



Sustainability Report

Annual Report 2023



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About the Report

The Sustainability Report is prepared for the year 2023 and covers the activities of the parent and subsidiary companies of Virši Group.

The structure of Virši Group is described in the Group's consolidated annual report prepared in accordance with International Accounting Standards as adopted by the European Union.

The scope of this report includes legal entities such as AS "Virši-A" (JSC), SIA "Virši loģistika" (Ltd), SIA "Virši Renergy" (Ltd) (hereinafter – Virši or the company).

The obligation to prepare a consolidated sustainability report that fully complies with the EU corporate sustainability reporting requirements applies to the Virši Group for the reporting year 2025.

This Sustainability Report has been prepared by gradually applying the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

The key performance indicators included in the report were defined considering the relevant business areas of Virši and sustainability issues, risks and opportunities.





“Environmental, social and governance issues are becoming increasingly important in both society and business. Climate change, resource scarcity, social inequalities, discrimination and the various crises and conflicts that have intensified over the last decade are vivid reminders of the challenges faced by contemporary societies. These challenges require companies to change their view of success and to measure business performance also in the context of sustainability, integrating performance indicators into a holistic picture with environmental, social, and corporate governance aspects.

In this context, the past year has proven the ability of *Virši* not only to respond to these challenges, but also to actively expand and diversify its activities. We are focused on developing our future business lines, moving from being a traditional fuel retailer to a network of energy traders and convenience stores. This strategic transformation demonstrates not only our desire to be competitive, but also our commitment to sustainable development in all areas of our business, responding to the needs of today's society and the challenges of the future.”

Anrijs Tukulis,

Virši Sustainability Project Manager





Report by the Chairman of the Board

“The challenges faced by today’s society and businesses have become more multi-layered and complex, so they can no longer be viewed only in the context of economic and business considerations. This reality calls for a new approach and a more responsible way of doing business, especially regarding environmental, social, and governance issues. Recognising this need, in 2023, *Virši* by involving almost the entire team at different levels introduced an additional corporate value – **“Creating the Future Today”**. This value symbolises the company’s sustainability mission, while demonstrating its maturity and readiness to strategically develop future business directions. We are clearly aware that business performance must be strongly linked to sustainability principles covering environmental, social, and corporate governance aspects. This approach not only allows us to work more efficiently and transparently, but also to build long-term development that is better for the environment and society.

In 2023, we continued to diversify our business model. As part of this process, we continued to develop an extensive electric vehicle charging network and started selling electricity not only to businesses but also to households across Latvia, thus expanding our

energy offering. We have taken action to develop our retail format by opening our first convenience stores outside service stations to increase customer access to our services. To improve the customer experience and provide easier access to our services, we have also launched a mobile app to promote digital engagement and improve opportunities for communication. During the year, we continued to develop our station network by building new service stations, renovating existing ones and expanding the network with franchised stations. At the same time, energy efficiency was improved, and IT infrastructure was upgraded to further boost the quality of our services and ensure their future sustainability.

We are aware that the transport sector still has considerable work and complex tasks to do to address sustainability issues. But our current approach and the projects we have implemented, together with our strong financial performance, give us confidence that we can build a solid and sustainable business model. We find that we can successfully combine innovation, efficiency, and responsibility to not only meet the needs of our customers, but also to drive positive change in society and provide the foundation for a sustainable future.”

Jānis Vība

Virši chairman of the board





Company's lines of activity

AS "Virši-A" is the largest Latvian domestic energy trader and convenience store network, listed on the **Nasdaq Riga** stock exchange alternative market **First North** since 2021. Virši is a wholesaler and retailer of petroleum products that offers a wide range of goods and services at more than 70 service stations, and from 2021 Virši is also an electricity trader. In 2023, Virši keeps continuously expanding its network of service stations in Latvia.

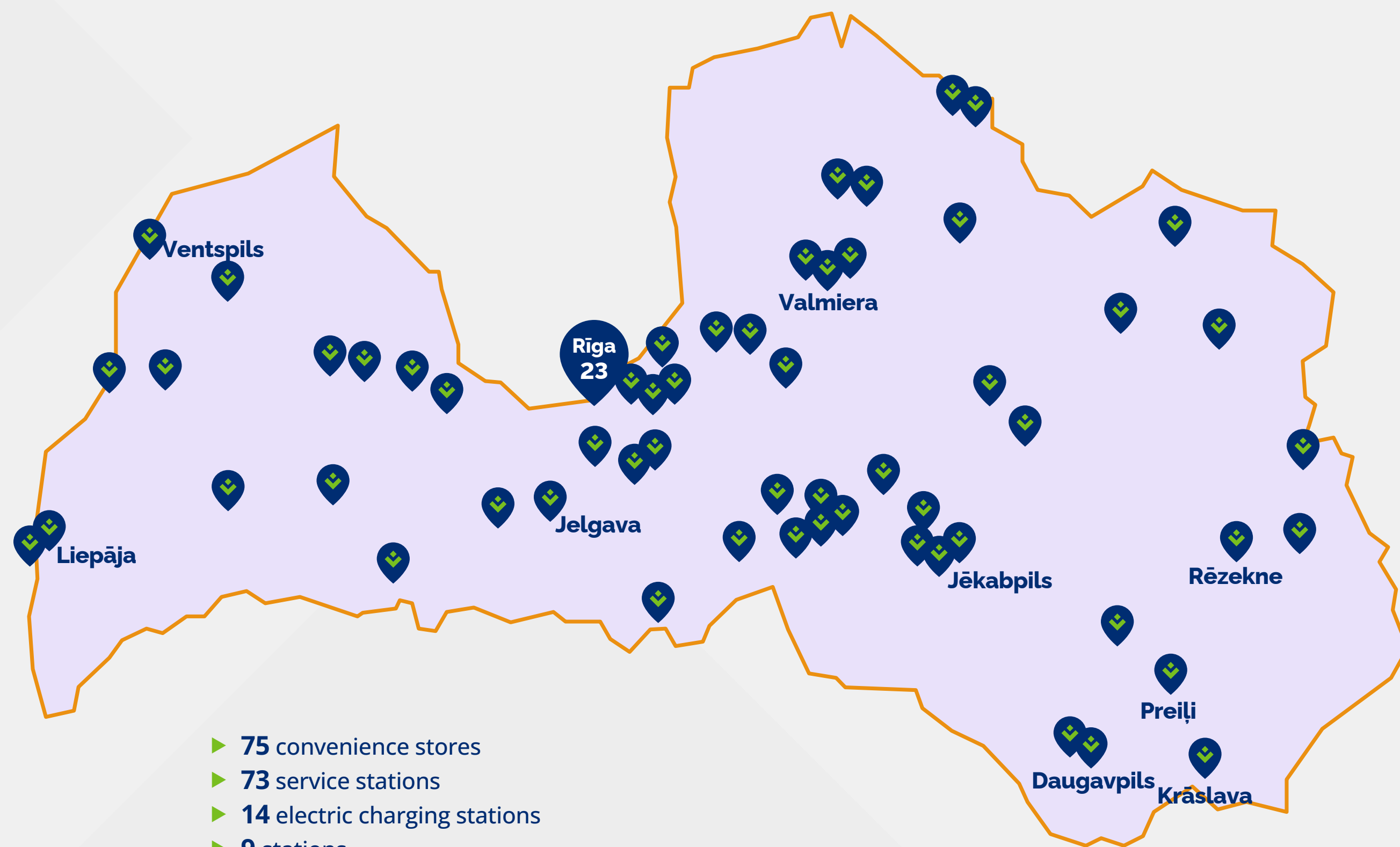
STORES



FUEL SALES



ENERGY





Strategic objectives

Decarbonisation of transport or reducing the environmental impact of the transport sector is an important part of the strategic development framework of Virši. Virši offers two types of alternative fuels in its network of service stations: compressed natural gas (CNG) and electric charging. The company's long-term strategy also includes investments in the production and trading of biomethane, liquefied natural gas (LNG), and hydrogen.

Long-term non-financial strategy of Virši envisages diversification of the company's business segments by developing its convenience store goods and service offering and becoming an electricity and natural gas trader, thus reducing the share of fuel trading in the core business portfolio of Virši.

Employee well-being is a key priority for the company. The company is constantly reviewing and improving its offer as an employer. The company's long-term goal is to become one of the best employers in Latvia.

| | 2020 | 2023 | 2026 |
|-------------------------------------|-------------------|---|---|
| ▶ Number of service stations | 63 | 73 | >90 |
| ▶ Employer | TOP 50 | TOP 50 | TOP 10 |
| ▶ #1 in alternative fuels | CNG / Electricity | CNG / Electricity | CNG / LNG / Biomethane / Electricity / H2 |
| ▶ Business diversification | FUEL / STORE | FUEL / STORE / ENERGY | DEGVIELA/VEIKALS/ENERĢĒTIKA |
| ▶ Gross profit of non-fuel segments | 41% | 55% | >55% |
| ▶ EBITDA (M €) | 7.8 | 13.7 | 20.3 |
| ▶ Net profit (M €) | 4.2 | 5.1 <small>(EXCL. THE FIN INSTRUMENTS 7.2)</small> | 12.4 <small>(EXCL. THE FIN INSTRUMENTS 12.7)</small> |



Mission and vision



Vision

A diverse source of energy
that inspires everyone who wants
to do more today and tomorrow

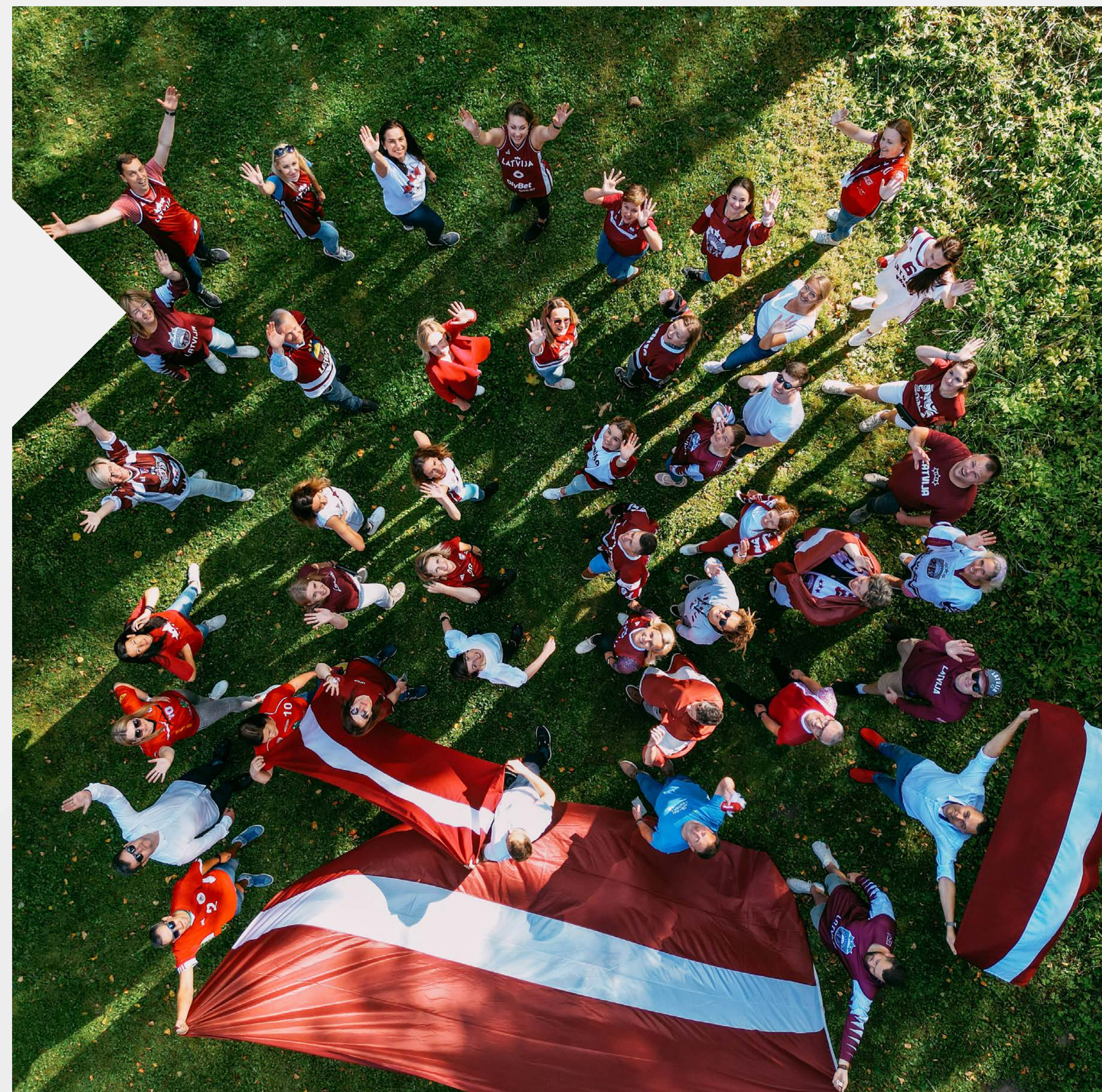
The company's mission, vision, and values are a roadmap for every employee in their daily decision-making and duties. At the beginning of 2019, a mission, vision and three values were defined with the active involvement of employees and in line with the Group's activities and internal culture at the time. Over the last few years, as new projects have been implemented and the company has grown, the



Mission

Giving energy to everyone
who wants to do more

company's culture has evolved, and it is important to embrace and refresh this in the corporate values. Consequently, during the reporting period, an assessment of the company's mission, vision and values was conducted with the involvement of the Group's employees, resulting in the implementation of the new vision, mission and adapted values in the company from the second half of 2023.



Values



HUMAN TO HUMAN

We work with humane attitude towards each other and our customers.



Respect



Team



Responsibility



OUR STRENGTH IS OUR ROOTS

A strong company is aware of its roots. Whatever tomorrow brings, we always remember and value our origins.



Traditions



Resourcefulness



Pride



ENTHUSIASM IS OUR ENERGY

Working in Virši recharges you. We do our work with passion and perseverance! We believe in ourselves and want to be an example of Latvian companies succeeding!



