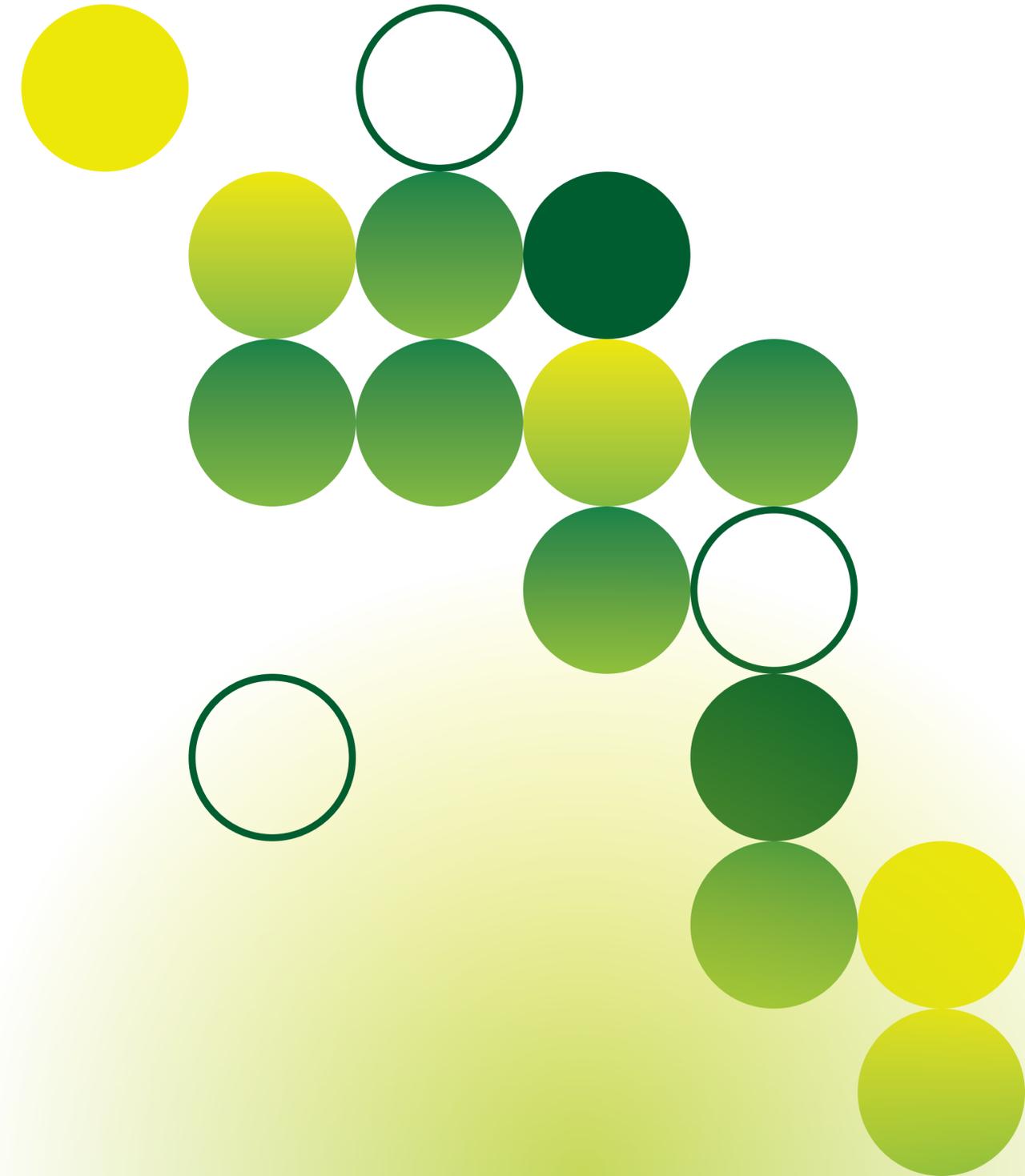
By running its daily operations and pursuing its sustainability goals, CleanR Grupa also contributes to the achievement of the following United Nations (UN) [Sustainable Development Goals](#):

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



UN Sustainable Development Goal	Goal /target	CleanR Grupa impact—relevant sustainability area
 13 CLIMATE ACTION Take urgent action to combat climate change and its impacts	13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.	<ul style="list-style-type: none"> ● Climate impact mitigation and energy efficiency
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION Ensure sustainable consumption and production patterns	12.2. By 2030, achieve the sustainable management and efficient use of natural resources. 12.4. 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. 12.5. By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse. 12.7. Promote public procurement practices that are sustainable, in accordance with national policies and priorities.	<ul style="list-style-type: none"> ● Climate impact mitigation and energy efficiency ● Access to services ● Pollution prevention ● Promotion and use of circular and sustainable solutions ● Responsible supply chain and sustainable procurements
 8 DECENT WORK AND ECONOMIC GROWTH Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors. 8.5. 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. 8.8. 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.	<ul style="list-style-type: none"> ● Development and use new and innovative technology, digitization ● Inclusive, fair treatment of employees ● Employee development ● Employee health and safety
 6 CLEAN WATER AND SANITATION Ensure availability and sustainable management of water and sanitation for all	6.3. 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.	<ul style="list-style-type: none"> ● Climate impact mitigation ● Pollution mitigation ● Promotion and use of circular and sustainable solutions

RESPONSIBILITY TOWARDS **THE ENVIRONMENT**



Our commitment

We are committed to measuring, monitoring, and mitigating our impact on the environment in the long term, reviewing our habits and increasing 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.



Climate impact mitigation and energy efficiency ESRS E-1, E1-2 IRO- 1, AR 11, AR 12, E1-5

The Group's approach to climate impact and environmental matters has been defined in the Group's Sustainability Policy and the Group's Environmental and Energy Efficiency Policy. **The approach is based on the following key principles:**

- responsibility and compliance;
- monitoring;
- prevention;
- efficient use of resources;
- informing and educating;
- continuous system improvement.

Taking care of our impact on the environment and energy efficiency is a significant core aspect of the operations of the CleanR Grupa companies. For over five years, the Group's environmental and energy efficiency systems for its key business lines have been certified according to the international standards (ISO), thus ensuring a systematic approach to our impact management.



Climate risks

In each of our business lines, we monitor the relevant environmental aspects and risks. In the reporting period, the Group's business risk management process was supplemented with the climate risk assessment. Climate risks were assessed according to the risk types set by the Task Force on Climate-related Financial Disclosure⁵: physical and transition risks. The risks were assessed in the Group's key business lines – waste management (collection, sorting, recycling), urban and road maintenance, property cleaning and maintenance services.

During the risk assessment process, we considered the climate change scenarios and forecasts prepared by the UN Intergovernmental Panel on Climate Change (IPCC), European Environment Agency, and Latvian Environment, Geology and Meteorology Centre⁶. By mapping and analyzing the actual and potential climate risks, we prepared a summary of the most relevant risks to the Group's business and assets, which in the short-term (>1 year) and mid-term (>5 years) may affect the operations of the Group companies. We also assessed the climate change-related opportunities for the Group companies. Based on the assessment, we devised proposals for climate adaptation activities (plan).

Key climate risks for the Group

Transition risks	Potential impacts
Requirement to reduce emissions from vehicles and to reduce GHG emissions in own operations	<ul style="list-style-type: none"> ● may cause significant increases in costs due to the transition to low emission vehicles; ● the requirement to reduce GHG emissions in our own operations may cause additional costs arising from the transition to low carbon economy, renewable energy resources, risk of inability to adapt to these requirements.
Increased requirements to improve energy efficiency in buildings and a requirement or need to install ventilation / cooling systems	<ul style="list-style-type: none"> ● may affect the company's own assets and create a need for additional funds.
Statutory changes in the waste management industry, requiring increasing the volumes of separately collected and recycled waste more rapidly	<ul style="list-style-type: none"> ● may cause significant increases in costs related to the expansion of waste collection infrastructure, including waste transportation costs; ● may create a need for additional investments in new production or recycling solutions, bad investment risks.

⁵ The Task Force on Climate-Related Financial Disclosures, <https://www.fsb-tcfd.org/>

⁶ Latvia's scenarios: <https://klimatam.lv/klimata-riks/>

Climate impact mitigation and energy efficiency (continued)

Key climate risks for the Group

Physical risks	Potential impacts
Extreme temporary or lasting heat/ cold (acute and chronic)	<ul style="list-style-type: none"> ● may hinder smooth operation of road maintenance machinery and production lines; ● lasting draughts may cause dust, ignition of waste and other materials at the maintained properties or sorting centers; ● may hinder the work of employees or cause unsuitable working conditions; ● lasting heatwaves and gradual temperature increases may make waste degrade faster thus causing unpleasant odors, spread of pests, rodents, etc. in areas where waste is collected, stored, and recycled (especially relevant regarding biodegradable waste).
Storms, hail, floods, blizzards (acute)	<ul style="list-style-type: none"> ● may directly affect concrete operational sites and areas; ● may damage company assets and property, including machinery, vehicles, stands, etc.; ● may hinder collection and transportation of waste; ● storms may hamper urban and road maintenance, including scatter waste, rip trees apart, etc., causing additional work in road and/or urban maintenance, increased demand for industrial waste management.
Sharp and frequent changes in weather conditions in winter	<ul style="list-style-type: none"> ● may require prompt changes in work schedules and workload, result in inability to perform contractual duties, causing reputational risks.
Traffic interruptions or road damage due to weather conditions	<ul style="list-style-type: none"> ● may hamper waste collection; ● may hamper urban and road maintenance; ● may result in inability to provide services, causing reputational risks.

The climate risk assessment revealed both a short-term (acute physical risks) and mid-term (chronic physical risks and transition risks) impact of the potential climate change on all the Group's key lines of business.

Regarding the Group's operations and climate change, we may identify more opportunities than risks, yet an efficient use of those opportunities depends on strategically taken decisions in each business line.

Transition risks may create a need to expand our range of services, whereas weather conditions may, in the short-term, generate additional income due to the need to deal with emergencies at our clients' sites or as part of contractual obligations.

The Group will continue to monitor technological as well as regulatory developments both globally and locally to be able to respond promptly to our stakeholders' urgent needs. Alongside monitoring the business opportunities created by climate change and technological advances, the Group will also keep track of its employee well-being and their ability to perform their duties efficiently in the given circumstances.

At the same time, while pursuing climate mitigation and opportunities related to it, the Group will also seek to reduce its environmental impact – GHG emissions generated by the Group's operations.