Courage



Initiative



Ambition



CREATING THE FUTURE TODAY

We think about the environment we are creating for the future, as well as the sustainability of the company and its long-term existence.



Caring for the future



Engagement



Ambitious goals





Financial results

Financial targets and operating results of Virši are assessed in three operating segments – sale of fuel products, convenience stores and energy. The company's financial planning and investments are planned on a three-year cycle, prioritising Virši long-term growth, financial stability, and sustainable development.

The Group's EBITDA** in 2023 reached an all-time high of EUR 13.7 million, an increase of 11.7% compared to 2022 (2022 EBITDA: EUR 12.3 million). Due to labour costs, volatile fuel and energy prices, as well as high inflation rates, the reporting year turned out to be a challenging period in Latvia and globally, but as a result of strategic management of the business segments, the Group managed to increase its gross profit by almost EUR 5 million or 15% (2023: EUR 37.7 million, 2022: EUR 32.8 million).

The net profit figure for the reporting period was affected by the change in the value of the financial instrument, which generated income of EUR 3.1 million in 2022 and costs of EUR 2.1 million in 2023, in line with market prices. The value of the

financial instrument was calculated according to current energy prices, which reached historical highs at the end of 2022, but declined significantly and stabilised during 2023. The Group's net profit was also affected by rising interest rates. With added lending rates remaining low, the dynamics of EURIBOR during 2023 significantly increased the Group's financing costs. The financial result of the Company for the reporting year is a profit of EUR 5.1 million (2022: EUR 10.3 million), while the Adjusted Net Profit from Operating Activities of the Group, excluding the result from the revaluation of financial instruments, amounted to EUR 7.2 million in 2023 (2022: EUR 7.2 million). The Group's net profit ratio* is 1.5% in the reporting period and 2.8% in 2022.

* Net profit ratio is calculated by dividing the Group's profit for the reporting period with net sales;

** EBITDA – the Group's profit before finance income and finance costs, depreciation and amortization, and corporate income tax.

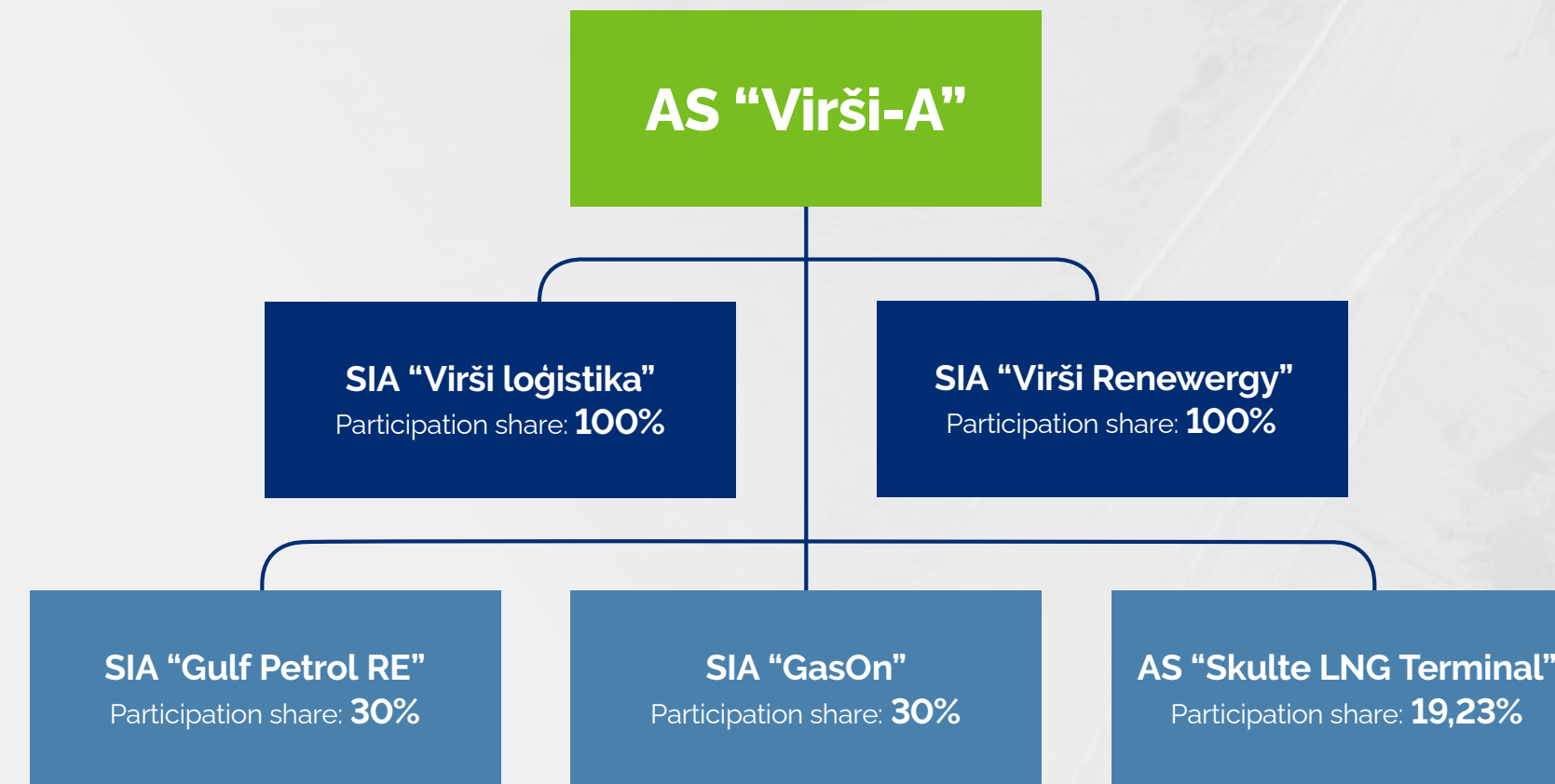
| M euro | 2023 | 2022 | 2021 |
|--------------------------------------|-------------|-------------|------------|
| Net sales | 343.7 | 375.1 | 220.9 |
| Sale of fuel products | 271.2 | 309.1 | 185.2 |
| Sales of goods in convenience stores | 48.2 | 39.3 | 33.2 |
| Energy | 20.8 | 24.9 | 0.2 |
| Other income | 3.5 | 1.8 | 2.3 |
| EBITDA | 13.7 | 12.3 | 9.7 |
| Net profit | 5.1 | 10.4 | 6.6 |
| Investments | 16.8 | 11.1 | 15.0 |
| incl. investments in sustainability | 3.1 | 3.2 | 3.2 |
| People | 756 | 661 | 640 |
| Fuel stations | 73 | 70 | 65 |



Organisation structure

Group structure of AS "Virši-A"

The parent company of the AS "Virši-A" Group is a fuel wholesaler, fuel retailer and operator of a network of fuel service stations, employing more than 700 people in 2023. The business activities of the Company's subsidiaries SIA "Virši loģistika" and SIA "Virši Renergy" are related to the core business of the Parent Company: providing fuel to *Virši* service stations, franchises, and wholesale customers, as well as trading in natural gas and electricity. The Sustainability Report reports on the activities of the Group's parent company and subsidiaries.



Group governance

The shareholder meeting, the Council, and the Management Board ensure compliance with the *Virši* corporate governance principles.

The key sustainability topics are managed by an extended team, in line with professional experience and expertise. In total, several dozen colleagues from different departments have joined the working group on sustainability.

| | | | | | | |
|--|---|---|---|--|--|--|
| Shareholders | Jānis Riekstiņš Owns 21.03% shares | Jānis Rušmanis Owns 20.86% shares | Ruta Plūme Owns 20.83% shares | Andris Priedītis Owns 12.82% shares | Ilgvars Zuzulis Owns 12.80% shares | Other shareholders – more than 7,500 natural and legal persons |
| The Council | Jānis Riekstiņš Chairman of the Council | Jānis Rušmanis Member of the Council | Ilgvars Zuzulis Member of the Council | Andris Priedītis Member of the Council | Silva Skudra Member of the Council | Ivars Blumbergs Member of the Council (independent) |
| Management Board and its responsibilities | Jānis Vība Chairman of the Board Responsible for Virši strategic development, sales and logistics of fuel and energy products, as well as marketing, human resources, legal affairs and the expansion of the service station network | Linda Prūse Member of the Board Responsible for the development of the Group's convenience store network, quality, environmental and occupational health supervision | Vita Čirjevskā Member of the Board Responsible for financial management, IT development, sustainability, AML/CFTP and risk management. | | | |



Stakeholders

For Virši, close and regular engagement with stakeholders is an essential part of doing responsible business. Within the Group, key stakeholders are carefully identified and assessed and interacted with through a variety of formats: negotiations, dialogues, exchanges, surveys, consultations, active engagement, and partnerships. It is particularly important for a company to listen to its stakeholders, understand their interests and promote mutual understanding. At the same time, *Virši* is aware of its impact on potential risks and opportunities and hence is actively taking the necessary steps to understand the expectations and needs of its stakeholders. The performance of the *Virši* and the feedback from stakeholders serve as a basis for developing a sustainability approach and strategy, thus strengthening the company's role in the sector.

| Stakeholder | Expectations, interests | Cooperation format |
|---|---|---|
| Shareholders Information user | <ul style="list-style-type: none"> Good governance and business development Company's image/reputation | <ul style="list-style-type: none"> Earnings/dividends Meeting financial and non-financial targets Information flow and communication |
| Customers (B2B) Impacted party/ Information user | <ul style="list-style-type: none"> Quality services and products Competitive prices Innovative, personalised and secure technological and digital solutions | <ul style="list-style-type: none"> Interim and annual reports General shareholder meetings and webinars Consultations, meetings Shareholder news Investor communication management |
| Customers (B2C) Impacted party | <ul style="list-style-type: none"> Quality services and products Competitive prices A comfortable and pleasant shopping environment | <ul style="list-style-type: none"> Payment terms Company's image/reputation Social responsibility Personal data protection Contracting Customer communication NPS and customer satisfaction measurements |
| Customers (B2C) Impacted party | <ul style="list-style-type: none"> Quality services and products Competitive prices A comfortable and pleasant shopping environment | <ul style="list-style-type: none"> Innovative, personalised and secure technological and digital solutions Geographical location, infrastructure Personal data protection Loyalty programme and offer management Contracting Customer communication NPS and customer satisfaction measurements Feedback and improvements |
| Franchisees Impacted party/ Information user | <ul style="list-style-type: none"> Good governance and business development Company's image/reputation Information flow and communication Quality services and products | <ul style="list-style-type: none"> Competitive prices Innovative, personalised and secure technological and digital solutions Social responsibility Personal data protection Brand management and governance Information flow and communication Contracting Customer communication NPS and customer satisfaction measurements Customer feedback and improvements Consultations, meetings |
| Staff Impacted party | <ul style="list-style-type: none"> Salary, including financial benefits (bonuses, rewards, etc.) Social guarantees Well-organized internal company processes | <ul style="list-style-type: none"> Safe working environment Information flow and communication Internal corporate culture (values, traditions) Personal data protection eNPS and employee satisfaction measurement Surveys, working groups Training, dialogue, involvement (intranet, meetings) Collective meetings such as forums, training, celebrations, reunion events |
| Banks, financiers, insurers, stock exchange, opinion experts Information user | <ul style="list-style-type: none"> Good governance and business development Company's image/reputation Meeting financial and non-financial targets Sustainability management | <ul style="list-style-type: none"> Transparency, reporting Compliance with laws and regulations Compliance with contractual terms Fair competition Interim and annual reports Brand management and governance Information flow and communication |
| Public policy makers and supervising institutions Information user | <ul style="list-style-type: none"> Involvement in the business environment and sector development Compliance, transparency, jobs, contribution to the sector and national economy Meeting EU commitments | <ul style="list-style-type: none"> Sustainability Compliance with legislation and binding requirements Tax payments and reporting Mutual cooperation and dialogue Transparency Monitoring legislative changes Discussions and consultations Projects and partnerships Reports Inspections and audits |
| Suppliers Impacted party/ Information user | <ul style="list-style-type: none"> Financial stability of the company Company's image/reputation Performance of contractual terms | <ul style="list-style-type: none"> Communication and information flow Quality requirements and specifications Cooperation agreements Special and daily business meetings Interim and annual reports Information flow and communication |



Certificates and awards

ISO 9001:2015 certificate

An international standard for quality management systems, one of the best-known standards globally. The purpose of a quality management system is to ensure continuous improvement of processes and products to boost customer satisfaction and business efficiency.

ISO 50001:2018 certificate

An international standard for energy management systems. The certificate confirms rational and efficient energy management in a company. The certificate is valid for 3 years. To maintain the certificate, the company undergoes regular assessment audits to ensure continuous adherence to the standard.

ISO 14001:2015 certificate

An international standard for environmental management systems, aimed at sustainable use of natural resources, environmental risk management and the environmental impact reduction. The certificate confirms that the company has effective environmental management.



TOP employers in Latvia

We have been highly rated among the TOP employers in Latvia in 2023:

- ▶ We are ranked 1st in Zemgale.
- ▶ In the trade sector, *Virši* achieved the 2nd place, which ranks us among TOP 10.
- ▶ TOP Employer – The first that comes to your mind – 4th place.
- ▶ We are honoured to be among the Top 10 most popular employers in Latvia and will continue creating positive employee experience.



ZELTS

Padziļinātās sadarbības programma

Advanced Cooperation Programme of the National Revenue Service

Since 2018, when the State Revenue Service established the Advanced Cooperation Programme, until 2023 inclusive, when the Programme was changed, AS “Virši-A” has been a Gold Client of the Cooperation, which confirms the company’s high corporate governance standards.



Nasdaq Baltic Award in the First North Stock Market

In 2023, *Virši* received the Nasdaq Baltic Award for Best Investor Relations. This award reflects the company’s great achievements in transparency, good corporate governance, and investor relations.