Climate impact mitigation and energy efficiency (continued)

Climate Plan

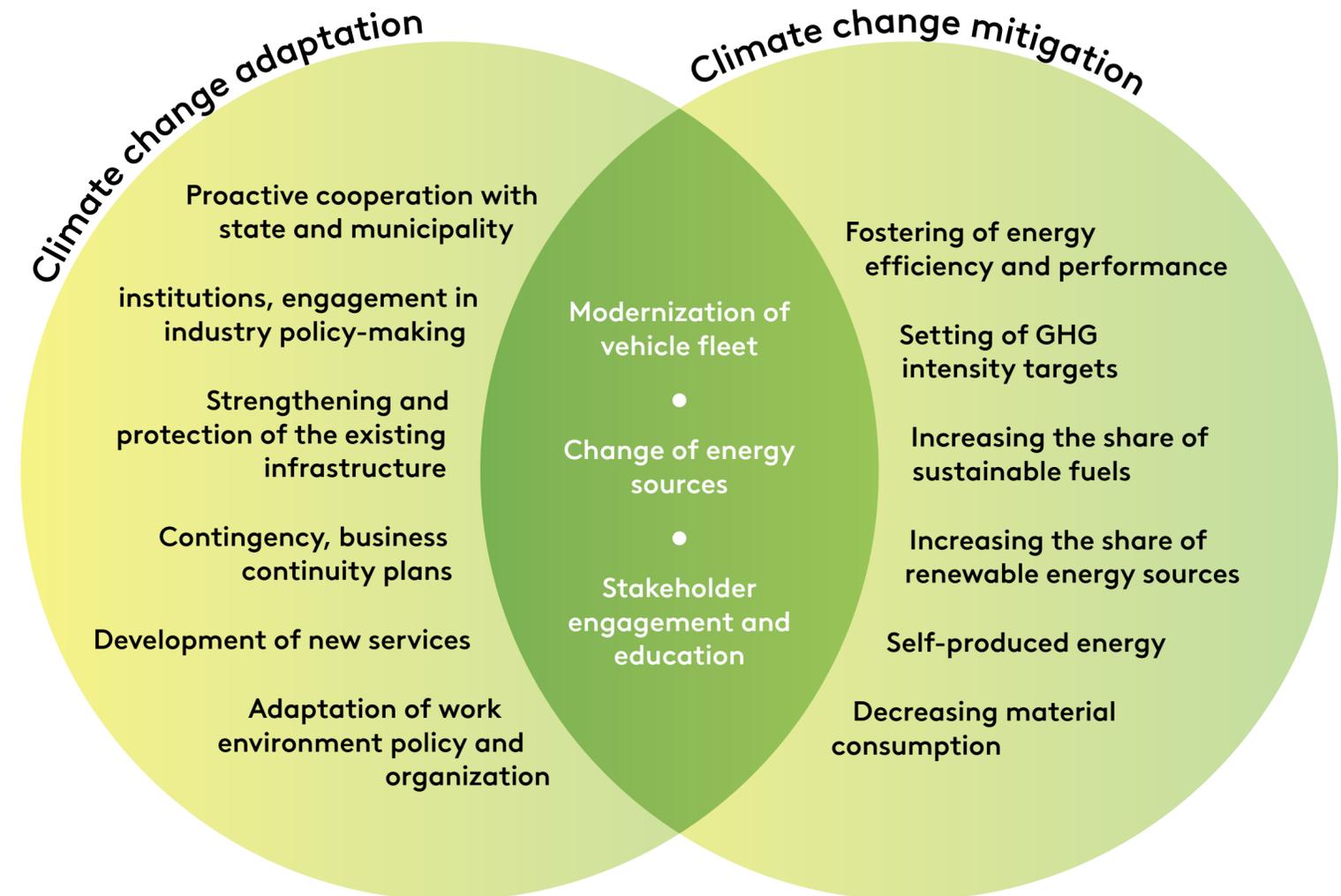
The Group has devised a Climate Plan, which has been approved by its management and supervisory bodies. The plan includes the main climate mitigation and adaptation activities. **The Climate Plan is part of the Group's overall business strategy.**

Over the next period, it is planned:

- to continue an active dialogue with the stakeholders, including municipalities, on adapting the waste management practices to the requirements and conditions caused by climate change, taking the lead and involving other industry players;
- considering the climate change-related trends and identified risks, to update contingency and business continuity plans, including increasing the resilience of the existing infrastructure;
- to implement a gradual change of fleet vehicles to low emission, environment-friendly, energy efficient vehicles, as well as assess the possibility to increase the use of sustainable fuels;
- gradually increase the share of energy consumption from renewable sources, including assess the possibility of self-produced energy;
- to allocate funds and invest in improving energy efficiency of buildings;
- for the Group companies with a significant impact on the climate, to set GHG intensity and resource efficiency targets;
- to make material purchasing and inventory systems more efficient to reduce consumption as much as possible.

In the reporting period, as part of our climate mitigation activities we:

- replaced 42% of the Group's passenger fleet vehicles with new, electricity-powered cars;
- invested more than EUR 1.9 million in the purchasing of new urban maintenance and waste collection vehicles;
- installed EV charging stations outside the Group's office;
- continued to change lighting and install sensors, monitor indoor office climate, performed energy audits for buildings;
- the office heating system was changed to use wood pellets, a renewable energy source, thus reducing our heating-related emissions by over 80%.



Greenhouse gas emissions

ESRS E1-6

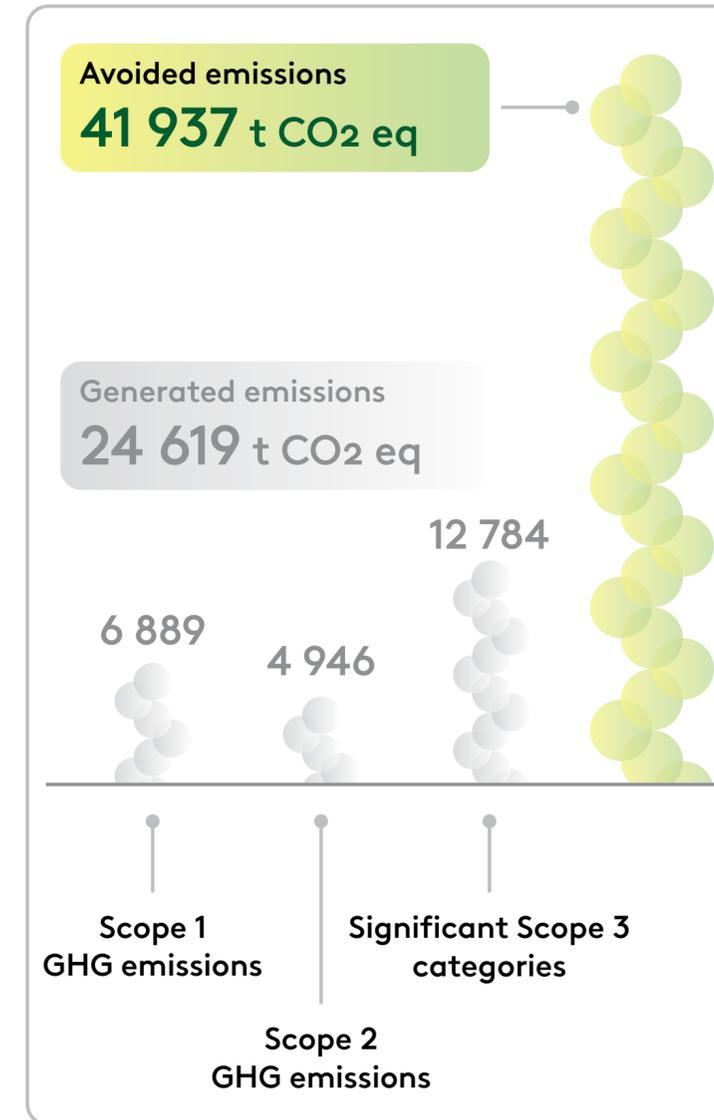
During the reporting period, following the principles set in the GHG Protocol Corporate Accounting and Reporting Standard and the Corporate Value Chain Accounting and Reporting Standard⁷, we continued to make inventory of the Group's GHG emission sources and made respective emission calculations. According to the ESRS provisions, we applied the full operational control approach, thus expanding the number of the Group companies included in the calculations. The Group made Scope 1 and Scope 2, as well as significant Scope 3 categories⁸.

To calculate our Scope 1 and Scope 2 GHG emissions, we used the national GHG inventory data (fuel, wood pellet, natural gas emission factors), the AS "Augstsprieguma tīkls" information on the content of electricity sources⁹, the emission factors for heating energy produced in Latvia (2021) published on the Climate and Energy Ministry homepage, as well as foreign emission factor data sources¹⁰. Scope 3 calculations were made mainly using secondary data. The electricity emissions calculation was included in the overall results, using a market-based method. The Group companies are not part of an emission trading system, and the Group emissions are not offset.

Considering the reorganization of the Group, we have decided to set 2023 as our base year. We will continue to develop a GHG emission accounting system across the Group over the next year, as well as set the attainable GHG reduction targets.

According to the sustainability disclosure requirements, companies in high climate impact sectors¹¹ must disclose information on their total energy consumption, including the proportion of renewable energy in it. The total energy consumption for the Group's operations in high climate impact sectors was 31 246 MWh, with fossil energy accounting for 27 589 MWh. In 2023, our energy intensity was 0.00043 MWh/EUR.

The share of energy consumption from renewable sources was 12%. The Group companies do not use energy from coal or coal products, or from nuclear energy sources.



Avoided emissions

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. To illustrate the Group's positive impact on the environment and climate, we have calculated the Group's avoided emissions. The calculation includes the volumes of collected and recovered materials given for recycling¹². The avoided emission calculation is based on the comparison of two scenarios: (1) the acquisition, production, and burial of the material at a landfill site and (2) the collection and recycling of the material. It has been estimated that during the reporting period, 41 937 tons of CO₂ emissions were avoided.

In addition, by increasing the amount of separately collected and recycled waste annually, the Group will also increase the amount of avoided emissions, thus significantly contributing to Latvia's climate neutrality goals and promotion of the circular economy.

⁷ The GHG Protocol Corporate Accounting and Reporting Standard un The Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

⁸ The Group's Scope 1 emissions include emissions that occur from fuel consumption and own heating. Scope 2 emissions include purchased electricity and purchased heating emissions. Scope 3 emissions include the first three category (purchases goods and services, fixed assets, emissions fuel- and energy related activities) calculations for companies CleanR and CleanR Verso. The Group will continue emission calculations in the next reporting period, including the identified significant Scope 3 categories (4, 7, 9, 10).

⁹ <https://www.ast.lv/lv/content/elektroenerijas-izcelsmes-apliecinajumi>.

¹⁰ 2023 DEFRA data, Ecoinvent and EXIOBASE references.

¹¹ Sectors listed in NACE Sections A to H and Section L, thus the Group's waste management sector companies.

¹² The calculation is indicative and shows the potential amount of GHG emissions avoided by the Group companies. It includes the potentially avoided emissions from the management of the following materials and waste: paper, cardboard, plastic, glass, metal, timber, worn-out tires, textiles, old electronics, biodegradable waste. The calculation used references from the DEFRA database and the Carbon Waste and Resources Metric research "A methodology for assessing the greenhouse gas impacts of waste management" (2021).

Circular economy

The European Union has set a target to reduce the amount of landfilled waste to 10% of the total municipal waste by 2035 and to recycle or reuse 55% of the municipal waste by 2025.

The Group's waste management and recycling services foster the pursuit of the EU Green Deal aims and the UN Sustainable Development Goals by reducing the amount of landfilled waste, reducing pollution, and facilitating material recovery and recycling, thus strongly promoting circular economy. Consequently,

the Group has set a target to increase the amount of collected reusable and recyclable waste to 50% of the total municipal waste collected by 2025. In the reporting period, this amount reached 30%.

At the secondary materials recovery plant of the Group company CleanR Verso, from all the incoming packaging material **more than 80% is sorted to produce raw materials**, while around 20% of the material that cannot be recycled is handed over to produce refuse derived fuel – used to generate heat and electricity. While at the construction and demolition waste sorting and recycling facility more than 80% of the received waste is recycled and returned to use.

The construction and demolition waste is turned into road surfacing materials used in road strengthening and gabion building. Timber is handed over for the production of slabs,

building materials, as well as used as fuel. The biodegradable waste collected by CleanR ends up at the Getliņi recycling facility and is turned into energy. Textile is handed over for secondary use or recycling. Used tires are recycled into, for example, road surfacing material. At our plastic recycling plant, during the first year after its launch, more than 3 300 tons of plastic pellets have been produced and were sold to be manufactured as new goods.

In the reporting period, more than 130 000 tons of various materials were brought back in circulation.

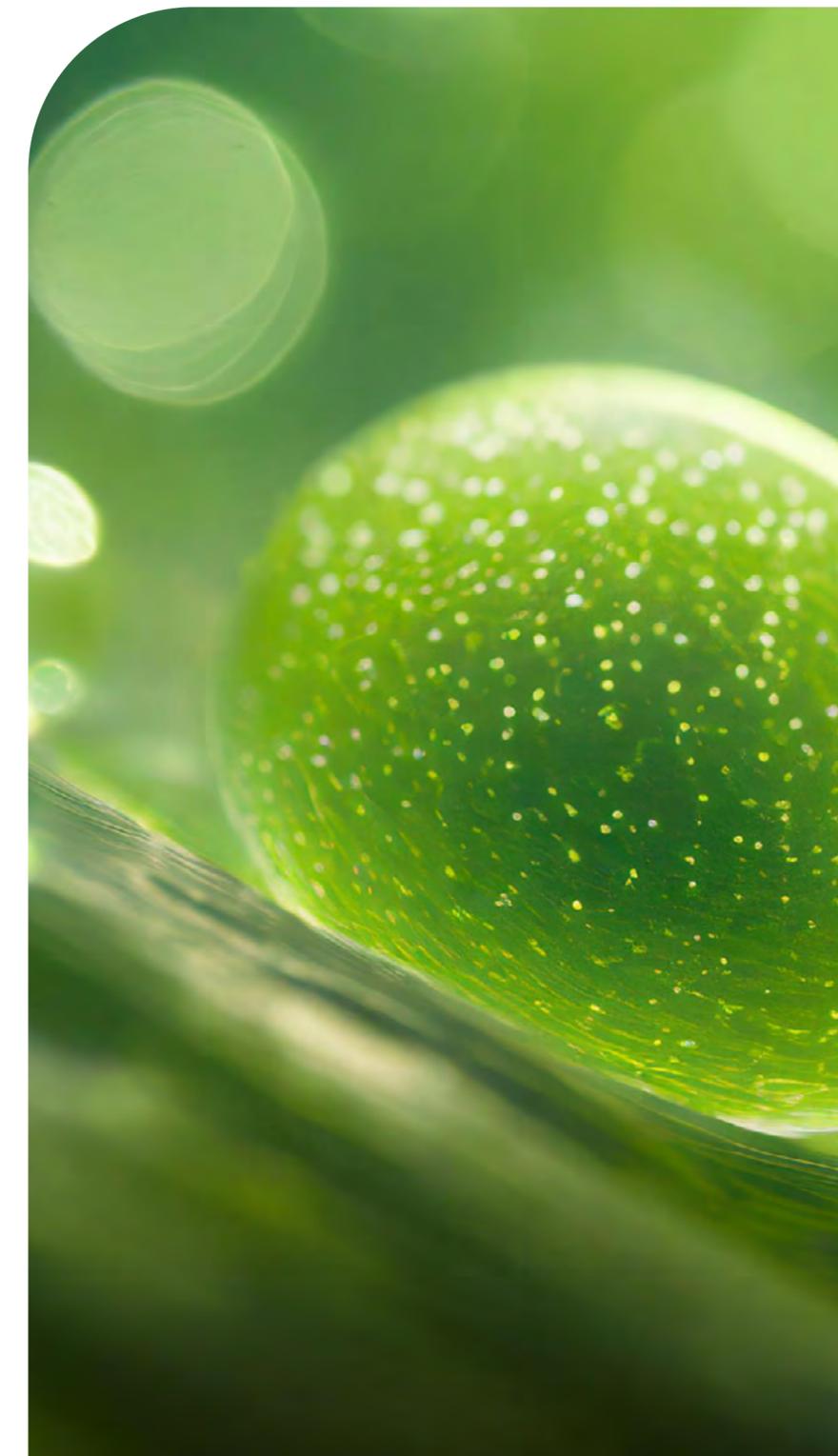
One of the tools to promote and implement circular solutions is project financing using the EU funds.

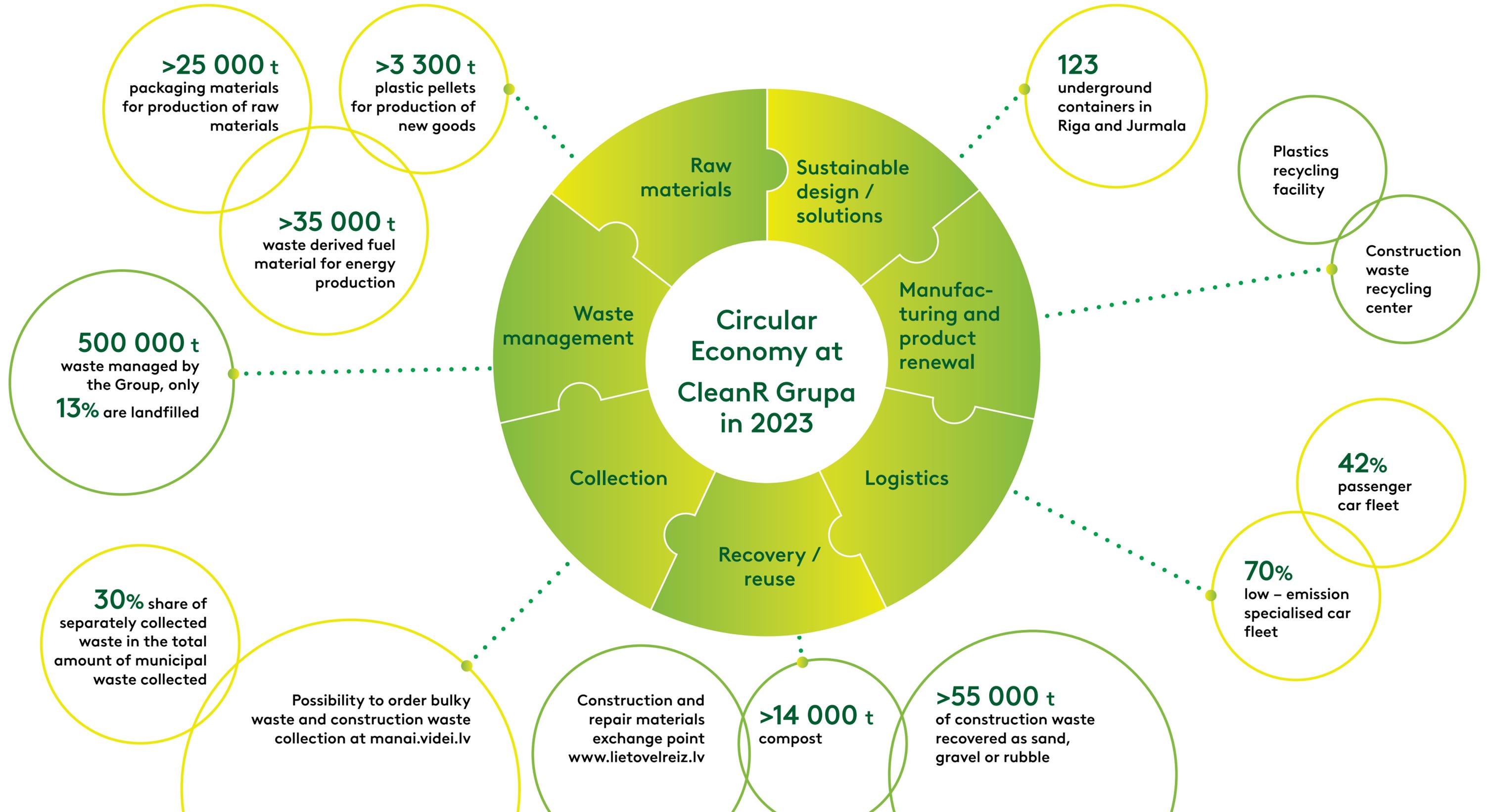
In the reporting period, CleanR, a group company, in cooperation with the Ministry of Environmental Protection and Regional Development and together with other industry players, continued its participation in the European Union's LIFE project Waste to Resources in Latvia – Boosting Regional Sustainability and Circularity.

The project activities focused on implementation of circular solutions in construction waste management, promoting separate collection of other waste and reuse of materials and goods.

In the reporting period, within the framework of the project:

- **We developed a digital solution to request removal of building refuse and bulky waste via the self-service portal manai.videi.lv or the app.** CleanR has introduced an innovative service allowing residents to request removal of building refuse or bulky waste, or, if the amount of the waste is not large, take it to the nearest of the 2 100 sites around Riga. Thus, we prevent this waste from ending up in the municipal waste flow, facilitate materials recovery, and proper management.
- **We opened the first building refuse, building and repair material exchange point in Latvia.** Its aim is to promote a circular economy, reduce waste, and ensure reuse of goods. The exchange point is located in the territory of "Nomales", a construction and demolition waste sorting and recycling site in 11 Brīvnieku Street in the Stopiņi municipality. At the exchange point, people may leave, pick up, or exchange reusable building materials, repair tools, interior items, or working electronics for free. Also, building refuse of a certain quality may be exchanged for recycled gravel or crushed stone. To make it more convenient for the residents to pick up the items and promote the exchange of the items, Zero Waste Latvia, a CleanR business partner, also within the Waste to Resources in Latvia project, worked out www.lietovelreiz.lv, an online site providing information on all the materials available at the exchange point.





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 of Latvia. 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 operator 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 terms of the issued permits and the 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 2023, the provisions set in the permits and relevant regulations were not exceeded.

In the reporting period, due to high temperatures in summer, an ignition incident was registered at “Nomales”, the construction and demolition waste sorting and recycling facility of CleanR Verso, which was promptly put out without causing significant air pollution. As required by the internal procedure and the procedure set in the polluting permits, the incident was reported to the State Environmental Service, which carried out an inspection of the site. To make sure no damage was caused, the company voluntarily performed soil tests, which did not reveal any traits of soil contamination.

To reduce air pollution caused by dust, the construction and demolition waste sorting and recycling facility “Nomales” started modernizing its sorting line. From now on, the line will be operated in a hangar and will be equipped with a water sprinkling system, thus suppressing dust during the handling and recycling of construction waste.

Protection of biodiversity

We organize 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 society to sort and dispose of waste correctly, thus ensuring that less waste ends up in landfills. 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, together with the Group companies CleanR Verso and Zaļā josta, provides detailed information to customers and organizes free drop-off campaigns for different types of waste (electrical appliances, automotive tires, bulky waste, etc.) in the municipalities served by the company, thus reducing the risk of environmental pollution that could result from an improper disposal of this waste. In 2023, we organized more than 18 free-of-charge waste collection campaigns in Riga, Ropaži municipality, Ķekava, and Jūrmala. During the “Tīrmāja” campaign, 112 tons of electronics and 9 tons of textiles were collected from residents.

In the commercial 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. Sustainably produced paper used in cleaning and eco-marked cleaning products already constitute 80% of the cleaning products used in premises cleaning.

In 2023, we organized

>18 free-of-charge waste collection campaigns

 in Riga, Ropaži municipality, Ķekava, and Jūrmala

During the “Tīrmāja” campaign,



112 t
of electronics

9 t
of textiles



were collected from residents

RESPONSIBILITY TOWARDS EMPLOYEES



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.



Own workforce – our approach ESRS S1-1

CleanR Grupa’s Human Resources Policy sets out the basic 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 achieve 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.