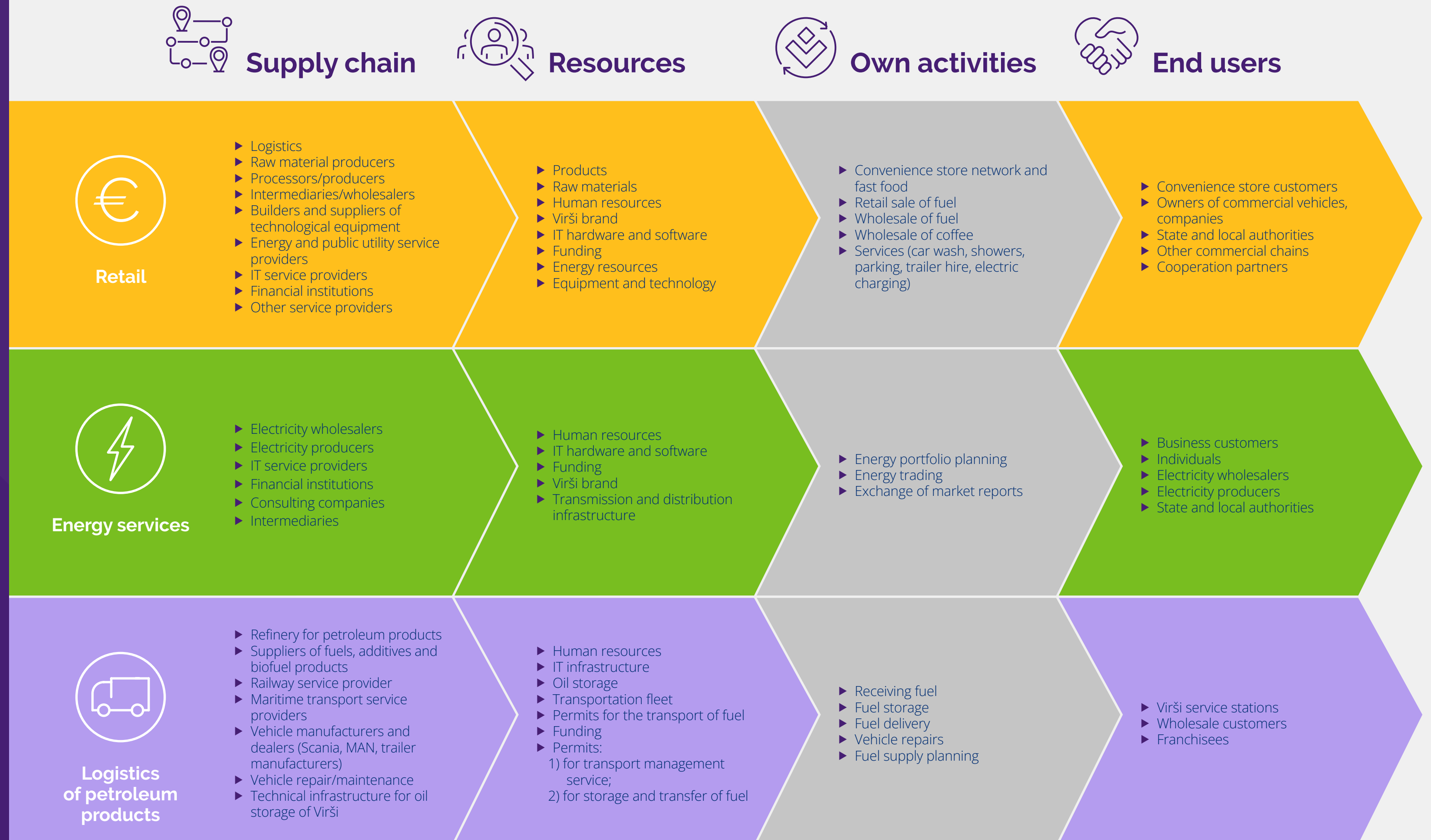




Value chain

To set specific sustainability objectives, it is important to identify the company's value chain. As defined by the ESRS standards, an entity's value chain is all the activities, resources, and relationships associated with its business model and the external environment in which it operates. A value chain comprises of the activities, resources, and relationships that an enterprise uses and relies on to create its products or services from conception to delivery, consumption and end-of-life. Optimising each step not only improves efficiency, but also increases the value created for customers and contributes to the sustainable development of the company.

The value chain of the *Virši* Group can be divided into three parts, i.e. the retail segment, which includes convenience stores and fuel retailing; the energy services segment, where currently mainly electricity is purchased and traded through SIA "*Virši Renergy*"; and the petroleum products logistics segment, which is represented by SIA "*Virši loģistika*", a subsidiary of AS "*Virši-A*".





Retail segment

Key partners in the supply chain include logistics companies that supply both in-store goods and fuel products, as well as strategic partners and manufacturers that supply and service the core products of our stations. Energy, utilities, and IT service providers, as well as financial institutions are needed to run the stations. Given the rapid development of Virši, the construction companies that are building new stations and upgrading existing ones should definitely be highlighted.

Key resources for retail are not only goods and raw materials, but also human resources, various IT systems, technology, and financing. It is critical to balance these resources to ensure optimal operation of the *Virši* stations, as there is a significant risk of interruption to the overall operation when any of these resources becomes scarce or dysfunctional.

Virši own activities include not only the aforementioned and more widely known fuel retailing and convenience store network, but also fuel and coffee wholesaling, as well as additional services offered at our stations: car wash, trailer rental and electric vehicle charging.

Main end-users of the retail segment are customers of fuel products and convenience stores, commercial vehicle owners and companies, as well as state and local authorities, other retail chains and business partners.

Value chain





Energy services

Virši operations in the energy segment were made possible by local electricity producers, which mostly generate electricity from renewable energy sources such as solar energy, and wholesale electricity suppliers. Supply chain partners also include IT service providers, financial institutions, consulting companies, and intermediaries.

In this business segment, the key resources are not only the internal IT infrastructure and the transmission and distribution infrastructure, but also the human resources with experience and expertise in the operation of the energy market. The *Virši* brand and funding is also a significant resource, allowing us to break into a new business segment with a competitive service.

The main activities of the *Virši* Group companies are related to energy portfolio planning, calculations, market report exchange and energy trading.

The energy services offer was initially developed for the business customer segment, but from 2023 we can offer a competitive service to residential customers as well. Customers and end-users also include state and local authorities and electricity producers. A part of the portfolio is also sold in cooperation with electricity wholesalers.

Value chain





Logistics of oil products

Oil product logistics is closely related to *Virši* core business of fuel retailing, but due to its specific nature we have separated it out. Here, the main partners in the supply chain are oil refineries, and biofuel and fuel additive manufacturers. The supply chain for oil products includes both rail and sea transport providers. There is also the provision of oil base infrastructure and the manufacturers of transport equipment and service providers.

In the logistics segment, resources include not only technology in oil depots and fleets, but also human resources, IT infrastructure, and various permits to work with the logistics of oil products.

The main activities carried out in the *Virši* Group companies are the receipt, storage and delivery of fuel products, as well as delivery planning and vehicle repair.

Virši fuel stations are the largest customer or end-user; however, the logistics service is also provided to wholesale customers and franchisees.

Value chain



Double materiality

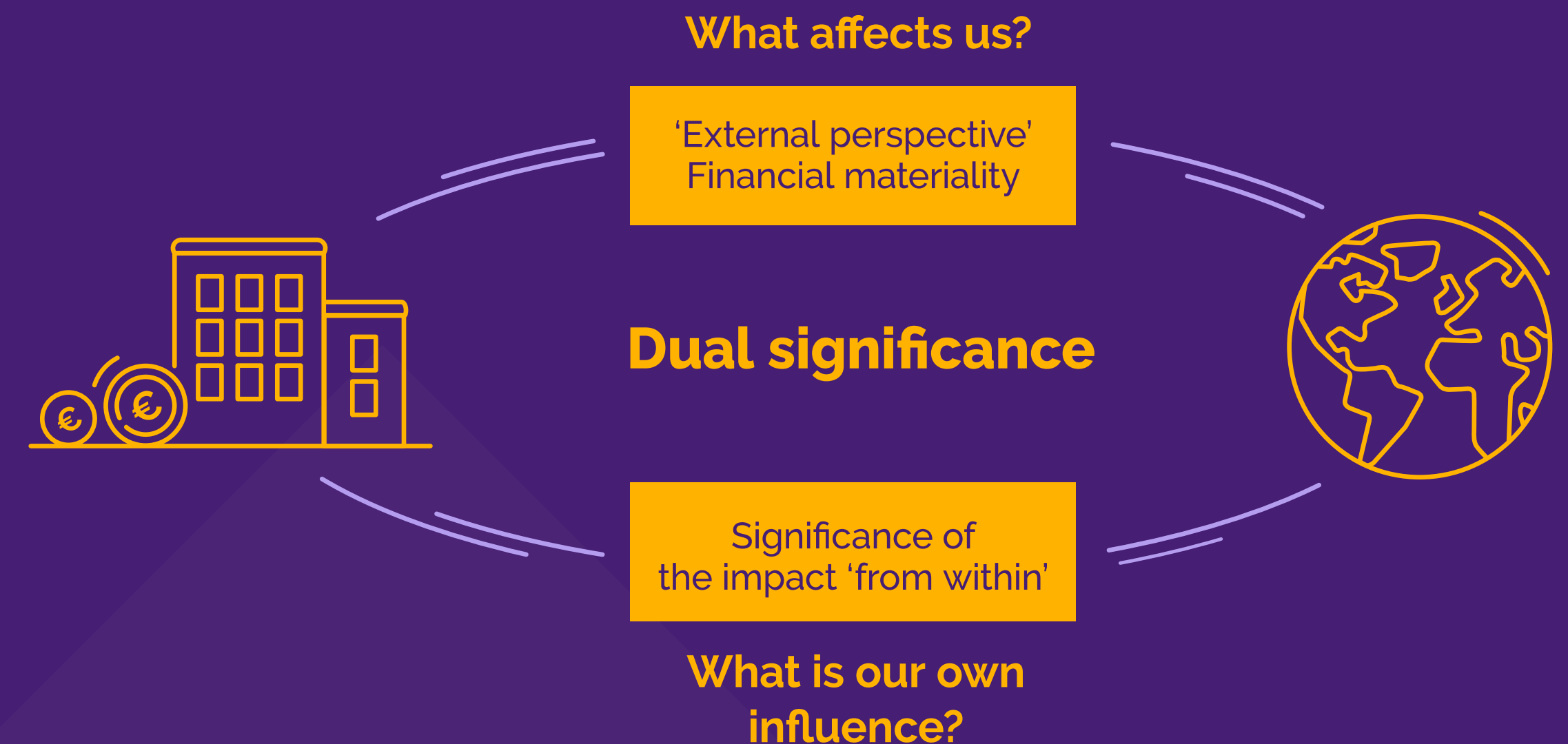
Promoting sustainable development requires a holistic and balanced approach, taking into account both the company's impact on the environment and society and the external factors that may affect its performance. This context is clearly revealed by the double materiality assessment, an approach that identifies and understands the issues that are critical for both the internal development of the company and its external impact on the environment and society.

The double materiality assessment identified key strategic areas for Virši where proactive measures and improvements are needed to ensure sustainable operations and compliance with changing regulatory and societal requirements.

Double materiality methodology

Materiality assessment is an important part of sustainability reporting, helping to identify a company's material impacts, risks and opportunities in relation to environmental, social and governance issues. The new sustainability reporting framework requires this assessment to take into account both the materiality perspective (impacts on people and the environment) and the financial materiality perspective (impacts on the company's cash flow, financial performance, etc.).

The double materiality assessment was the basis for the *Virši* Group to develop its sustainability strategy. Assessment was carried out in accordance with the methodology developed by *Sustinere* Latvija SIA and *Sustinere* OÜ (Estonia), based on the *EFRAG IG 1: Materiality Assessment Implementation Guidance* standard.





Double materiality process

To identify the aspects relevant to Virši, including their priority, a double materiality assessment was carried out in three stages (see the figure).

The first stage involved an analysis of the company's operations and business model, a mapping and value chain of the company's main business lines, and an assessment of the regulatory framework.

Based on the 10 ESRS Thematic Standards, their sub-themes and sub-sub-themes, an analysis of *Virši* information and documents was carried out. During this assessment, the experts familiarised themselves with the Integrated Quality, Environment and Energy Management System Policy, Code of Conduct, Corporate Governance Code, Whistleblower Policy, Anti-Corruption and Conflict of Interest Policy, Procurement Procedure and other Group documents, and held discussions with company representatives.

Based on the initial list of themes, a materiality assessment was carried out, both to assess the impacts on people and the environment and to determine financial materiality – the risks and opportunities that can affect the company's financial performance.

The methodology for both the impact and financial materiality assessment was based on the guidelines developed by EFRAG (*EFRAG IG 1: Materiality Assessment Implementation Guidance*). However, for a more detailed analysis, the *Sustinere* expert approach to assessing the severity of impacts was used.