The Group runs its operations according to the Ten Principles of the United Nations Global Compact on corporate social responsibility, which encourages organizations to uphold human rights and ensure high-quality working conditions. The Group’s Human Resources Director is responsible for the implementation of the Group’s Human Resources Policy across the Group companies.

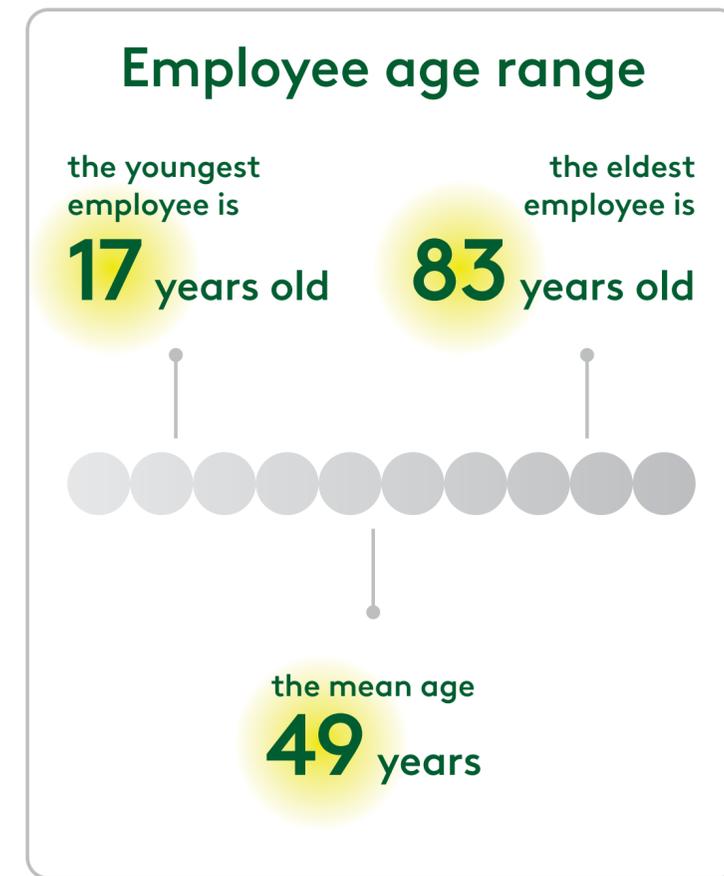
The Group is aware of both opportunities and risks associated with its own workforce, and, therefore, monitors those risks continuously. For the most significant of them, we have set key performance indicators (KPIs) to assess the efficiency of the policies and actions.

A large part of the Group’s staff represents jobs which typically see high employee turnover, as well as positions where continuous training and development is essential to ensure high service quality and performance. Furthermore, over 85% of the Group’s staff are engaged in physical work – logistics, premises and outdoor cleaning, sorting – in working conditions that may carry high risk of work-related accidents.

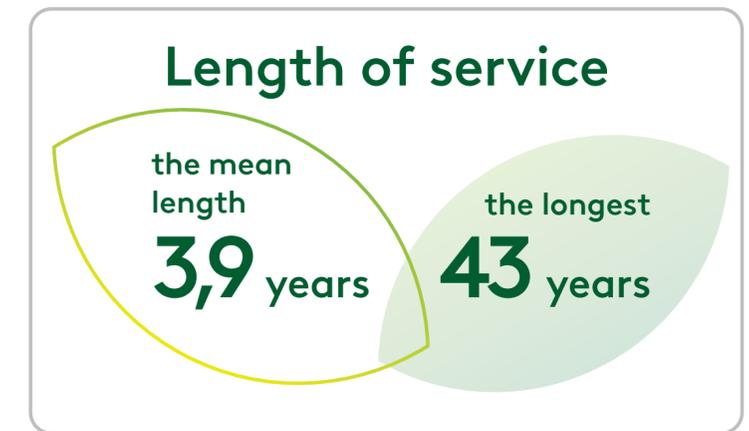
Therefore, the Group companies allocate the necessary resources and carry out various activities that involve training, building of a safer and more favourable working environment and conditions, including a better fringe benefits package, as well as informing, educating, and engaging the employees.

Characteristics of own workforce ESRS S1-6, S1-7, S1 -9

At the end of the reporting period, CleanR Grupa¹³ employed **1 625 people**. The Group maintains a healthy gender balance, and its workforce includes people of various age groups.

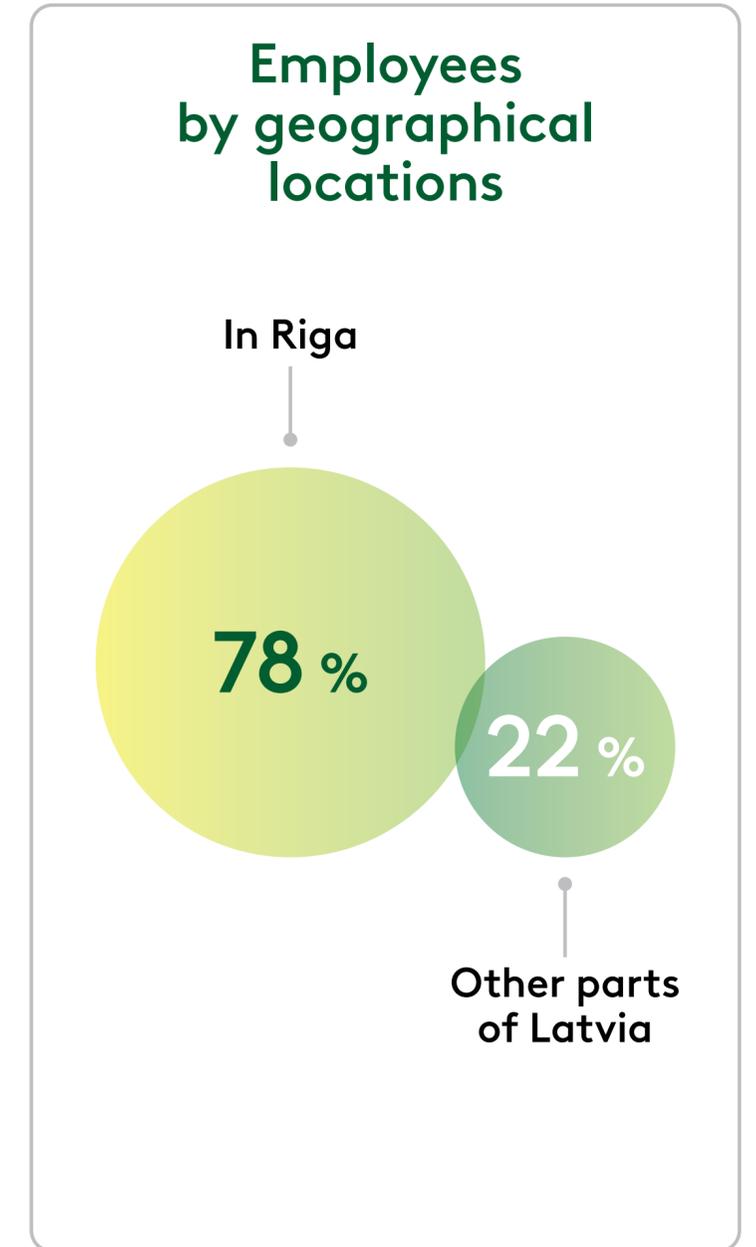
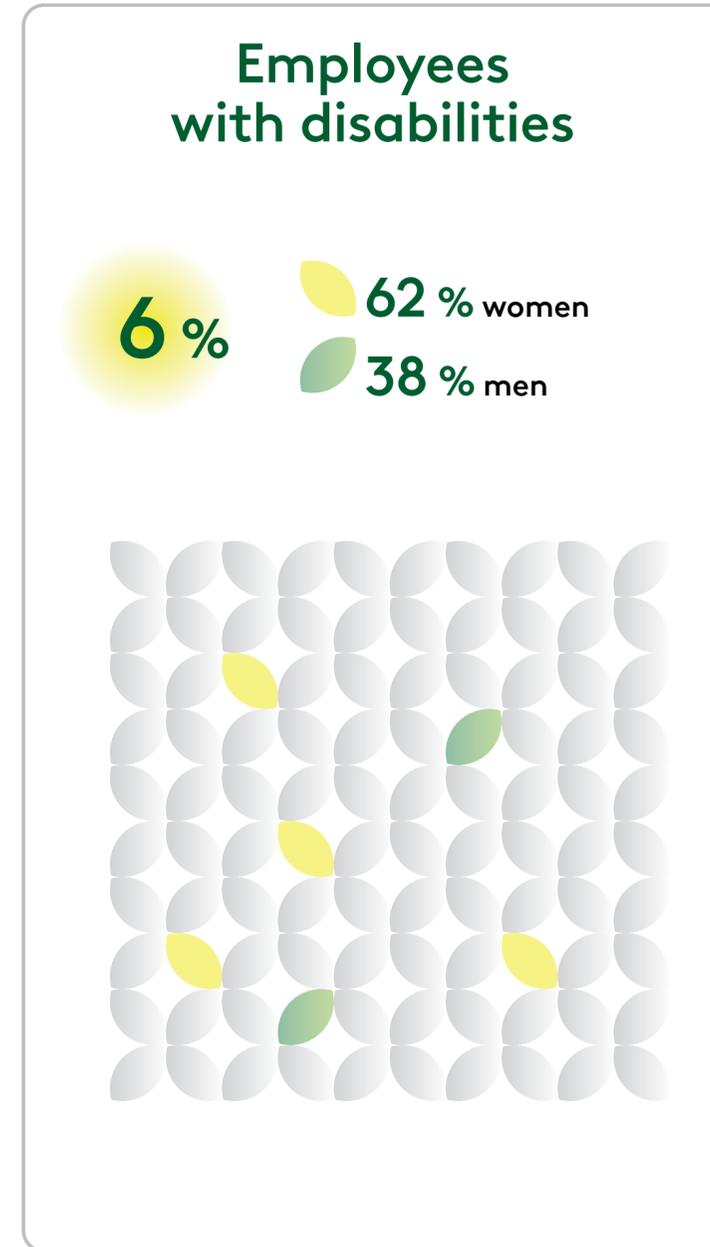
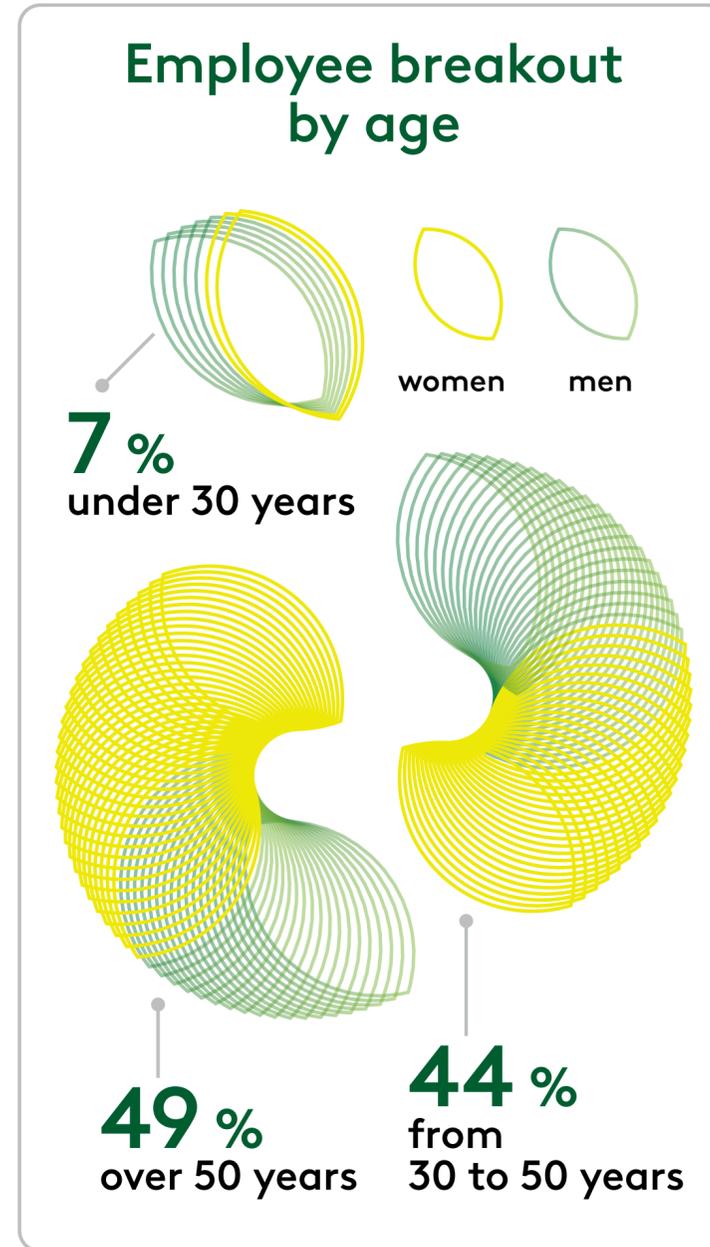
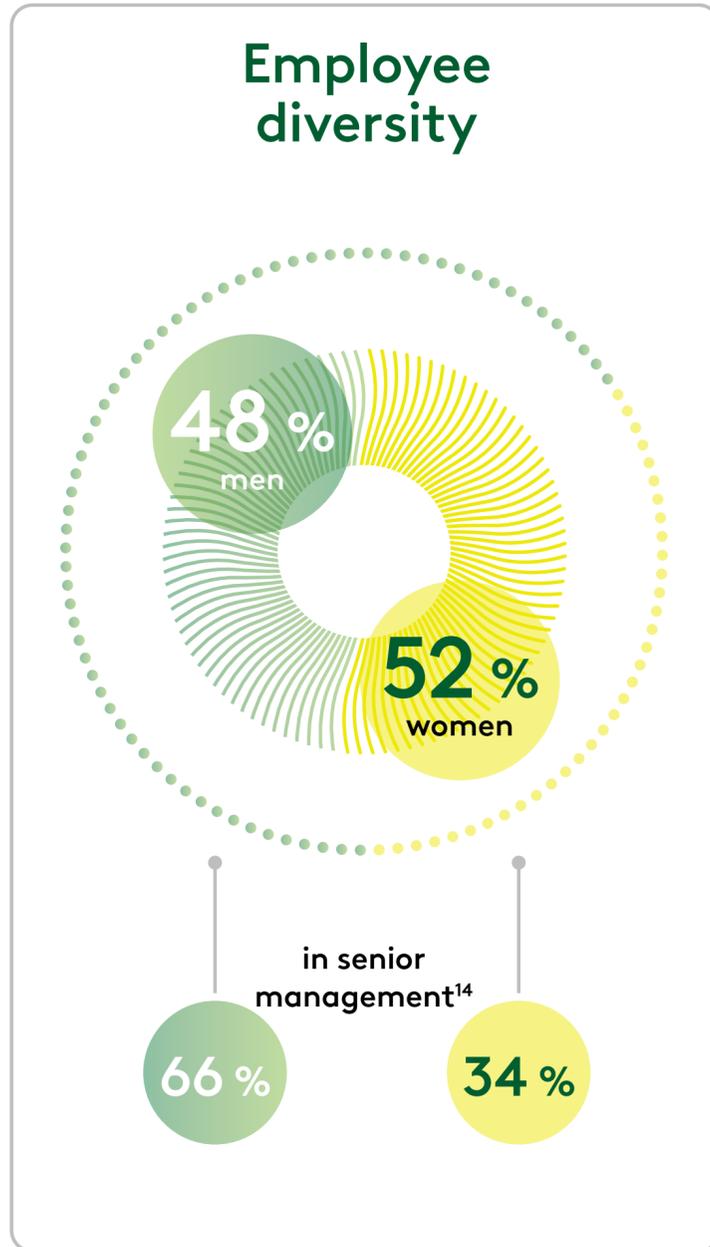


 **>300** different job types



¹³ AS "CleanR Grupa", SIA "Clean R", SIA "CleanR Verso", SIA "RSC Noma", SIA "Vizii", SIA "Vizii Urban", Vizii Domus companies, SIA "Vides resursu centrs", PS "Vides pakalpojumi Liepājai"; SIA "Zaļā josta".

Characteristics of own workforce (continued)



¹⁴ Senior management – board members, directors, department managers.

Inclusive and fair treatment

ESRS S1- 11, S1-12

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. These values have been enshrined in the Group’s Code of Professional Conduct.

In a 2023 survey carried out by the Society Integration Foundation of the Republic of Latvia, CleanR Grupa received a silver award in the Diverse Workplace category on successful implementation of its diversity policy and active engagement of its staff in promoting inclusive work environment.

The Group’s corporate culture is aimed toward cooperation, support and respect, thus increasing employee engagement and contribution. The Group seeks to build a workplace which lets its employees feel engaged and helps the Group to achieve its business targets.

To increase employee sense of belonging and engagement, as well as awareness of the Group’s activities, in 2023, we:

- created a new internal communication channel – a closed Facebook group CleanR Grupas Balss;
- held three forums for administrative staff and quarterly meetings in regions;
- published three digital and printed editions of CleanR Grupas Vēstnesis newspaper;

- organized field trips to the Group’s production plants;
- engaged employees in creating the Group’s social media content – videos containing tips for clients on the use of our services;
- organized a sporting event for garbage truck crews, the Group’s Sports Festival and Christmas events;
- engaged employees in charity campaigns – preparing Christmas gifts for Ukrainian children within the Christmas express campaign organized by the “Tavi draugi” charity organization;
- started a new tradition – Employee of the Year Award.

To further increase the employee sense of belonging and award loyalty, the Group gives its employees a present on their work anniversary for a round number of years served at a Group company.



¹⁵ Opinions gathered from AS “CleanR Grupa”, SIA “CleanR”, SIA “CleanR Verso”, SIA “RSC Noma”, SIA “Vizii”, SIA “Vizii Urban”, SIA “Vides resursu centrs”, PS “Vides pakalpojumi Liepājai” employees.

Employee engagement in decision-making ESRS S1-2, S1-3, S1-4, S1-5, S1-17

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.

To listen to its employees and implement the necessary changes and improvements, the Group conducts employee engagement and satisfaction surveys every year.

The employee survey carried out in spring 2023 revealed that employee satisfaction had increased by 16,5 points,

compared to the previous survey results in 2021. The Group employees had given a higher rating to all of the areas included in the survey. The staff had given the highest scores to the fringe benefits package, health insurance, corporate events, benefits provided on significant life events, as well as Christmas presents.

The increase in employee satisfaction is also reflected in the reduced voluntary turnover rate, which the Group has managed to reduce by 6% in 2023, well above the planned 1% reduction.

Considering the employee feedback received in the survey, we made a number of workplace improvements in the reporting period: we built new employee shower facilities, redecorated cloakrooms, and purchased new lockers, arranged a room in the office with electronically adjustable desks. We worked on providing our staff with more modern and comfortable uniforms.

The other channels that employees can utilize to express their needs, concerns or suggestions are:

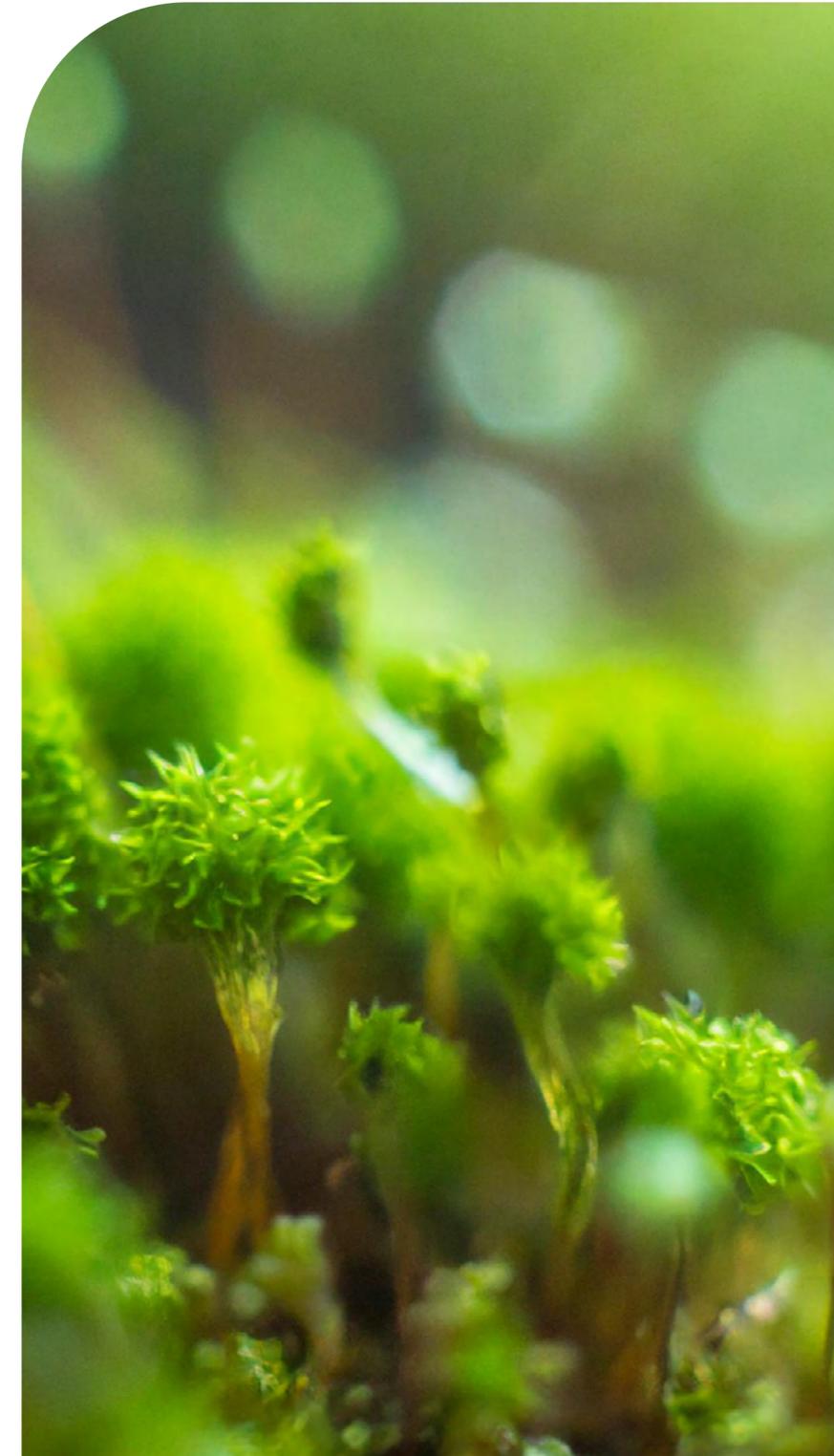
- regular department meetings;
- approaching their HR specialist during working hours;
- once a week, the waste management department staff may approach their managers on a specifically designated "open door day" to seek solutions to current issues;
- as of 2023, the staff may share their ideas and suggestions on workplace improvements within the "Drošinātājs" initiative.