Understanding the context and scope

1



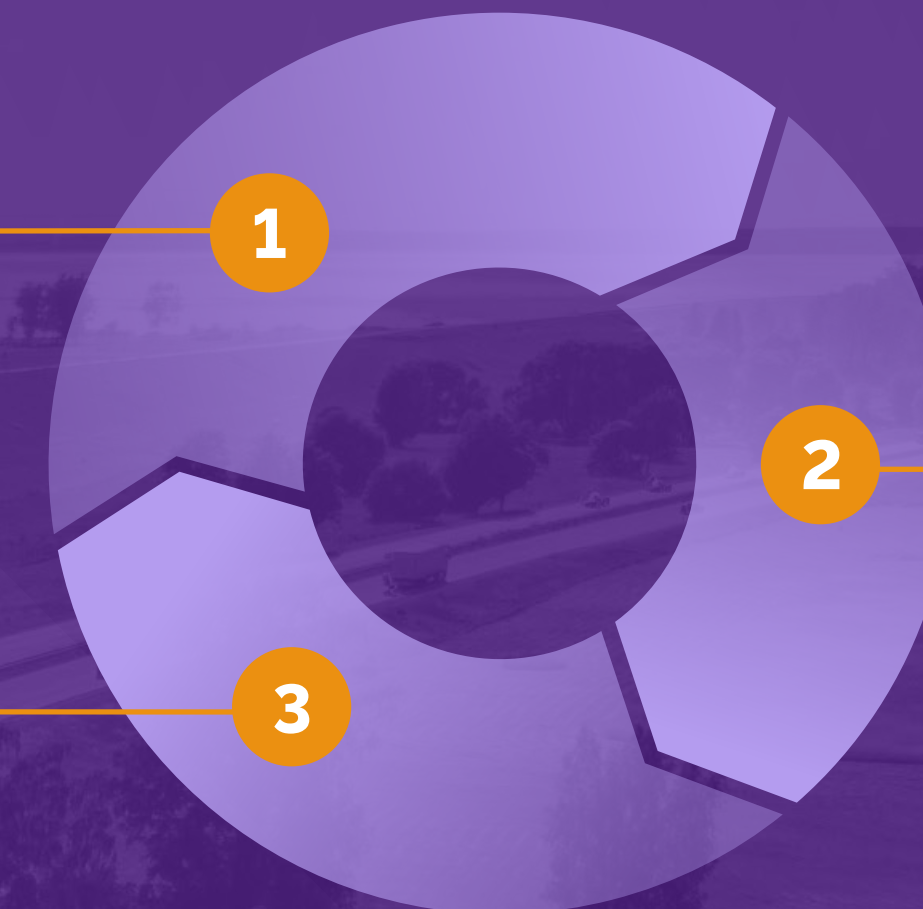
Assessment of significance

3



Identification of potentially relevant sustainability aspects

2





Impact materiality results

The assessment of the materiality of impacts considered the positive and negative impacts that the company's own operations and/or activities along the value chain (from raw material sourcing, transport, production and also at the end of the life cycle of products or services) can or already do have on the environment or people. Each ESRS sub- or sub-sub-sub-theme was rated on a scale of 1 to 4 against the following four criteria:

- ▶ the severity of the impact
- ▶ scope of impact
- ▶ remediability of impacts (not assessed for positive impacts)
- ▶ likelihood of impact (where human rights may be adversely affected, severity outweighs likelihood, so likelihood is not assessed)

The assessment of the impact materiality was calculated by adding the scores on these four aspects. The final rating was based on the precautionary principle – using the highest impact rating (for the value chain or for the impact of

the action itself). It should be noted that not in all sustainability themes *Virši* has a negative impact; a number of themes have a positive impact, most often related to the working environment and employees.

Where different sub-themes and/or sub-sub-themes are interlinked, e.g. safety-related impacts on the affected community stem from the pollution theme, these themes were subsequently combined in the materiality matrix.

Following the materiality assessment, the following themes were identified as the most relevant:

- ▶ mitigating climate change (ESRS E1)
- ▶ energy (ESRS E1)
- ▶ air pollution (ESRS E2)
- ▶ wages (ESRS S1)
- ▶ occupational safety (ESRS S1)
- ▶ training and skills (ESRS S1)
- ▶ gender equality and equal pay for equal work (ESRS S1)

Financial materiality results

Financial materiality includes risks and opportunities that may affect the value of the company, its financial performance, additional costs or income. To determine financial materiality, each sub-theme from the initial list of sustainability aspects was assessed in the *Virši* Management Workshop by identifying the potential risks and opportunities that the company may face in relation to the theme. These risks and opportunities can be linked to dependence on certain resources or relationships, e.g., failure to ensure adequate remuneration will make it difficult to attract and/or retain talent;

For the risks and opportunities identified, the magnitude of the potential financial impact was determined on a scale of 1 to 5 (see below), and for the risks and opportunities identified, the likelihood of occurrence was determined on a scale of 1 to 5.

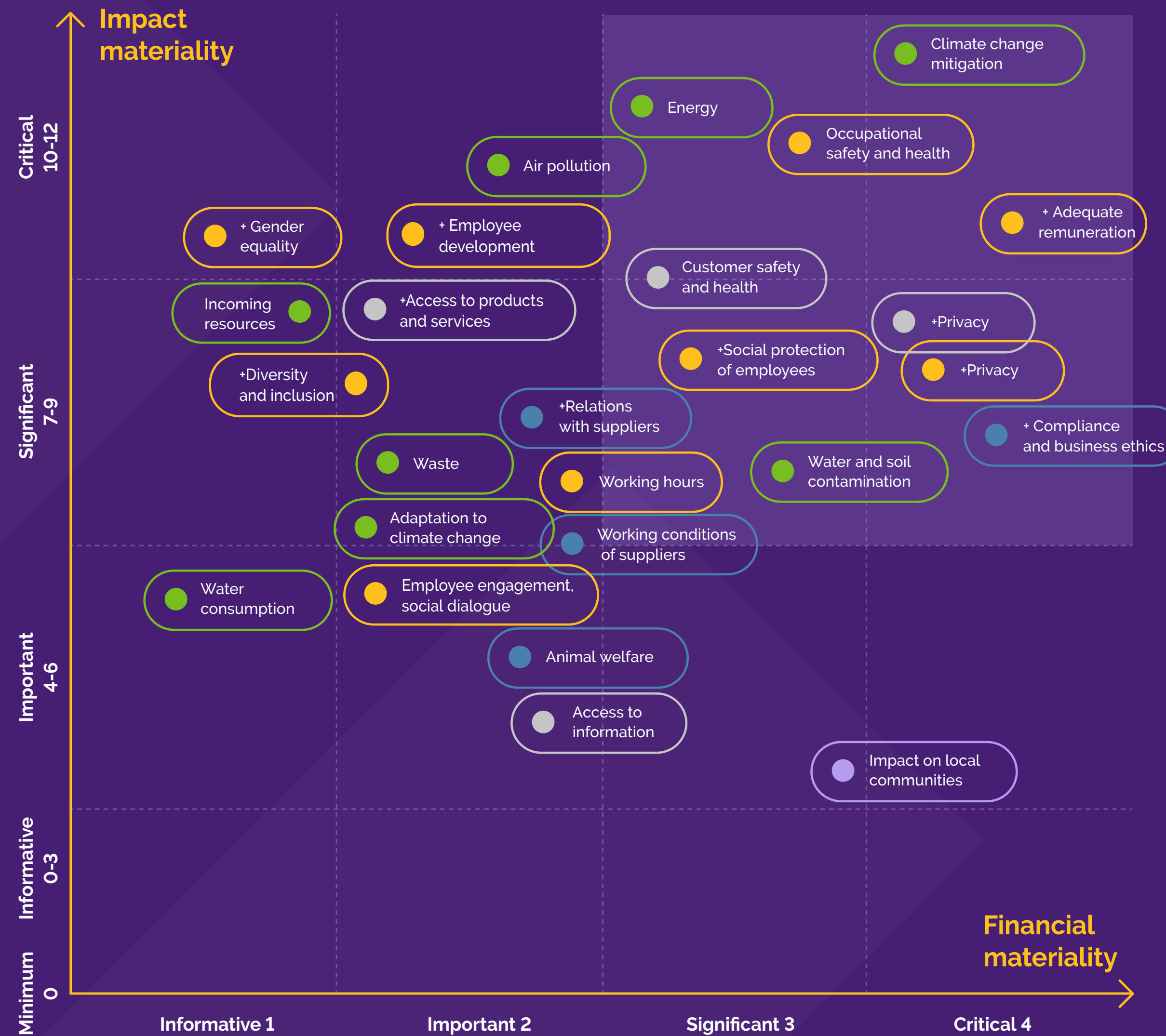
Summarising the financial materiality results on the most financially important or critical themes, the discussions identified four themes: climate change mitigation, customer privacy, compliance, and political engagement. These themes were identified as the most important for the financial sustainability of *Virši*.

The existing corporate risk matrix was updated in line with the relevant sustainability themes. *Virši* is also continuing work on a new risk policy that will integrate risk and opportunity assessment more deeply into the company's risk analysis.



Double materiality matrix

Taking into account the results on impact materiality and financial materiality, we arrived at a double materiality matrix, which is designed in accordance with EFRAG's guidance on double materiality (EFRAG IG 1: *Materiality Assessment Implementation Guidance*). It can identify the priority aspects for the company, but specific actions and targets also need to be prepared for the less important ones. The double materiality assessment not only clarifies and narrows the relevant current sustainability reporting standards, but also highlights priority aspects of sustainability for which performance indicators should be defined.



- Environmental aspects
- Social aspects: work environment
- Social aspects: community
- Social aspects: customers
- Governance



Virši double materiality matrix

In the double materiality analysis, those themes where the impact materiality and financial materiality correspond to the category of “significant or critical” were recognized as the most significant subthemes.

On the environmental and climate aspects, climate change mitigation was identified as key, where Virši, as a transport energy and power company, plays an important role in mitigating climate impacts. Similarly, energy as a sub-theme was assessed as important because the environmental impact of energy, as well as its availability and price, are critical to the company's core business. And thirdly, water and soil contamination was assessed as a key environmental and climate issue, as it is essential to mitigate the risk of spills of oil products into the environment, and to ensure the mitigation of their historical impact, given the historic sites that have been taken over.

In the social aspects, relevant sub-themes were assessed on both the staff and customer side. The most important themes for employees were health and safety, adequate pay, social protection and privacy. Occupational health and safety is directly related to working with oil products and customers, which requires specific occupational health and safety measures. On the customer side, customer safety, health and privacy were rated as the most important sub-themes.

On governance aspects, compliance with business ethics was identified as the most important sub-theme, encompassing corporate culture as well as measures to prevent and detect corruption, political engagement and whistleblower protection.

Double materiality





E – Creating the future today

We think about the environment we are creating for the future, as well as the sustainability of the company and its long-term existence



Climate and environment (E1, E2, E5)

Virši environmental policy is based on an environmental management system that meets the requirements of the ISO 14001:2015 standard and is closely linked to quality and energy management systems. The company's development strategy includes the following environmental policy guidelines: sustainability and rational use of resources, pollution control and reduction, waste minimisation and targeted management, as well as independent improvement in environmental issues.

Fuel stations and fuel supply chains have a significant impact on the climate and the environment. Fossil fuels are still the main source of energy in the transport sector, so it is important to be aware of our responsibility in relation to climate change and to reduce emissions.

Virši ensures the highest quality of products and services by using sustainable and energy-efficient technical solutions and environmentally friendly products. This approach not only improves our offer, but also reduces our environmental footprint, contributing to a greener future.

By rationalising the use of natural resources, the company is actively promoting the integration of renewable energy sources and developing the infrastructure for alternative fuels. These measures help reduce dependence on fossil fuels and promote sustainable development.

To ensure effective pollution control, Virši is introducing innovative technologies and providing resources to reduce air, soil and water pollution. Our goal is not just to comply with legislation but to exceed it, striving to make a positive impact on the environment.

Moreover, we actively consider the reuse or recycling of materials and packaging, practicing sustainable waste management. This approach reduces waste and promotes resource efficiency.

These measures not only improve our efficiency, but also reinforce our commitment to being a responsible and sustainable company.

E – Creating the future today





The double materiality assessment of the Environmental Group standards, as applied to the *Virši* group using the ESRS methodology, identified the following:

- ▶ ESRS E1 – climate change
- ▶ ESRS E2 – pollution
- ▶ ESRS E5 – resource use and circular economy

Decarbonisation of transport and the development of alternative fuels play an important role in the *Virši* Group's strategy. This also allows our customers and the Latvian transport sector as a whole to move towards lower greenhouse gas emissions. *Virši* offers two alternative fuels in its network of fuel stations: compressed natural gas or CNG (from 2019) and *Virši* electric charging (from 2022). At the end of 2023, CNG refuelling was offered at 9 *Virši* stations, while electric car charging was available at 14 *Virši* stations.





The development of the electric car charging network in 2023 was also supported by the European Union's Alternative Fuels Infrastructure Facility. Power connections were built, along with 160 kW charging points capable of delivering a 150 km range in just 10 minutes.

In 2023, 160 MWh were loaded into the *Virši* power charging network, equivalent to 890 000 kilometres driven. The network of *Virši* power charging stations uses only renewable electricity produced in Latvia, ensuring that the charging operations have a minimal impact on the environment and emissions.

Renewable electricity produced in Latvia is also used at *Virši* fuel stations and convenience stores. When considering electricity consumption over the entire year, the energy generated by our own stations makes a significant contribution. In 2023, solar panels were installed at 20 more *Virši* fuel stations and at the Aizkraukle office, providing a total of 285 kW of installed capacity.

By the end of 2023, 33 fuel stations were equipped with solar power plants, boasting a total capacity of 516 kW. The systems generated more than 368 MWh of renewable electricity during the year and were able to fully meet the consumption of the filling stations during sunny periods. In the autumn and winter months, the highest production rates were recorded at the stations in Liepāja and Ventspils; in the summer – at the stations in Cēsis and Ādaži.