Feedback on employee suggestions and their implementation is provided on the internal communication channels – at the local business unit meetings, on the employee forum, closed Facebook group, as well as in the CleanR Grupas Vēstnesis editions, and in person.

The employee grievance review procedure has been described in both the Group's Code of Professional Conduct and Whistleblowing Policy. Employees can use the Hotline or

whistleblowing channel on the Group's homepage; an employee may also report their concerns by writing to trauksme@cleanrgrupa.lv or using the mailbox available in the Group's office.

In 2023, the Group received two employee reports related to a potential violation of the CleanR Grupa Code of Professional Conduct at one of the Group's subsidiaries. The issues raised in those reports were resolved through dialogue. During the reporting period, no reports on serious human rights violations or discrimination were received. The Group companies have not faced fines or sanctions in relation to the aforementioned.



Fair pay ESRS S1-16

The CleanR Grupa Personnel Policy lays down the basic principles for determining remuneration. **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.

The Group's Remuneration Policy states that the remuneration system **comprises compensation for work, various fringe benefits and allowances.** 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 and allowance 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, and addresses all age groups.

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 Baltic Advisory salary survey to assess our employee pay against the market rates. In the reporting period, the salary for male employees was 4% higher than that of female employees, which can be explained by the high proportion of low-skilled female workforce in the premises cleaning jobs.

We set annual targets to the CleanR Grupa companies in line with the Group's strategy. Financial and qualitative targets are set for heads of departments and divisions according to their area of responsibility. For certain job posts that have a significant impact on business results, for example sales staff and work supervisors, monthly or quarterly targets are set.

According to the Group's policy and national legislation,

all the CleanR Grupa employees have social insurance.

The Group's companies ensure social protection to employees in the event of illness, unemployment, accidents, disability, childcare and retirement.



Employee well-being – health and safety ESRS S1-15

We attach great importance to our employees' safety, health, and work-life balance. Care for our employees' health, well-being, and safety is at the focal center of the CleanR Grupa companies.

To take care of our employees' health, the Group provides them 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, massage, and vaccination. The Group also holds an open insurance policy. **All CleanR Grupa employees receive accident insurance from their first working day at the company.**

To promote a healthy and active lifestyle, over the last year, the Group:

- organized a Sports Festival;
- provided staff with a chance to use a gym for free;
- equipped crew cloakrooms with a novuss table, a game popular with the staff;
- the employee team participated in Krasta mačs, an annual basketball event;
- provided the production workers with drinking water, free tea and coffee, and lunch;

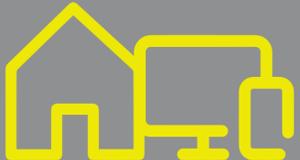
- promoted the importance of mental health by organizing training for the administrative staff on anxiety management, mental health, and stress management.

To promote **employee work-life balance**, as of 2023, our **employee fringe benefits package includes extra holidays.**

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

According to the Group's policy and national legislation, **all Group employees are entitled to time off for family reasons.** In 2023, the leave for family reasons was used by 15% of the employees – half of them men and half- women.

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



Possibility to work remotely and flexitime (office staff)



Health insurance



Accident insurance (from the 1st workday)



200 EURO
A bonus for a recommended employee



200 EURO
Benefit on the occasion of marriage registration



300 EURO
Benefit on the occasion of birth of a child



250 EURO
Allowance in the event of death of a 1st degree relative



- ✓ **Benefit on work anniversary**
- ✓ **Present on Christmas**
- ✓ **Presents for children on Christmas**



A PAID DAY OFF

- ✓ **On employee's birthday (if it falls in a working day)**
- ✓ **On the 1st school day (if the child is in 1st to 3rd grade)**
- ✓ **On a child's graduation day (kindergarten, 9th and 12th grade, college, vocational school, university)**
- ✓ **On a child's wedding day**

Work safety at the Group ESRS S1-14

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 OHSS 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 2023 ISO recertification and surveillance audits did not reveal any non-compliance.**



The Occupational Health and Safety System applies to the entire own workforce. 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 training, initial workplace briefings, repeated and ad-hoc briefings, as well as purpose-based and thematic training. In addition, themes related to safety

at work are regularly addressed on our internal communication channels- the Facebook group and newspaper.

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. Employees receive personal protective equipment, and we make sure our equipment, devices, and tools are safe by performing the necessary maintenance checks and replacements. In line with the job duties, workplace risk assessment, and relevant legislation, employees must undergo mandatory health checks. For our employees' convenience, health checks are run at the Group's office at least twice a year.

By joining the Mission Zero initiative, CleanR Grupa has committed to promoting, implementing, and following such entrepreneurial principles that place people's health and safety at the center. The Group has committed itself to engaging in the development of the experts' network, as well as to taking part in experience exchange and continuous and systematic improvement of its OHSS.

During the reporting period, the Group companies have had **more than 70 monitoring visits**, as well as several important initiatives and projects were launched.



To identify workplace safety risks as soon as possible and encourage employee engagement in the implementation of the Group's OHSS, the Group runs the **"Drošinātājs" initiative**. It gives every employee a chance to report (also anonymously) on work safety risks and the necessary workplace improvements.

Last year, employees submitted **22 risk cards**. The most serious risks were dealt with immediately, more than half of the reports were sorted out and implemented, the rest to be addressed in the following period.

To ensure more effective management of the OHSS related documentation, the Group started introducing the "Meemo" e-system.

Work-related accidents

Accidents at work are recorded and investigated according to the procedure set forth by legislation. In the reporting year, 22 work-related accidents were recorded at the Group companies. None of them was serious. The accidents at work mostly arouse from employee negligence while getting around, as well as lifting or carrying items and violating workplace safety rules. The Group's TRIR (total recordable incident rate) stood at 2.05.

The more than double increase in the number of work-related accidents, as compared to 2022, is attributable to the fact that safety at work was paid special attention during internal communication, and the team of work safety officers was expanded and always accessible, thus the staff were openly reporting on both workplace safety risks and incidents that happened.

To mitigate health and safety risks related to the value chain, in 2023, the Group included a reference to the Group's Code of Conduct for Suppliers in all its service agreements, which, inter alia, provides a contractor's assurance that they have taken the necessary measures with respect to labour protection and ensure a safe work environment; of which the Group's work safety officer makes sure by carrying out random checks.

During the reporting period, we paid special attention to contractors working at our sites, and carried out checks to make sure no risks were posed to our workforce or the workers in the value chain.

Employee development and education ESRS S-13

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 training courses are aimed at equipping employees with versatile skills and competences, and to raise qualifications. The Group also pays special attention to assessing its managers' competencies annually and improving their communication and managerial skills.

In 2023, an administrative staff member devoted an average 15 hours to the development of their knowledge.

The Group employees took part in **over 80 different training events**, both internal and external **seminars, conferences and experience exchange trips**. Trainings covered a wide range of topics:

- business management, processes, and innovation;
- legislations, labour rights, and accounting;
- psychology and human resources management;
- environmental education, sustainability;
- training in safe driving, and additional lectures on work and fire safety.

One of the goals of the next period is to devise a work performance assessment system and begin its gradual deployment across the Group companies in 2025.

Overall, the 2023 employee satisfaction survey revealed that more than half –

56% of employees appreciate training opportunities provided by the company and 46% see professional growth opportunities at the Group.



RESPONSIBILITY TOWARDS CUSTOMERS



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.



Customer service – our approach

ESRS 2 SBM-3, ESRS S4-1, S4-2, S4-3, S4-4, S4-5

The Group's approach is defined in several of its internal normative documents, including the Group's Sustainability Policy, Code of Professional Conduct, Personnel Policy, Basic Principles of Customer Service. The needs of our customers and end-users¹⁶ are at our focal center of interest.

The Group's key principles of customer care and service provision:

- Openness and accessibility
- Efficiency and accuracy
- Professionalism, competence and transparency
- High service quality, reliability and security
- Environmentally friendly and sustainable approach
- Fast response and solution for the customer

The Group provides **more than 40 different services** in the areas of waste management, waste recycling, commercial cleaning, urban maintenance, property management and extended producer responsibility.

The Group's customers 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, with **the number of direct end-users amounting to more than 500 000**.

Given the size and structure of the Group's customer base, customer service is provided through various channels – **in person** at our customer service centers 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.

We treat customer complaints, respecting our customers' confidentiality, right to privacy and data protection. **Written customer complaints are reviewed and handled within 10 working days**. Oral complaints are dealt with immediately. Customer complaints are handled at each of the Group companies individually. Our grievance channels and mechanisms comply with the criteria set out in UN Guiding Principle 31 on Business and Human Rights¹⁷.

CleanR Grupa has the following channels through which its clients and end-users may request a service, ask suggestions, and submit complaints:

- by phone;
- by e-mail;
- on the e-services site or the mobile app MANAI VIDEI;
- via social media – Facebook, LinkedIn or Tik Tok;
- at a customer service center;
- by writing an official letter to a company's legal address or official e-address.

To manage the risks and opportunities, as well as to find out our customers' opinion, each Group company carries out **regular customer satisfaction surveys**. At the Group companies with a quality management system in place, finding out their customers' opinion is an integral part of the daily quality management system. At a group level, the Head of the CleanR Customer Service Department is responsible for customer engagement.

The Group assesses its customer service right after the contact with a customer by sending them a service assessment questionnaire. In addition, a wider customer satisfaction survey is carried out at the Group companies once a year.

Based on the received customer feedback, improvements are made accordingly. By reviewing the survey results in the reporting period, the following improvements will be made in 2024:

- improved customer notification procedure on unperformed waste collection;
- improved information flow and content on planned waste removal campaigns in the regular electronic newsletters for clients;
- additional training for the customer service staff and waste collector crews.

CleanR Grupa's 2023 customer recommendation index or NPS reached 47%.

¹⁶ Customers or consumers—users of the Group's services – natural and legal persons with whom a group company has signed a service agreement. End-users – other users of the Group's services, society.

¹⁷ Key criteria – legitimate, accessible, predictable, equitable, and transparent.

Access to services, innovation, digitization and safety

The Group has assessed its impact, opportunities, and risks related to access to services and safety, and regularly monitors them. It allocates the necessary resources and applies all the necessary measures to both prevention of risks and use of opportunities.

CleanR Grupa not only seeks to provide its customers with **physical access to services**, i.e., enough waste containers for various sorts of trash, properly equipped sorted waste collection sites, or duly maintained premises, urban and residential areas, but also **digital access to services** – providing the Group’s customers with **fast and convenient remote self-service options**. The Group makes sure that the **services** of its companies **in both physical and digital settings are safe** for the Group’s employees, customers, and the general public.

The safety of services is primarily ensured thanks to **innovative solutions, digitization and modernization**. That includes care for IT system and data safety, investments in environment-friendly and ergonomic car fleet, modern urban maintenance equipment, arrangement of modern sorting lines and sites, as well as introduction of modern digital customer service tools.

CleanR –
Silver award
in the Safest
Company Vehicle
Fleet contest



Access to services – digitization

The Group seeks to provide faster, more convenient, and easier **access to information on services** – their performance status, billing, contracts, their conclusion, and further **customer service remotely and via self-service systems**.