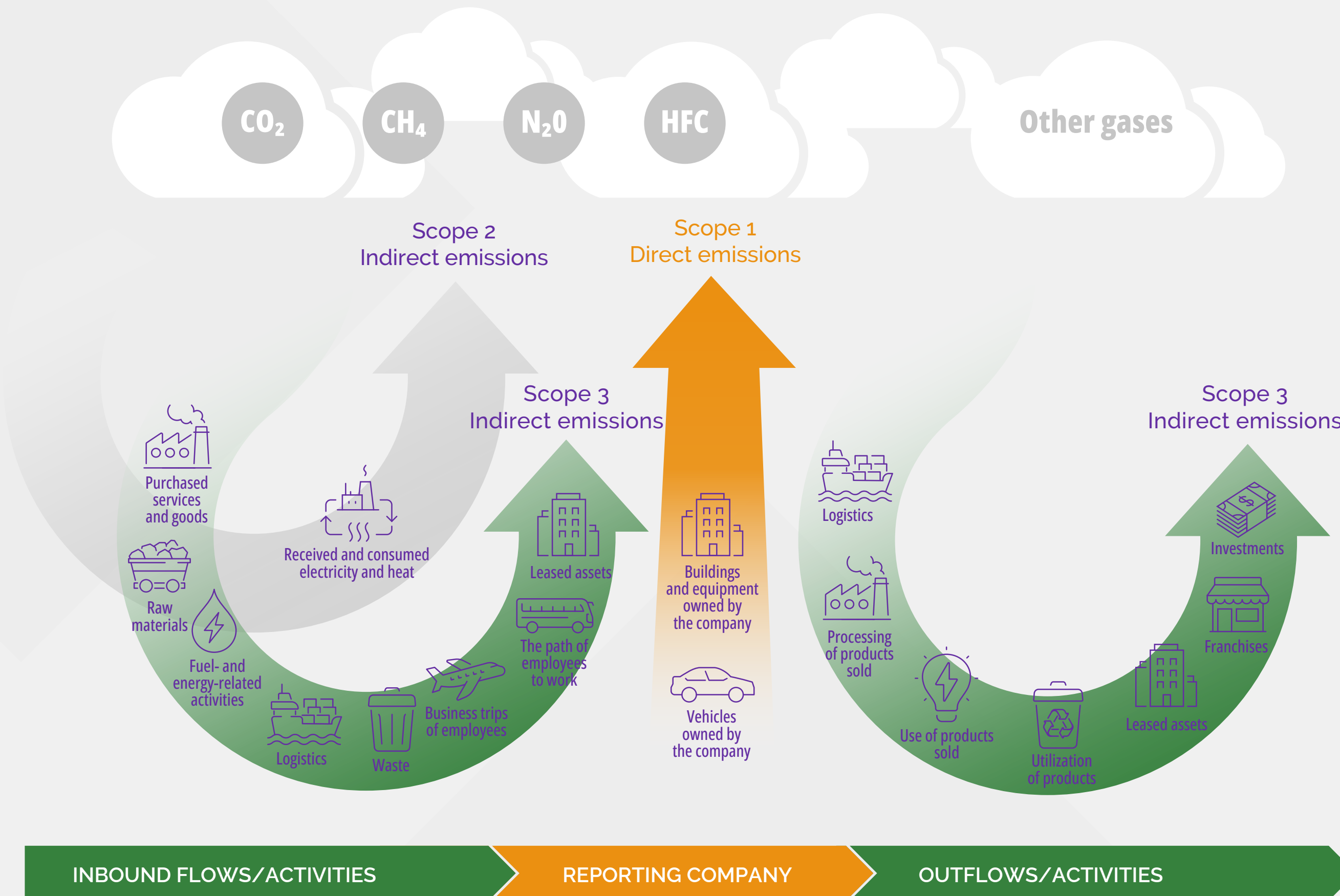
Virši is currently carrying out more detailed calculations of its climate change impacts and is working on setting specific targets. The largest emissions from *Virši* core business originate from fuel deliveries, while on the end-user side, they stem from the fuels sold by *Virši*, primarily used in the transport sector. The mitigation plan will focus not only on emissions from *Virši* own activities but also on those arising from the product life cycle and end-users. Climate change mitigation and adaptation policies are included in the *Virši* Quality, Environment and Energy Management Integrated Management System policy as well as in the company's risks.





Greenhouse gas emissions

To assess how the Virši Group's greenhouse gas emissions have changed over the years, they were expressed in tonnes of CO₂ equivalent or tCO₂e. To assess the GHG emissions dynamics, the 2023 emissions were also calculated in accordance with ISO 14064-1:2018 and the GHG Protocol Corporate Accounting and Reporting Standard.



Scope 1 emissions -
direct emissions, or GHG emissions, that are generated, produced and controlled by the company

Scope 2 emissions -
indirect GHG emissions from electricity and heat received and consumed

Scope 3 emissions -
all other indirect emissions in the value chain



The GHG emissions audit involved calculating and analysing both direct and indirect carbon emissions. Direct emissions originate from *Virši* core business activities (Scope 1) and energy consumption (Scope 2), while indirect emissions (Scope 3) stem from aviation, waste, water consumption, and *Virši* most turnover-critical products and activities. This report highlights indirect emissions from the sale of oil products, tobacco products, coffee products, and electricity. Overall, Scope 3 reported emissions covering 93 % of total turnover. *Virši* is continuing its work on a more in-depth assessment of Scope 3 emissions, which is expected to be published in future reports.

| Basis for calculating Scope 3 emissions | Euro | | |
|--|--------------------|--------------------|--------------------|
| | 2023 | 2022 | 2021 |
| Turnover | 343 732 101 | 375 109 995 | 220 881 534 |
| Trade in oil products | 271 214 751 | 309 075 927 | 185 194 011 |
| Sale of goods in convenience stores | 48 187 582 | 39 266 075 | 33 153 816 |
| Energy | 20 835 250 | 24 925 712 | 189 344 |
| Other revenue | 3 494 518 | 1 842 281 | 2 344 363 |
| Turnover included in the Scope 3 emissions calculation base | 320 439 220 | 357 657 990 | 207 100 914 |
| Percentage coverage | 93 % | 95 % | 94 % |



Taken together, the Group's total GHG emissions in 2023 were 768 648 tCO₂e. The increase in Scope 1 emissions is due to the development of the company, the opening of new fuel stations and the increase in the number of customers. The significant emission reductions in Scope 2 in 2023 are due to the purchase of renewable electricity, as evidenced by certificates of origin. In this year's report, we have significantly expanded the coverage of Scope 3 emissions. In addition to the previously included categories of waste, aviation, and water consumption, we have now incorporated indirect emissions from the sale of fuel products, the energy business, coffee products, and emissions related to the tobacco trade.

| Coverage | GHG emissions, tCO ₂ e | | |
|--|-----------------------------------|----------------|----------------|
| | 2023 | 2022 | 2021 |
| Scope 1, total | 1693 | 1627 | 1436 |
| Transport | 1615 | 1534 | 1255 |
| Heating | 53 | 58 | 149 |
| Fugitive emissions | 25 | 35 | 32 |
| Scope 2, total | 19 | 690 | 586 |
| Electricity | 15 | 685 | 581 |
| District heating | 4 | 5 | 5 |
| Scope 3, total | 766 936 | 736 078 | 650 439 |
| Emissions from trade in oil, gas and biofuels | 754 601 | 728 260 | 646 783 |
| Emissions related to the energy business segment | 7909 | 3750 | 162 |
| Emissions from coffee product trade | 2047 | 1772 | 1437 |
| Emissions from tobacco product trade | 1438 | 1385 | 1269 |
| Emissions from waste management | 865 | 830 | 722 |
| Water-related emissions | 9 | 9 | 7 |
| Other emissions | 67 | 72 | 59 |



E – Creating the future today

When examining the breakdown of total GHG emissions by source, the most significant direct emissions come from the company's fleet, with the largest share resulting from the logistics of oil products. In Scope 3 indirect emissions, the largest share is attributed to emissions from the sale of oil products, as aggregated in the reported GHG emissions report in accordance with Cabinet Regulation No. 597.

GHG emission intensity can be assessed in a business context if one of the company's business units is also linked to the

absolute figures. Also in 2023, the Scope 1 and Scope 2 emissions were compared to the net profit figure excluding the value of the financial instrument. The resulting value is 0.237 kgCO₂e/EUR, 26 % lower than a year earlier. This is primarily achieved by reducing Scope 2 emissions through the selection of electricity produced from renewable energy sources. However, when examining Scope 3 emission intensity, the figure for 2023 is 106.01 kgCO₂e/EUR, representing a 4% increase compared to the previous year. This rise is directly linked to the current regulation in Latvia, which removes the mandatory blending of biofuels.

| Year | 2023 | 2022 | 2021 |
|--|---------|---------|---------|
| GHG emission intensity in Scope 1 and Scope 2, kgCO ₂ e/EUR | 0.237 | 0.321 | 0.364 |
| Scope 3 GHG emission intensity, kgCO ₂ e/EUR | 106.010 | 101.818 | 117.104 |



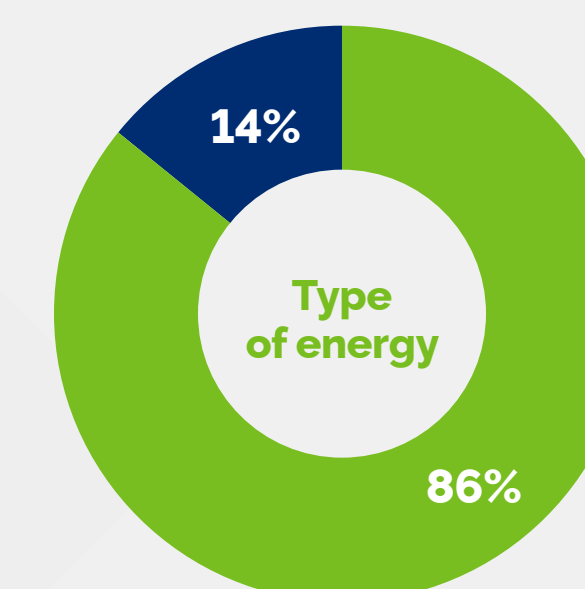


Energy consumption

The values shown below are electricity consumption from fuel stations (without franchises, without tenants), Aizkraukle office, Avotu oil base and Riga office.

| Type of energy | Value | Unit |
|--|---------|------|
| Total energy consumption from fossil fuels | 8174.37 | MWh |
| Total energy consumption from nuclear sources | No data | MWh |
| Total energy consumption from renewable energy sources | 7041.42 | MWh |
| Fuel consumption from renewable energy sources | 98.28 | MWh |
| Consumption of electricity, heat, steam and cooling from purchased or extracted renewable energy sources | 6963.89 | MWh |
| Consumption of self-generated renewable energy other than fuels | 348.5 | MWh |
| Fuel consumption from coal and coal products | 0 | MWh |
| Fuel consumption from crude oil and oil products | 339.16 | MWh |
| Fuel consumption from natural gas | 267.95 | MWh |
| Fuel consumption from other fossil energy sources | 0 | MWh |
| Purchased district heating energy | 39.84 | MWh |
| Consumption of electricity, heat, steam or cold from purchased or extracted fossil energy sources | 0 | MWh |
| Non-renewable energy produced | 0 | MWh |
| Renewable energy produced | 368 | MWh |

| Type of energy | Share, % |
|---|--------------|
| Percentage of energy consumption from nuclear sources in total energy consumption | No data |
| Renewable energy as a percentage of total energy consumption | 86 % |
| Percentage of fossil energy in total energy consumption | 14 % |
| Energy intensity (total energy consumption per net revenue) | 1.13 kWh/EUR |



- Percentage of fossil energy in total energy consumption
- Renewable energy as a percentage of total energy consumption



Pollution

Pollution control and mitigation is one of the key elements of the *Virši* environmental management policy. The company's objective is to responsibly manage the environmental impact of fuel trading, reduce pollution, and ensure compliance with Latvian laws, regulations, and the requirements set by the State Environmental Service.

The company has identified the activities, substances and products that have an impact on air, water and environmental pollution.

| Environmental aspect | Environmental impact | Type of pollution | Tools and resources to control and reduce pollution |
|---|--|---|---|
| Carriage of fuel | ▶ CO ₂ emissions | ▶ Air pollution | ▶ Renewed fleet of logistics vehicles, route planning |
| | ▶ Fuel leaks | ▶ Environmental pollution ▶ Soil contamination | ▶ Following the instructions for transporting fuel |
| Refuelling customer vehicles | ▶ Emissions of volatile organic compounds (including benzene, toluene) | ▶ Air pollution | ▶ Regular monitoring of emissions in accordance with the facility's Category B permit and Category C certificates issued by the State Environmental Service (hereafter – the Permit), use of fuel vapour extraction systems |
| | ▶ Fuel spills or local leaks | ▶ Environmental pollution | ▶ Available absorbent, use of the most innovative technologies, staff training, regular monitoring of wastewater. Clear action plan, anti-infiltration cover at fuel dump/filling point, daily visual inspection |
| Methane refuelling in vehicles | ▶ Methane emissions | ▶ Air pollution | ▶ Regular monitoring of emissions in accordance with the Permit issued by the State Environmental Service |
| Liquefied petroleum gas refuelling in vehicles | ▶ Propane, butane emissions | ▶ Air pollution | ▶ Regular monitoring of emissions in accordance with the site permit issued by the State Environmental Service |
| Shop operations and infrastructure maintenance | ▶ Refrigerant leakage | ▶ Ozone-depleting air pollution | ▶ Regular inspection of equipment, temperature measurement, maintenance, leak tightness testing in accordance with laws and regulations, timely replacement of equipment |
| | ▶ Waste | ▶ Environmental pollution | ▶ Waste sorting, volume accounting, offering separate waste collection to customers |



Pollution control and monitoring are conducted in accordance with the permits issued by the State Environmental Service and the requirements of relevant laws and regulations. In 2023, the company received 43 Category B Permits for polluting activities and 25 Category C certificates for polluting activities. Polluting activity Permits are an important instrument for environmental protection, setting emission limits, regular monitoring of air, groundwater and reporting on the implementation of environmental protection measures.

The most significant environmental impact factor for *Virši* is air emissions of fuel. Air pollutant emissions are in compliance with the pollutant limits set in the Permit. In 2023, none of the 68 natural resource tax sites exceeded the emission limit values for volatile organic compounds (including benzene and toluene), propane, butane and methane.

Safety, storage, and environmental protection requirements specified in the safety data sheets are observed when handling chemical mixtures. The volumes sold are regularly accounted for in accordance with the requirements of laws and regulations.

To control fuel emissions and ensure the efficiency of the Stage II vapor recovery system, inspections of fuel filling equipment were carried out at 66 fuel stations in 2023. The result of the audit confirmed the effectiveness of the system and its compliance with the requirements of laws and regulations.

Substances emitted to air from emission sources in 2023

| Name | t/year | Compliance with emission limits in Permits for polluting activities |
|-----------------------------------|---------------|--|
| Volatile organic compounds, incl. | 17.9231 | Compliant, limits not exceeded |
| Benzene | 0.0462 | Compliant, limits not exceeded |
| Toluene | 0.2586 | Compliant, limits not exceeded |
| Kerosene | 0.0395 | Compliant, limits not exceeded |
| Petrol | 2.2133 | Compliant, limits not exceeded |
| Propane | 0.0647 | Compliant, limits not exceeded |
| Butane | 0.0432 | Compliant, limits not exceeded |
| Methane | 0.0051 | Compliant, limits not exceeded |

Through a fuel supply chain assessment, the company has identified the stages of fuel supply and use where it can reduce pollution and emissions:

- ▶ The company selects manufacturers and suppliers that demonstrate an environmentally friendly policy for major purchases (fuel supplies);
- ▶ The company rationally plans fuel supply routes and volumes to reduce transport-related emissions;
- ▶ The company uses the latest generation of STAGE 1 and STAGE 2 vapour recovery systems to reduce pollution;
- ▶ The company provides an anti-infiltration surface in the working area near the fuel tanks.



Stormwater and groundwater monitoring is carried out in accordance with the timeframes set out in the Permits to control environmental pollution. The monitoring includes control of pollutant concentrations in accordance with the concentration limits set out in Cabinet Regulation No. 34 of 2022 “On the Emission of Pollutants into Water”.

| Pollutant, parameter | Concentration limit value, mg/l | Compliance |
|--------------------------|---------------------------------|--|
| Suspended substances | 35 | 68 sites with no exceedences |
| Oil product hydrocarbons | Film | 68 sites with no exceedences |
| Total oil hydrocarbons | 1000 | 64 sites with no exceedences 4 historically contaminated sites have exceedences |
| Benzene | 5 | 64 sites with no exceedences 4 historically contaminated sites have exceedences |
| Toluene | 50 | 64 sites with no exceedences 4 historically contaminated sites have exceedences |
| Ethylbenzene | 60 | 64 sites with no exceedences 4 historically contaminated sites have exceedences |
| Ksilols | 60 | 64 sites with no exceedences 4 historically contaminated sites have exceedences |
| BTEX, total | None | 64 sites with no exceedences 4 historically contaminated sites have exceedences |

There are four fuel stations in the *Virši* network with historical oil pollution, where the concentration limits for pollutants are exceeded. In accordance with Category B permits and the Law on Pollution, a remediation programme has been developed to address oil contamination in soil and groundwater at the sites. The aim is to clean and remediate the site to a level where human health or the environment is no longer at risk, allowing the site to be used for specified economic activities.

(A set of documents has been developed to address the negative environmental impacts of incidents or emergencies: occupational safety, fire safety instructions, CAP, RANP, notification scheme, a document titled "Handling Contingencies and Non-standard Situations". Regular theoretical and practical training is provided in civil protection, fire safety, occupational safety and environmental protection, including contingency and non-standard situations.

The company's environmental management strategy and the resources required for its implementation are approved by the company's board of directors. The environmental management functions are carried out by the Quality, Sustainability and Environment Unit, which prepares Permit applications, organises environmental, including

pollution, monitoring, maintains the environmental management system, prepares reports and statistics, participates in employee education activities and monitors environmental performance for compliance with regulatory and other binding requirements. In line with these functions, financial and other resources are allocated for environmental management.

In the context of the European Union's Zero Pollution Action Plan, *Virši* is improving its wastewater treatment infrastructure, monitoring the environment and reducing emissions to the atmosphere through innovative technologies.

The following targeted environmental protection activities are planned for 2024:

- ▶ To reduce the energy used by stations in relation to the store's turnover;
- ▶ installing segregated collection waste bins;
- ▶ reinforcing the bund of the fuel tanks in the tax warehouse;
- ▶ replacing the anti-infiltration proofing;
- ▶ mitigating the effects of historical pollution by designing and implementing a new programme of remediation works.



Resource use and circular economy

The core business of *Virši* is fuel and goods retail, so embracing circular economy principles is key to achieving company's sustainability goals. This not only reduces waste and over-consumption, but also brings financial benefits to both the company and our customers.

We have assessed the life cycle impact of our key products and services, with *Virši* coffee as one example. For this product, which is also important for our customers, we have identified the life cycle from growing the coffee, transport to Latvia and roasting using the latest technology. Due to the high volumes of coffee delivered to *Virši* gas stations, we have replaced standard (LDPE, PP) disposable packaging with refillable coffee containers. We choose sustainable and recyclable packaging for our coffee cups. We are also working on a beneficial use of coffee grounds, currently recovering energy

from them in biogas reactors. To reduce waste, we offer a 25% discount to customers who choose to buy their coffee in their own takeaway cups, and the number of customers who choose to buy their coffee in own cup has increased by 209% compared to 2022. Likewise, in 2023, we started offering customers the option of buying their coffee in edible cups which can be consumed after drinking.

For other key products, the use of more circular materials is also being assessed in order to reduce the use of primary raw materials and to promote the use of renewable resources. Examples include the option of sorting waste at gas stations and alternative packaging for *Virši* products. For example, the volume of windscreen washer fluid sold in 2023 has increased by 6.5% compared to 2022.

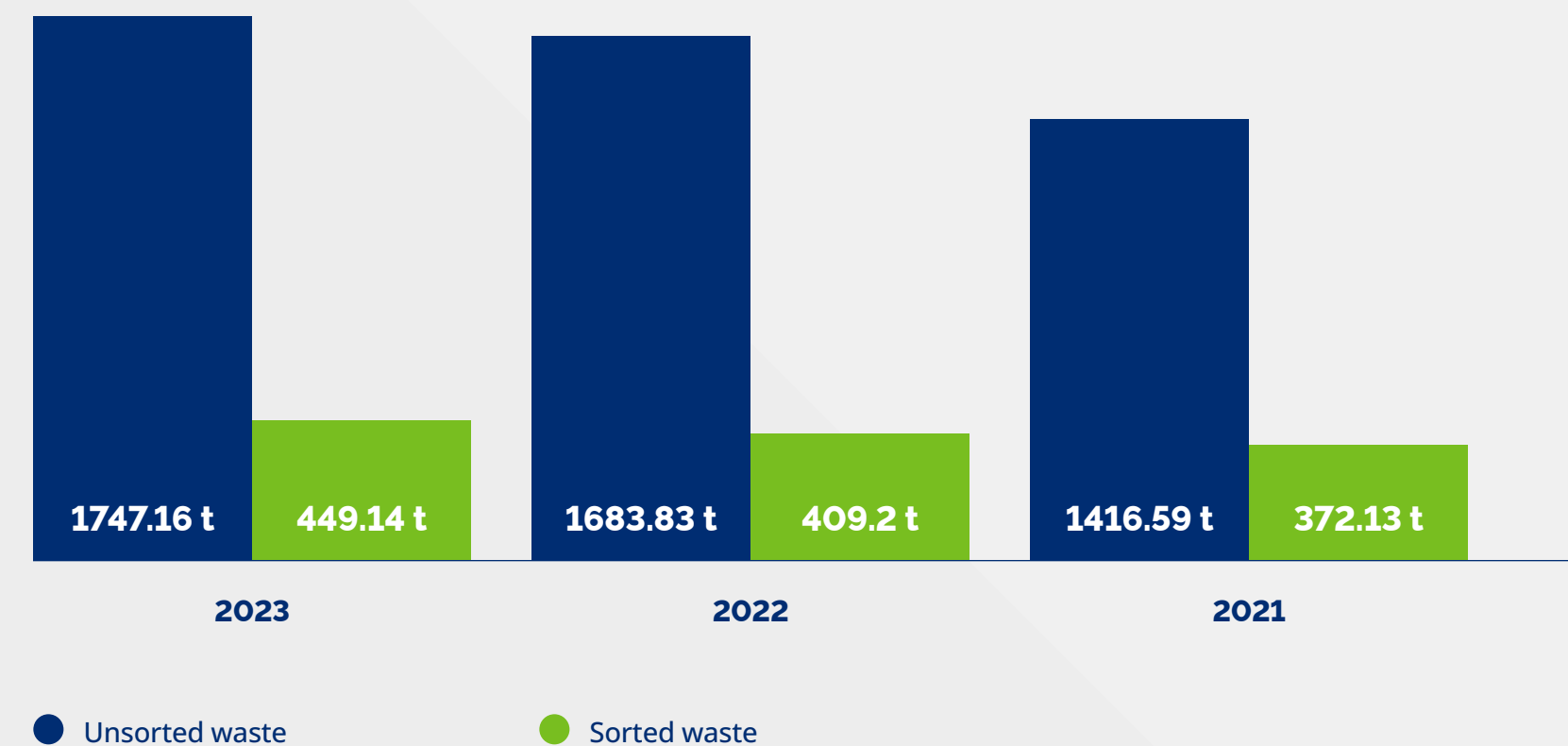




Waste

Sustainable waste management is one of the key elements of environmental management for us, in Virši. As the number of customers grows, so does the volume of waste every year. Waste management is carried out in accordance with the Waste Management Law and the regulatory enactments of the municipal binding regulations.

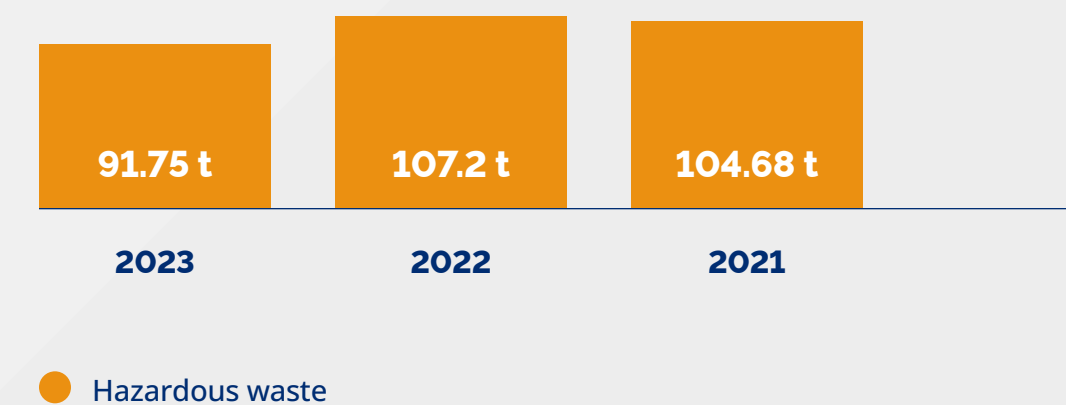
Waste is sorted out by staff and segregated waste bins are available for customers in the station area, allowing them to take part in waste sorting. Employees are obliged to separate recyclable packaging (paper, plastic, glass), to handle hazardous waste (used absorbent and batteries) responsibly, as well as recycle coffee grounds. Waste sorting is closely linked to reducing emissions.



As part of a proactive approach, the staff are regularly educated on sustainable waste management.

In Latvia, hazardous waste management is a key issue in the context of environmental protection and public health. Hazardous waste is material that can pose risks to human health or the environment, so proper management of such waste is crucial.

Hazardous waste is generated at gas stations as part of the fuel product quality assurance process – regular cleaning of fuel tanks and preventive cleaning of storm water treatment plants. The volume of hazardous waste is affected by the volume of prevention work. Hazardous waste – used absorbent – is generated during the collection of fuel spills at refuelling stations.



In 2023, the largest amount of hazardous waste (67.3 tonnes) was generated by remediation of petroleum contamination at historically contaminated sites and preventive cleaning of storm water treatment plants to ensure effective wastewater treatment.

| Class | Name | Volume, tonnes | Origin |
|--------|---|----------------|---|
| 130507 | Oily water from oil and water separator plants | 67.3 | remediation works, cleaning of storm water treatment plants |
| 150202 | Absorbents, filter materials (including oil filters n.e.c.) | 1.95 | collection of fuel spills |
| 160708 | Waste containing petroleum products | 22.5 | cleaning fuel tanks |

Hazardous waste is separated and temporarily stored in specially marked containers at gas stations. Waste is transferred to duly licensed companies in accordance with the regulatory framework.

Textile sorting and management is an essential part of environmental protection and sustainable development, so in 2023, textile sorting containers were available at 16 Virši gas stations under cooperation agreements to promote textile recycling in Latvia. Sorting textiles promotes a sustainable relationship between consumption and resource conservation. Recycling helps to reduce the production of new products, thus reducing carbon emissions and environmental impacts.



S – Human-to-human

**We value respectful
attitude towards each
other and our clients**



Employee well-being and consumers (S1, S4)

Own workforce

Virši is one of the largest and well-known employers in Latvia, and in line with the company's strategic goals, we aim to be a TOP10 employer in Latvia by 2026. The company has a united workforce of employees of different generations and educational levels, and we do not tolerate any discrimination on the grounds of a person's race, colour, sex, age, disability, religious or political beliefs, national or social origin, sexual orientation,

marital status, pregnancy, presence or absence of children, religious affiliation, etc. We believe that creating an inclusive work environment facilitating employee growth and professional fulfilment in a dynamic working environment is essential to achieving the company's strategic goals. Our HR policy aims to attract the best talent available to contribute to a responsible and sustainable development of the company.