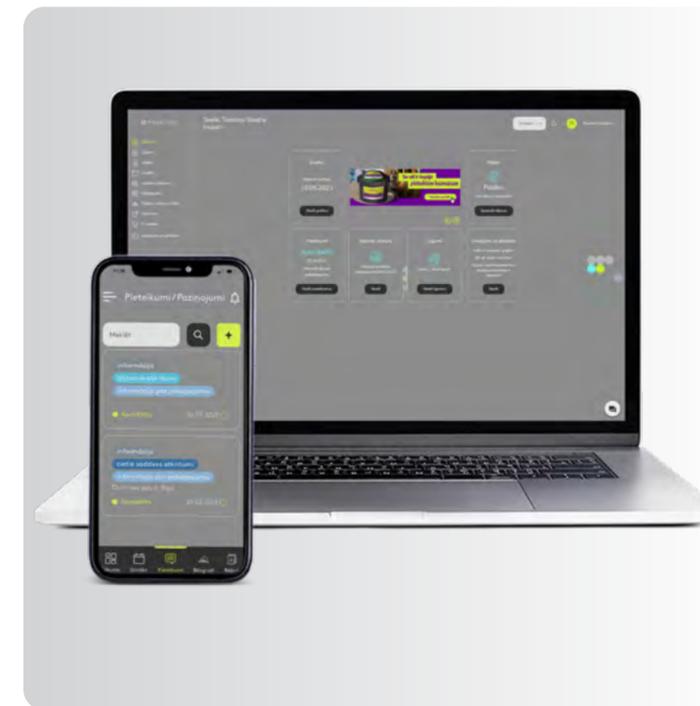
In the reporting period, the Group continued developing its customer e-services site manai.videi.lv and mobile app MANAI VIDEI. The platform offers a new section and new services – request of bulky waste and building refuse management, container push-out, container or territory locking/unlocking.

The data reveal that our customers appreciate the improvements and use the opportunity to receive information quickly and request services electronically.

Last year, more than 42% of the customer requests for services were received electronically. The share of active e-services and app users reached 58%.

In the next period, another Group company – Vides pakalpojumi Liepājai – will be added to the services site, thus significantly increasing the number of active users of the Group’s e-services. In parallel, we will continue developing the functionality of our e-shop, so that we may offer our clients a more convenient way to purchase waste sorting solutions.

The commercial premises cleaning company Vizii has introduced a digital communication and customer service tool VIZIIApp – a mobile service quality control app, in which the customers online can assess the quality of the cleaning work performed.



Service innovation and modernization

CleanR, a Group company, **services about 85 000 waste containers daily all-around Latvia**, supervises operations of more than **330 sorting points** and **11 sorting sites**. Compared to the previous year, in 2023, the total number of installed waste sorting containers increased by 43%.

In the previous year, CleanR continued offering its clients installation of underground containers and installed 123 such containers in 34 sites in Riga and Jūrmala. Underground containers offer better accessibility to all users, including seniors and people with disabilities. They are easier to open. This solution ensures tidier and safer collection of waste and lessens the impact on the environment as the containers are more capacious and therefore have to be emptied much less frequently. Also, in the summer of 2023, CleanR tested a convenient and modern waste collection solution widely used around Europe on the Dubulti and Majori beaches – semi-hidden containers. During the pilot project, eight such containers were installed. In the future, the company might consider installing these containers in other municipalities where it manages waste.

In the next period, the company aims to make the waste sorting infrastructure more accessible by increasing the number of containers for textiles to 300 and arranging at least 50 new underground container sites.

The Group also made significant investments in the automation of its packaging waste sorting center and the expansion and sorting line modernization of Nomales, the Group’s construction and demolition waste sorting and recycling site, turning it into the first and largest of its kind in Eastern Europe. By increasing our production capacity, we will improve accessibility to construction and other industrial waste management and recycling services, which are important to our commercial sector customers.

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 companies, for example, CleanR Privacy Policy or Vizii Privacy Policy. The processing of data on the clients' portal, the mobile app, as well as during direct communication is organized to ensure confidentiality of personal data.

In 2023, no claims from clients, end-users, or supervisory authorities were received regarding violations of the personal data protection or privacy provisions.

Responsible communication about services

The CleanR Grupa companies make sure that all the 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 companies' homepages, social media accounts, at events and during various campaigns, booklets, as well as via MANAI VIDEI newsletter for clients.

83% of CleanR customer satisfaction survey respondents acknowledge that company provides clear and understandable information on waste sorting and management services.

The Group companies ensure that their communication with customers, 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 Professional Conduct and Basic Principles for Marketing and Communication.

In 2023, no claims from clients, end-users, or supervisory authorities were received regarding violations of fair competition (marketing) standards or communication principles.



Environmental education, fostering sustainable solutions

Educating society on environmental issues is an essential part of the Group's business. As a leader in the environmental services industry, CleanR Grupa is aware of its role in achieving the Green Deal goals set by Latvia, including its ability to contribute to changing the habits of 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 engage the general public in the creation of a zero-waste and waste sorting culture, the CleanR Grupa companies regularly invest in environmental education activities with the aim to:

Raise awareness

Change the mindset and habits

Motivate to recycle waste

DON'T PRODUCE WASTE!

RECYCLE!

USE WASTE AS A RESOURCE!

Key environmental education activities in 2023

RAISING ENVIRONMENTAL AWARENESS through EDUCATIONAL & INFORMATIVE ACTIVITIES

- **A book for pre-school and elementary school children "Kosmiskā kārtība"**
- **Manai Videi ziņas – a digital newsletter for the CleanR Grupa clients**
- **Educational activities about waste sorting** at events supported by the Group
- **Youth camp "Personality Academy"** organized by the Latvian Olympic Committee, **"Ghetto Games" events** all over Latvia
- **Sorting masterclasses and engaging activities** at three Riga neighbourhood festivals, Ropaži municipality festival, and Elektrum Energy Efficiency Centre in Jūrmala during the Museum Night
- **Lectures on waste sorting** at 14 companies and educational establishments
- **Podcast "Zaļais Mikrofons"** (the Green Microphone) TV3 – Latvian musicians on nature conservation and waste sorting
- **"Zaļā josta Environmental Festival"** for schools and families in Tērvete
- **Educational short film "Izsmēķa ceļš"** (Life of a Cigarette Butt) and **10 infrastructure objects for cigarette butts in Liepāja** (LIFE project)
- **Promotion of sustainable textiles** by supporting "Backdoor Market", a sustainable fashion brand
- **Informative section "Aprite" within the program "Mediāna"** – explaining the principles of circularity in waste management and social life
- A new channel of communication on **Tik Tok**

In the reporting year, environmental education activities and events reached an audience of

more than **1.5 million** people,
exceeding the annual target by **48%** ↑

PUBLIC ENGAGEMENT ACTIVITIES

"Tīrai Latvijai" wastepaper collection campaign:

635 t of wastepaper

🏠 439 schools 👤 113 775 pupils

batteries collection campaign:

41 t of batteries

🏠 437 schools 👤 99 023 pupils

Waste tire disposal campaign in cooperation with shopping mall "Rīga Plaza":

110 t of waste tires

"Elektrostediena" – worn-out electronics collection campaigns in cooperation with the chain store "K Senukai" and AS "BAO":

>37,7 t of electronics

Mirror disposal campaign

in cooperation with SIA "Stikla Serviss":

5 445 kg of mirror glass

"Tīrmāja" – worn-out electronics and textile collection campaigns in Rīga, Jūrmala and Carnikava:

112 t of electronics and **9 t** of textiles

RESPONSIBLE GOVERNANCE



Our commitment

Our responsibly 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.



Business ethics and compliance ESRS G1-1,G1-2,G1-3, G1-4

The CleanR Grupa companies strive to run responsible, open, ethical, and transparent business operations. This approach applies to all the Group companies, as well as the Group's cooperation with its stakeholders.

The Group seeks to ensure that its corporate governance practice meets the highest standards. In 2023, CleanR Grupa's corporate governance practice was rated by 23 points higher, compared to the previous year, reaching 55 points in the TOP 101 of Latvia's Most Valuable Enterprises rating compiled by Prudentia and Nasdaq Riga, coming significantly nearer to the ratings of Latvia's largest private and state enterprises.

The quality management systems of several of the Group companies have been certified according to ISO 9001:2015, affirming that their quality management processes and practice complies with the international standards.



The fundamental values of the Group's corporate culture are set forth in the Group's Code of Professional Conduct.

In all its operations and deals, the Group companies pursue openness, integrity, loyalty, honesty, confidentiality and professionalism.

These values are blended into other documents and processes, as well as underpin internal communication and employee performance appraisal.

The Group promotes a working environment free from conflicts of interest. The basic principles governing prevention of a conflict of interest are enshrined in the Group's Conflict of Interest Prevention Policy. In the reporting year, all the management boards of the Group companies received training on the basic principles of prevention of a conflict of interest.

The Group has approved its Whistleblowing Policy and has developed [a hotline](#), a digital solution through which any stakeholder may raise concerns with respect to possible breaches of the Group's governance policies related to ethics, corruption, conflict of interest, procurements, unethical conduct of business partners, and

other cases prescribed in the law. In the reporting period, no report was received with respect to the aforementioned.

The Group's employees are informed of their possibility to report their concerns, the whistleblower's rights and responsibility, the whistleblower's protection, and the review procedure of the report at staff meetings, on employee forums, and other internal communication channels of the Group. In the reporting period, the involved staff received separate training on the issue. The Group's Head of Human Resources is responsible for the Group's whistleblowing policy.

We make sure that the Group operates in line with all the applicable external laws and regulations governing operations of the Group companies. In the reporting period, CleanR Grupa or its companies did not face any penalties or non-financial sanctions arising from non-compliance in the environmental, social and governance areas.

The Group observes consistent payment practices. Payment terms to suppliers are closely monitored. The Group's standard terms of payment of invoices are 30 days, however, exceptions are made in cases where suppliers' terms of payment do not allow for such arrangements. Payments to landfills, which account for around 40% of the Group's total annual invoice value, are

made within 21 days and deadlines are met 83% of cases. For suppliers of essential resources (e.g. electricity, fuel) payment terms are 30 and 27 days respectively and are met in 95% of cases. There are no legal proceedings for late or non-payment in the Group companies.



Sustainable procurements and a responsible supply chain

ESRS G1-2

The Group's mid-term sustainability strategy focuses on running a responsible supply chain and sustainable procurements. Every year, the services, goods, and construction procurements run by the Group companies amount to several tens of millions of euros. Considering the expenses arising from procurements, the Group has a great opportunity to promote sustainability principles and a responsible approach to business at a larger scale.

The number of Group's suppliers	>1300
Latvia-based	94%
foreign companies	6%

The Group's approach to running responsible procurements is defined in its Procurement Policy, as well as in its Sustainability Policy, and Environmental and Energy Efficiency Policy. The Group's basic principles promote an efficient use of resources, an open procurement procedure, free competition of suppliers, fair and just treatment.

At the beginning of the reporting period, we approved the Group's Code of Conduct for Suppliers, which includes a number of essential pre-conditions to enter a business relationship with CleanR Grupa. The code has been defined in line with the principles set forth in the

UN Global Compact and not only require a 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;
- prohibition of corrupt actions and fraud;
- protection of data and privacy;
- responsible attitude towards the environment.

With the approval of the code, the agreements the Group companies sign with suppliers include a reference to the code, which means that, by signing the agreement, the Group's suppliers and business partners attest to their compliance with the principles set in the code and agree to follow them.

In the reporting period, 80% of the agreements signed by the Group included a clause with a reference to the Group's Code of Conduct for Suppliers.