S – Human-to-human





Employees diversity indicators

Total number of employees, including by gender*

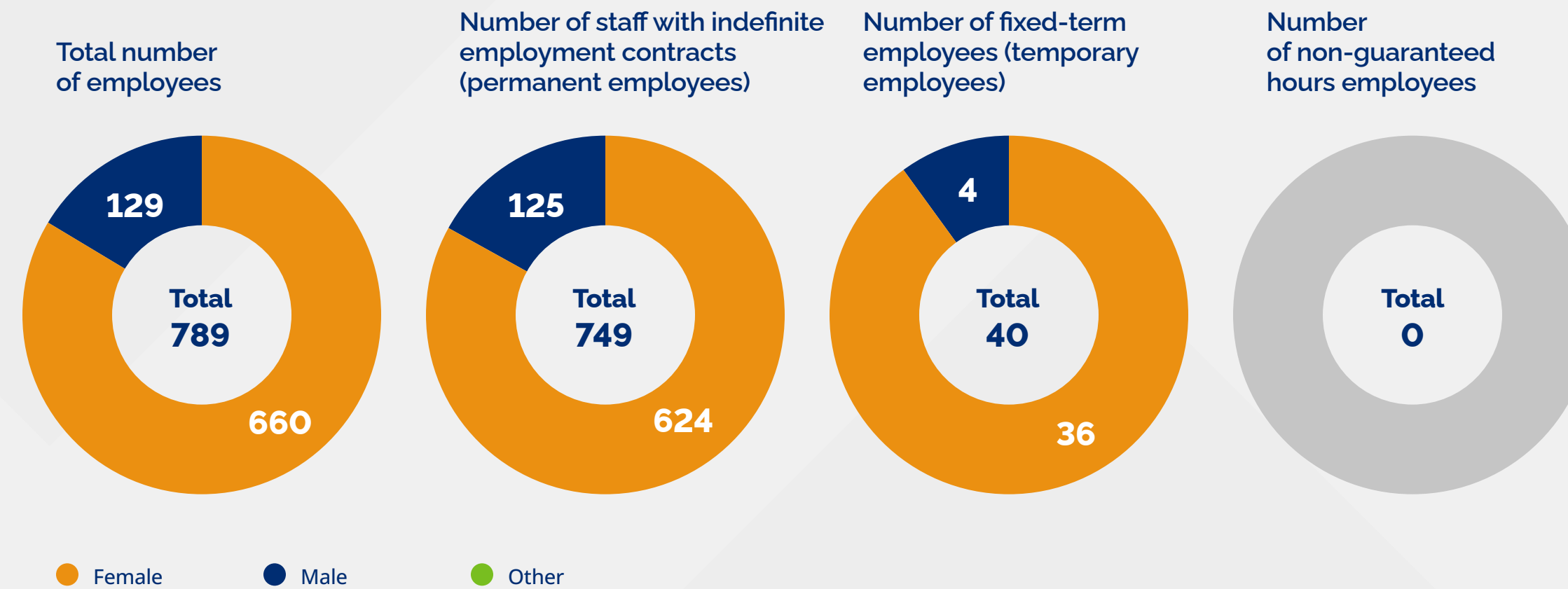
| Gender | Number of employees | % |
|------------------------------------|---------------------|-------------|
| Male | 129 | 16 |
| Female | 660 | 84 |
| Other | N/A** | N/A |
| No details provided | 0 | 0 |
| Total number of employees | 789 | 100% |
| Average number of employees | 756 | |

* All data on employees numbers, proportions given are as of 31.12.2023, including employees on parental or maternity leave, excluding trainees and freelancers.

** Not applicable.

The proportion of women in our workforce is high – in 2023, 84% of employees were women and 16% were men, confirming the findings of several studies that female-dominated jobs are common in the retail sector.

Number of employees by type of employment, including by gender Reference year – 2023

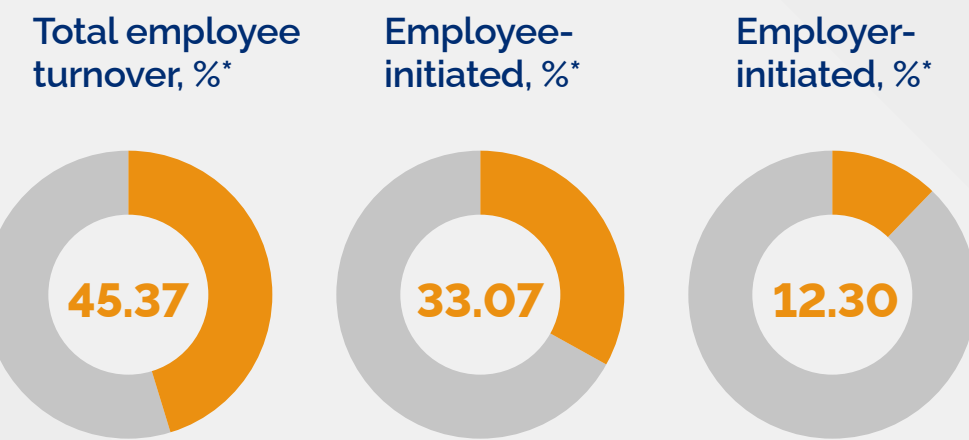


Most employment contracts have an indefinite term. Meanwhile, 40 employees or 5.07% of the total number have fixed-term contracts. Accordingly, 7 persons (non-employees) were employed on the basis of an Internship Contract and an Service Contract during the reporting period.



Employee turnover

Number of redundancies **343**

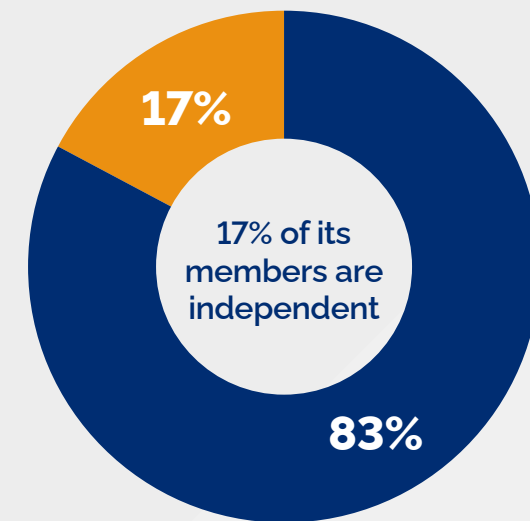


* Number of redundancies vs. average number of employees.

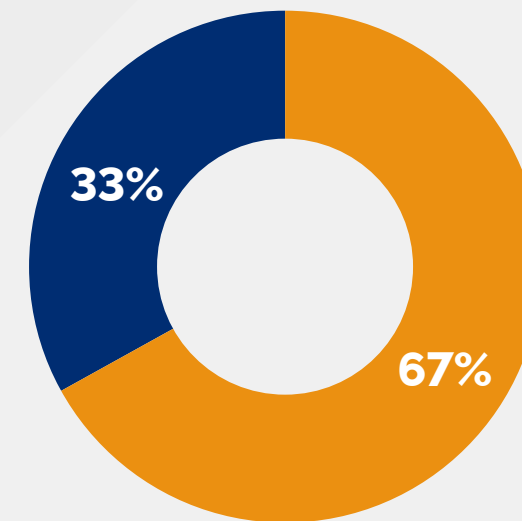
High employee turnover is typical of the retail sector, and one of the objectives of the Human Resources Department is to reduce employee turnover each year through various tools, especially in the gas station network. We continue to work on creating a positive employee experience, for example by reviewing the employee benefits basket on a regular basis, measuring employee job satisfaction and engagement, calculating the eNPS (*employee Net Promoter Score*), etc.

Diversity

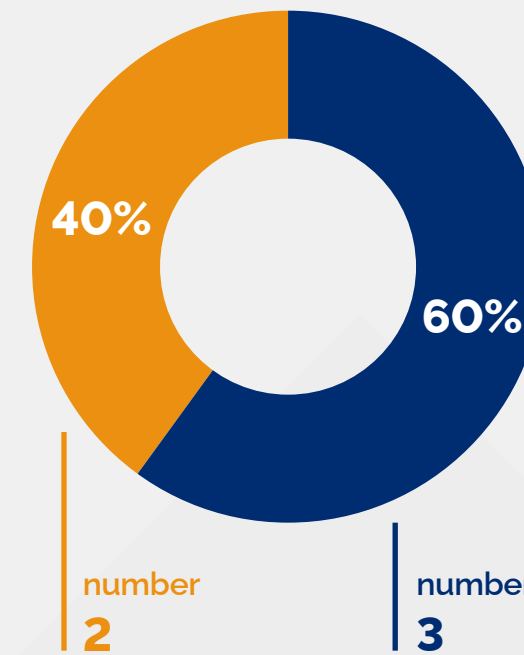
Council



Board



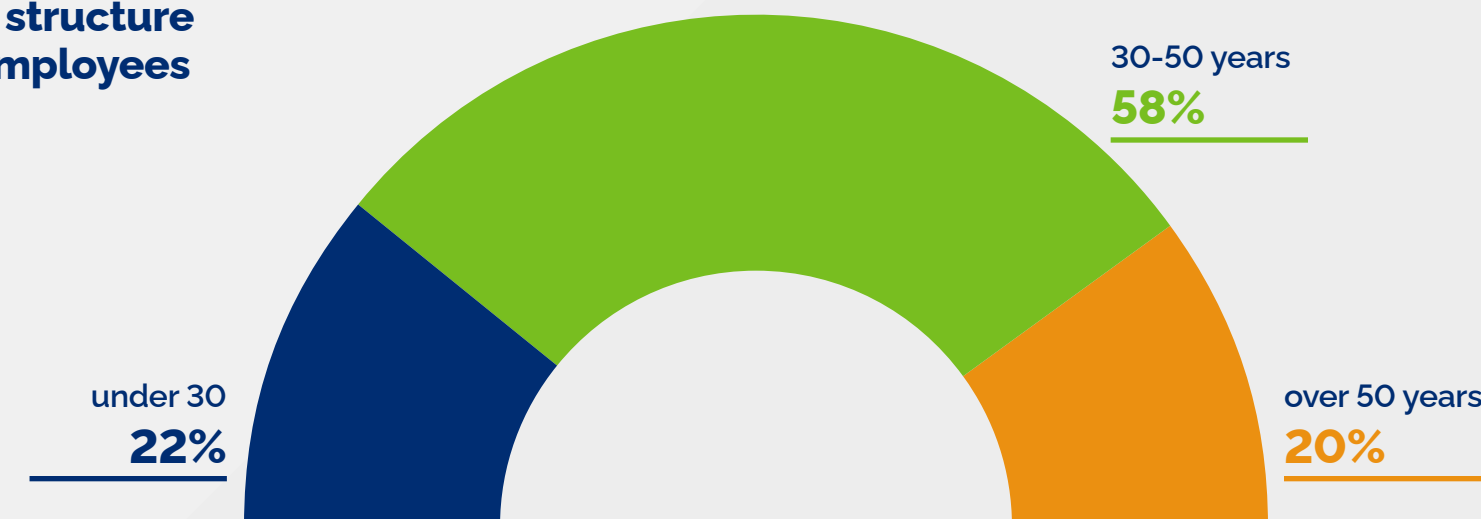
Senior management gender structure*



● Female ● Male

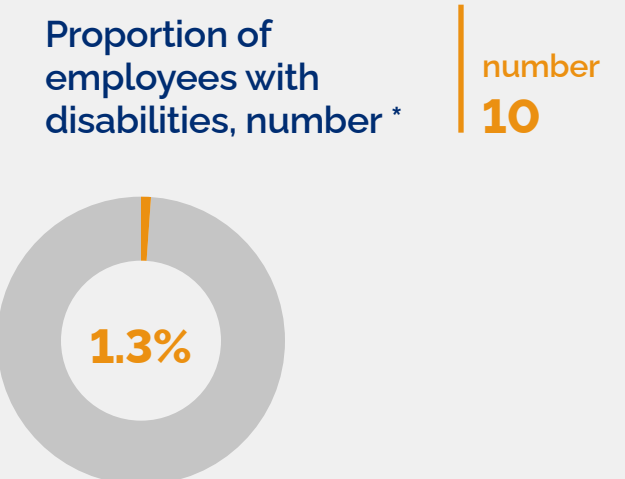
* Board, Board+.

Age structure of employees



Persons with disabilities

Virši also actively promotes the employment of different groups of people, including people with disabilities. We create an inclusive work environment by offering opportunities for people with disabilities to work in different areas of the company.



* According to the information available in the Electronic Declaration System of the State Revenue Service, disclosed by employees voluntarily in order to be eligible for statutory benefits.



Employee engagement, social dialogue

Virši employees are neither unionised, nor have they entered into a collective bargaining agreement, however, the company is working hard on a daily basis to ensure that, in addition to their statutory rights, employees have access to additional benefits enhancing their job security, growth, and well-being.

Virši engages its employees in decision-making through employee surveys and motivates employees to get engaged in recruiting new employees via bonuses in the Group's benefits basket. *Virši* conducts a semi-annual employee survey to get feedback on how employees rate working at *Virši*, how they feel and to what extent they would recommend *Virši* as an employer to others. After each employee survey, an eNPS (*employee Net Promoter Score*) is calculated with the potential score range from minus 100 to plus 100. If the eNPS score is between +10 and +35, the organisation has more ambassadors and employees who are happy with their employment, and it is a positive indicator of employee loyalty. We also encouraged each and every employee to express their thoughts and feelings about working in *Virši*, thus gaining a better understanding of the areas of improvement.

In 2023, 49% of employees took part in the survey, which is a good indicator not only in terms of representativeness of the survey results, but also of the active engagement of employees in the company processes, with eNPS +38.9 respectively achieved in the reporting period, suggesting that more employees in the organisation are satisfied with their employment. Managers target and analyse survey results, provide feedback to employees and work with their own teams to improve them. In 2023, the internal communication activity Idea Bank, launched in previous years, continued. The Idea Bank gives everyone the opportunity to talk about new, innovative or just good ideas, from employee convenience to customer expectations, product development ideas and improvements to existing business routines. Employees can easily submit their ideas on a dedicated website. Ideas are carefully evaluated by management, taking into account various important factors – the potential of the idea, the benefit to the company, the contribution required of the company, the relevance of the idea, etc. The management's assessment, explanation and project plans are then presented to the proposer. Every three or six months, the best ideas are compiled and evaluated. A total of 51 ideas were received in 2023.





To promote employee engagement, a Sustainability Working Group was also created at *Virši* in early 2023, with more than 25 *Virši* colleagues who were ready to tackle a variety of sustainability issues in addition to their direct responsibilities. The Sustainability Working Group meets on a regular, both in person and remotely, as well as visits other companies to exchange experiences on sustainability issues. The Sustainability Working Group discusses and debates, among other things, proposals to improve employee well-being.

The following topics were actively pursued:

- ▶ Life-cycle assessment and mitigation;
- ▶ Assessment of the sustainability of cooperation partners;
- ▶ *Virši* in-house classifieds portal for extending the life cycle of goods;
- ▶ Internal incentive scheme for employees to promote sustainability;
- ▶ Communicating sustainable lifestyles to colleagues and customers;
- ▶ Waste sorting and reduction at gas stations and offices in *Virši*;
- ▶ Sustainable car-pooling in the company
- ▶ etc.





Employee welfare

Virši cares for the well-being of employees by providing HRM practices in all 3 areas of well-being – financial, physical, and emotional. The well-being of employee has a direct impact on employee productivity, reduction of employee turnover and costs, thus contributing to employer's competitiveness. To maintain our position, we work on all the different aspects that make up a good working environment. In 2023, following the dynamic economic and labour market situation in the retail sector, the Group made improvement of the well-being of its employee one of its priorities by improving the employer's offer to employees.

Financial well-being – pay and benefits

The Group has an Employee Remuneration Policy which sets out the principles of remuneration: the remuneration scheme consists of a pay scheme, a performance scheme, a benefits scheme, and a training scheme.