The Group is fully aware that 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 have started development of the Group's sustainable procurement system, supplier management and evaluation process.** In 2023, we started our key supplier mapping; in the next period, we will perform an assessment of the whole value chain of the Group.

A responsible supply chain is important not only to prevent risks 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. We will call on other industry players, municipalities, and other stakeholders to work out joint sustainable procurement principles and standards.



Open and transparent engagement in industry policymaking, active engagement of stakeholders ESRS G1-5

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

In 2023, the CleanR Grupa company representatives took an active part in **working groups, commissions, meetings, and 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 companies.

In the reporting period, the Group's representatives devoted **more than 1 500 hours¹⁸ to interest representation activities**, membership in organizations and working groups, formulation of the position.

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.

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.

The Group's key lines of business externally are governed by the Environmental Protection Law. 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.

In 2023, CleanR Grupa defended its position and submitted several proposals with respect to the amendments to the three aforementioned laws, including commentary with respect to:

- The Draft Law on Management of Residential Buildings;
- The Draft Climate Law;
- The Draft National Energy and Climate Plan until 2030;
- Latvia's position on the amendments to the Packaging Regulation and the Directive on Waste.

In 2023, we continued participating in the Waste Reduction and Management Working Group at the Riga City Council, discussing extended producer responsibility in the area of tobacco products. The Group's representative also continued participating in 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 labor rights and social security laws were initiated and solved. In 2023, the Group submitted its opinion and suggestions on the need for amendments to the Labour Law, changes in labor taxes, as well as attraction of foreign workers.

The Group and its companies do not take part in political parties and do not support them or their representatives financially.

In the reporting period, various experts and managers of the Group companies spoke at more than 20 different seminars and conferences. At these events, we shared our experience on bond issue, employee diversity policy, attraction and retention of workers, vehicle fleet modernization, waste management issues – sorting solutions, recyclability, waste as a resource, and promotion of the circular economy.

We regularly inform our stakeholders of the accomplished and planned events by posting relevant information on the Group's social media sites, mass media, as well as the homepages of our companies.



¹⁸ The number of hours devoted to interest representation activities in the reporting year by four members of the Group management and specialists.

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



The Latvian Corporate Social Responsibility Platform



Latvian Chamber of Commerce and Industry

Contribution to the local community

Being aware of our impact on society, we contribute to the community every year by organizing and supporting various events and initiatives in the areas of **social well-being, promotion of innovation and environmental protection.**



"Green Tech Hackathon IV"
in the city of Jelgava organized by Latvia University of Life Sciences and Technologies and Smart Technology Cluster



Basketball Club
"Liepāja"



"Backdoor Market", a youth zero-waste street fashion and accessories brand

Latvian Volleyball Federation



"Ghetto games"
15th season events all over Latvia



"Junior Achievement Latvia" youth Leadership program



"Personality Academy", a sports and active lifestyle youth camp organized by the Latvian Olympic Committee



Events of basketball tournament **"Krusta mačs"**



Our key activities and projects supported in 2023

ANNEX – SUSTAINABILITY TARGETS AND INDICATORS



This annex summarizes the Sustainability Targets referred to in the above sections of the sustainability report – **the Group's targets for 2023–2025 and the performance in the reporting year**. It also contains the sustainability indicators compiled as required by the relevant ESRS, to the extent available as at the date of this report. The Group will continue collecting and supplementing the necessary data.

Climate and the environmental targets and indicators ESRS E1-5

Targets	BASE 2022	TARGET 2023	RESULT 2023	TARGET 2024	TARGET 2025
To increase the proportion of separately collected and recyclable waste of all the municipal waste collected by the Group, %	23%	27%	30%	40%	50%
To develop and implement a carbon footprint and avoided emissions accounting system in the Group, performance %	30%	50%	60%	80%	100%

Climate and environmental indicators

Disclosure requirement	Paragraph	Climate impact and environmental indicators	Unit	2023
E1-5	37	Total energy consumption related to own operations	MWh	39 427
E1-5	37a	Total energy consumption from fossil sources	MWh	35 740
E1-5	37b	Total energy consumption from nuclear sources	MWh	0
E1-5	37c	Total energy consumption from renewable sources	MWh	3 687
E1-5	37c	Energy consumption from renewable sources	MWh	639
E1-5	37cii	Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	MWh	3 687

¹⁹ The Group's waste management and processing companies.

²⁰ The Group's Scope 1 emissions include emissions that occur from fuel consumption and own heating. Scope 2 emissions include purchased electricity and purchased heating emissions. Scope 3 emissions include the first three category (purchases goods and services, fixed assets, emissions fuel- and energy related activities) calculations for companies CleanR and CleanR Verso. The Group will continue emission calculations in the next reporting period, including the identified significant Scope 3 categories (4, 7, 9, 10).

²¹ The calculation is indicative and shows the potential amount of GHG emissions avoided by the Group companies. It includes the potentially avoided emissions from the management of the following materials and waste: paper, cardboard, plastic, glass, metal, timber, worn-out tires, textiles, old electronics, biodegradable waste. The calculation used references from the DEFRA database and the Carbon Waste and Resources Metric research "A methodology for assessing the greenhouse gas impacts of waste management" (2021).

Disclosure requirement	Paragraph	Climate impact and environmental indicators	Unit	2023
E1-5	AR34, AR71	Percentage of renewable sources in total energy consumption in high climate impact sectors¹⁹	%	12
E1-5	AR34, AR71	Percentage of renewable sources in total energy consumption	%	9
E1-5	AR34	Percentage of fossil sources in total energy consumption	%	91
E1-5	40	Energy intensity from activities in high climate impact sectors (total energy consumption MWh per net revenue)	MWh/EUR	0,00045
E1-5	41	Total energy consumption from activities in high climate impact sectors	MWh	31 246
E1-5	42	Net revenue from activities in high climate impact sectors	EUR	69 494 781
E1-6		Greenhouse gas emissions (GHG)		
E1-6	48a	Gross Scope 1 greenhouse gas emissions	t CO ₂ eq	6 889
		Emissions from burning of biomass	t CO ₂ eq	4,35
E1-6	49	Gross Scope 2 greenhouse gas emissions	t CO ₂ eq	4 946
		Biogenic heating	t CO ₂ eq	0,66
E1-6	49a	Gross location-based Scope 2 greenhouse gas emissions	t CO ₂ eq	4 455
E1-6	49b	Gross market-based Scope 2 greenhouse gas emissions	t CO ₂ eq	4 939
E1-6	51	Significant gross Scope 3 greenhouse gas emissions	t CO ₂ eq	12 784
E1-6	44+52	Total calculated Gross greenhouse gas emissions²⁰	t CO₂ eq	24 619
		Avoided GHG emissions²¹	t CO₂ eq	41 937
		Environmental incidents		
		● with air contamination	cases	1
		● with water contamination	cases	0
		● with soil contamination	cases	0

Climate, environmental targets and indicators ESRS S1-5

Targets	BASE 2022	TARGET 2023	RESULT 2023	TARGET 2024	TARGET 2025
1. Zero work-related accidents, cases	8	0	22	0	0
2. Decreased voluntary staff turnover ²² , %	-1%	-1%	-6%	-1%	-1%
3. Employee satisfaction – eNPS increased from 2021, points	-	+9,8	+16,5	+16,5	+19,7
4. Average number of training hours per 1 administrative employee per year, h	13	15	15	16	16

Working environment indicators

Disclosure requirement	Paragraph	Characteristics of own workforce	Number	%
S1-6	50a	Total number of employees at the end of the reporting year	1 625	-
S1-6	50a	Average number of employees in the reporting year	1 717	-
S1-6	50b	Employee breakdown by gender		
S1-6	50b	Women	852	52%
S1-6	50b	Men	773	48%
S1-6	50b	Other	0	0%
S1-9	66a	Number of employees at management level (board, department heads, directors)	33	2%
S1-9	66a	Women	11	1%
S1-9	66a	Men	21	1%
S1-6	50b	Employee breakdown by regions		
S1-6	50b	Riga	1 270	78%
S1-6	50b	Other regions in Latvia	355	22%

Disclosure requirement	Paragraph	Characteristics of own workforce	Number	%
S1-7	55a, bi	Number of non-employees	2	0,12%
S1-7	55 b (i)	Women	1	-
S1-7	55 b (i)	Men	1	-
S1-9	66b	Employee breakdown by age		
S1-9	66b	Under 30	112	7%
S1-9	66b	Women	35	2%
S1-9	66b	Men	77	5%
S1-9	66b	From 30 to 50	715	44%
S1-9	66b	Women	335	21%
S1-9	66b	Men	380	23%
S1-9	66b	Over 50	798	49%
S1-9	66b	Women	482	30%
S1-9	66b	Men	316	19%
S1-11	74b-e	Employees covered by social protection	1 625	100%
S1-12	80	Persons with disabilities	95	6%
S1-12	80	Women	59	4%
S1-12	80	Men	36	2%
S1-15	93a	Percentage of employees entitled to family-related leave	1 625	100%
S1-15	93b	Percentage of employees who took family-related leave	244	15%
S1-15	93b	Women	113	7%
S1-15	93b	Men	131	8%
S1-15	97a	Gender pay gap – pay levels between female and male employees	-	4%
S1-17	103b	Number of work-related complaints filed through available channel (inc. hotline)	2	-
S1-17	AR103	Resolved reports	2	100%
S1-17	103a	Of those reports on discrimination (harassment) incidents	0	0

²² Does not include premises cleaning business line.

Work safety indicators

Disclosure requirement	Paragraph	Work safety indicators	2022	2023
S1-14	88a, 90	Workers covered by health and safety management system certified by a third party ²³ , %	100%	100%
S1-14	88c	Total number of recordable work-related accidents	8	22
S1-14	88c	Rate of work-related accidents, index (TRIR ²⁴)	0,83	2,05
S1-14	88d	Number of cases of recordable work-related ill health	8	21
S1-14	AR82, 88b	Number of fatalities a result of work-related injuries or work-related ill health	0	0
S1-14	88e	Number of days lost to work-related accidents	275	455
S1-14		Total number of days lost to ill health	12 802	13 413
		Risk cards submitted within the "Drošinātājs" initiative	NA²⁴	22
		Workplace improvements performed within the initiative, ratio, %	NA	68%

Accessible services and environmental education targets

ESRS S4-5

Targets	BASE 2022	TARGET 2023	RESULT 2023	TARGET 2024	TARGET 2025
Percentage of active e-services and app users of the Group's total customer base, %	52%	60%	58%	68%	75%
App-based customer applications and applications in e-services of all the applications received, %	30%	40%	42%	48%	60%
Group's Customer NPS, %	47%	48%	47%	48%	50%
The audience reached by environmental education activities by 5% annually, %	-	+5%	+48%	+5% to 2023	+5% to 2024
The audience reached (through websites, social networks, Group's newsletters, on-site events), number	754 865	792 608	1 546 360	1 623 678	1 704 862

Corporate governance targets

ESRS G1-5

Targets	BASE 2022	TARGET 2023	RESULT 2023	TARGET 2024	TARGET 2025
All the Group's suppliers have accepted the Group's Supplier Code of Conduct (the clause included in contracts concluded during the year), %	-	80%	80%	90%	100%
A joint sustainable procurements system implemented in the Group, %	-	40%	40%	90%	100%

²³ We consider that all consolidated companies under the full operational control of CleanR Grupa are within the scope of the certified OHSS, given that the system is managed by specialists of the certified Group company in accordance with common principles.

²⁴ Number of work-related accidents * 200 000 h / total work hours.

²⁵ NA – data not applicable or data not available

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 CleanR Grupa