Pay scheme

In the Group companies, salary is not gender-based. All employee have equal and clearly defined opportunities. Virši respects the principles of fairness and competitiveness in setting employee remuneration and variable share of pay. Every year, Virši participates in a salary survey to track changes in the labour market using data-driven information. The remuneration study is carried out by the service provider engaged by Virši. In addition to salary survey, the HR department monitors the changes in remuneration of the commercial sector employees on job advertisement portals on a monthly basis. In order to be able to provide a reasonable update of salaries from 1 January 2023, work on the segmentation of stations, taking into account their turnover, customer traffic, and other factors, was commenced already in autumn 2022.

Adequate wages

| | |
|--|-----|
| Proportion of employees paid an adequate wage according to minimum wage criteria, %* | 100 |
|--|-----|

* Employees receive the national minimum wage.

The retail sector, i.e. the gas station network, where the majority of our employees work, has predominantly female employee, thus creating a pay gap of 35.71% compared to male employees.



Performance management

Performance management aims to ensure that employee are assessed impartially. The annual performance assessment process helps to provide a structured way of assessing employee performance and defining development needs. The performance process is ongoing throughout the year and consists of several steps, including but not limited to setting objectives and targets, regular communication and feedback, drafting a development plan, etc. At the end of the year, a 360 and 180 degree feedback to managers is also arranged based on leadership competences developed by the company. As a result, the manager receives multifaceted feedback, with the opportunity to compare his or her own self-assessment with others' perspectives, as well as growth potential – helping the manager to better capitalize his or her strengths and areas for improvement.

Additional Benefits and Recognition

- Virši discount card** for employees and family member with special discounts in stores and on fuel
- Gifts** for milestone anniversaries
- Team-building** budget
- Events** for employees (seasonal, themed events, competitions, Virši birthday)
- Gifts** for 10 and 20 years of service
- Awards:** Employee of the Year, Manager of the Year, Best Newcomer, Best Project Team, Sustainability Initiative "Creating the Future Today"
- "Bring a Friend"** bonus
- Top 3 performing DUS/KUS teams** travel as a reward for meeting targets

Growth and development opportunities

- Participation in Virši Academy**
- Paid training and professional qualification** upgrade opportunities
- Career growth** opportunities
- Possibility to receive paid study days** (for writing a bachelor's, master's or doctoral thesis)

Paid additional holidays

- September 1** holiday for parents (grades 1-4)

Care about health, work environment and wellbeing

- Health insurance** with rehabilitation and prescription drug reimbursement and **accident insurance** after 1 month of work
- Compensation for the purchase of **spectacles** under OVP once every two years
- Ergonomic** working environment, modern work equipment
- Employee survey, idea bank, sustainability workgroups**
- Health** month

- 1 child** under 14 years old + **1 day**
- 2 children** under 14 years old + **2 days**
- 3 or more children** under 16 years of age or a disabled child up to 18 years old + **3 days**

Support for family life

- Possibility to buy **health insurance for a family** member at a more favourable price (once a year at the beginning of the insurance period)
- Gift** for first-graders
- Gifts** for children of employees at Christmas (until 14 y.o.)
- Allowance** on the birth of a child

- In case of death of a close family member + **2 days**

The Virši benefits scheme offers its employees a comprehensive basket of benefits - discounts on Virši products on a regular basis, insurance, extra vacation days, and more.



Training scheme

The company provides opportunities for professional growth and employee development in accordance with the Training Regulations. We understand the career development as the experience one gains throughout one's working life, not as a linear process with vertical progression or a "career ladder". A career is defined as the ability to continuously learn new skills and adapt to changing labour market trends. This approach contributes not only to personal development, but also to the overall competitiveness of the company, as employees are motivated to develop themselves.

Each year, training is planned and offered to employees in accordance with the company's objectives, priorities and needs, the budget allocated and where training is needed to acquire or maintain professional qualifications.

In 2023, one of *Virši* key priorities was to provide diverse training for employee and we continued to develop the *Virši* Academy, offering the first face-to-face training as well as distance learning opportunities. The mission of the *Virši* Academy is to provide long-term, meaningful support for the

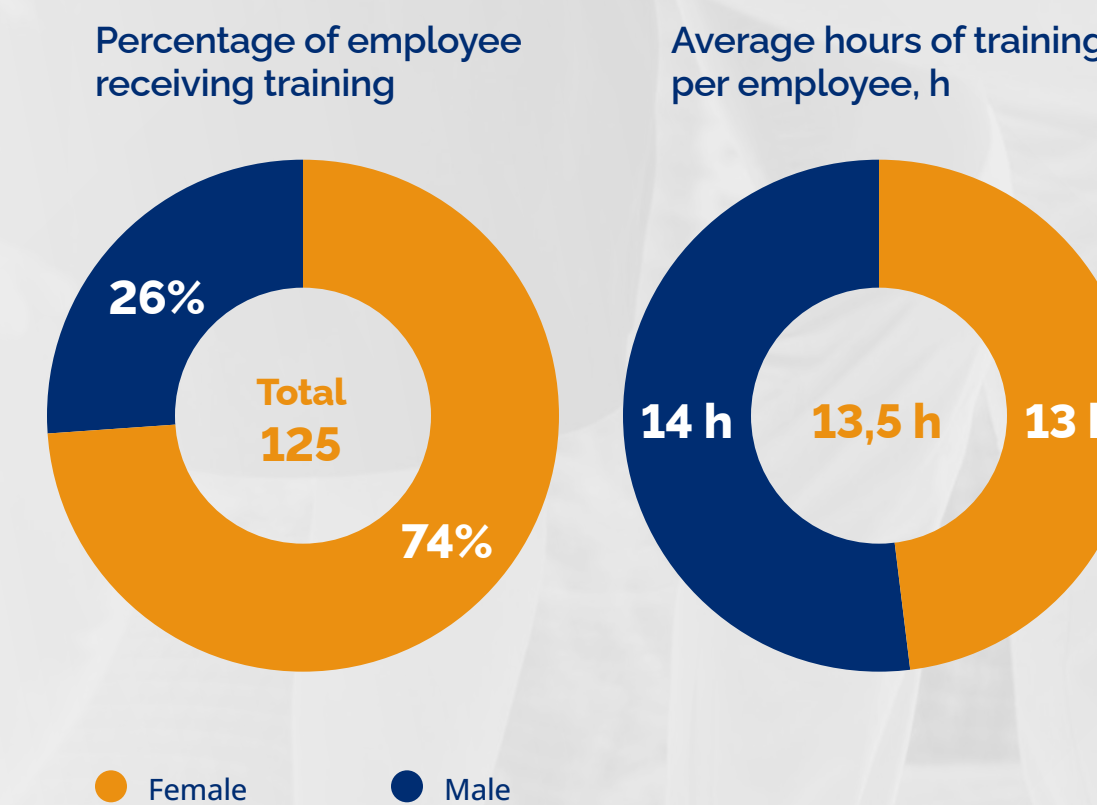
growth and development of employees in order to facilitate the alignment of employee competencies with company and market requirements, to enhance performance and promote a positive customer experience. To ensure overall internal communication, we created a *Virši* Academy section on the company's intranet, where we posted current videos about the company, our daily work and processes that are particularly useful and advisable for new colleagues. Through the *Virši* Academy, we provide comprehensive training and development opportunities for all gas station network and office employee with a primary focus on training for gas station network employee on topics such as:

- ▶ product knowledge;
- ▶ customer service and sales skills;
- ▶ gas station safety and maintenance;
- ▶ comprehensive training modules for gas station managers.

In addition to training for gas station managers, we also offer training in employee situation analysis and solutions.

The *Virši* Academy had *Virši* employees as in-house instructors delivering training programme(s) with the aim of supporting employee in developing their competences in a specific area and willing to teach on customer service, sales, and other relevant topics. Instructors were provided with professional support and growth opportunities, as well as other inspiring benefits.

Training and skills development indicators





Physical well-being – working environment, conditions, and safety

The company complies with occupational health and safety rules and requirements that help ensure a safe working environment and safe working conditions for employees, e.g. ergonomics (lifting tables where required), adequate lighting, microclimate, etc. All points of sales are equipped with CCTV cameras and alarms. The occupational safety officer organises training on occupational safety on a regular basis. Employees receive regular training and briefings on the importance of occupational health and safety. The working environment is supportive and inclusive of people of all ages, backgrounds, faiths, and nationalities. For more information, see section Occupational health and safety system.

Emotional well-being – respectful communication and support

Employee emotional well-being is an essential part of the working environment, as it affects employee productivity and loyalty. Emotional well-being is built through a supportive and positive work culture that encourages employees to express their thoughts, opinions, and feelings. The company encourages employees to discuss work situations, difficulties, and other relevant aspects with their line manager as a matter of priority. However, if such communication has not been fruitful, the employee is encouraged to approach a senior manager or the Human Resources Department to resolve the situation. *Virši* provides various support tools to help employees help themselves and feel good about themselves: health insurance, access to e-learning on open.lv, HR counsellors to help solve problems, etc.

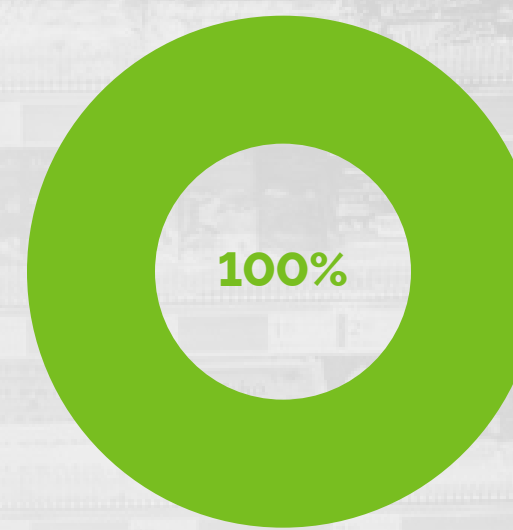
Support is provided in other ways as well, for example the *Virši* internal helpline for gas station employee was launched in early 2023. By calling this number, gas station employee get help and answers to the frequently asked questions on a daily basis, making *Virši* internal communication even more effective.

Social protection

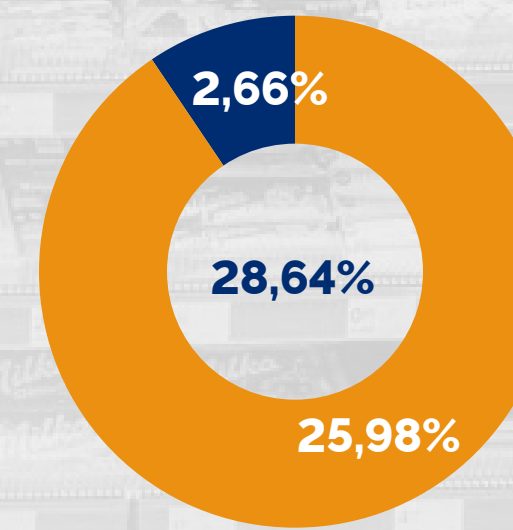
In accordance with the Group's and national policy, all employees of the Group have social insurance (100%). Group companies provide protection for employees in the event of sickness, unemployment, accidents, disability, pregnancy, parental leave, and retirement.

Work-life balance

Percentage of employees entitled to take family-related leave



Percentage of entitled employees that took family-related leave *



● Female ● Male

* Parental leave, supplementary leave (children's days), paternity leave.



Occupational health and safety system

The Group has a comprehensive and effective occupational health and safety system in place meeting both statutory and industry-specific requirements. The occupational health and safety system and the measures taken as a part of it can ensure safe and healthy working conditions, thereby guaranteeing the long-term health and safety of the Group's employees at work.

A safe and healthy working environment is our priority and is ensured through an annual risk assessment of the workplace and the necessary workplace protection measures, including appropriate workplace design, the development of instructions and procedures to determine the range of work practices and protective equipment to be used and the use of which ensures the safe performance of specific tasks in the workplace, training and briefings, provision of personal protective equipment, mandatory health checks, etc. Workplace risks are assessed by qualified occupational health and safety specialists from Group companies, with the additional engagement of the management of the relevant business unit and employees who are familiar with the workplace. This approach allows to identify the

potential hazards and health risks at workplace and as well as develop effective measures to mitigate them.

The occupational health and safety management system, which complies with the regulatory requirements, shall cover

| | |
|------------------|-----|
| employees, % | 100 |
| non-employees, % | 100 |

Number of fatalities as a result of work-related injuries and work-related ill health

| | |
|--|---|
| employees | 0 |
| non-employees | 0 |
| employees of cooperation partners working on company sites | 0 |

Number of recordable work-related accidents

| | |
|---------------|---|
| employees | 3 |
| non-employees | 0 |

Frequency of recordable work-related accidents

| | |
|------------------|-------|
| employees, % | 2.44* |
| non-employees, % | 0 |

Number of recorded cases of work-related ill health

| | |
|---------------------|---|
| number of employees | 0 |
|---------------------|---|

Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health

| | |
|--|----|
| | 19 |
|--|----|

* Ratio (number of accidents/total hours worked x 1 000 000) given in S1-14 (AR89).

Incidents, complaints

Group companies are committed to respecting and promoting human rights in all aspects of their daily operations. We have zero tolerance for human rights or ethical violations. The Group companies

comply with all restrictions on child labour as set out in the laws and regulations effective in the Republic of Latvia, including, but not limited to, refraining from employing children under the minimum age set out in the laws and regulations under any circumstances and not permitting any forced labour – employees have the right to freely terminate employment by giving prior notice to the employer within the time limit provided in the laws and regulations or in the contract. These principles, as well as the principles of respect for human rights (including labour rights), are set out in the Group Code of Business Conduct and Rules of Procedure.

Employees may report cases of discrimination via the procedures set out in the Code of Conduct, as well as in accordance with the procedure on the internal whistleblowing system and whistleblower protection. There were no reported cases of discrimination in the Group in 2023.

In 2023, *Virši* received two complaints from employees alleging violations of their rights and interests. After examination of both complaints, no irregularities were established.



Customer service policy

Customers* are Virši' most valuable resource and the company strives to provide the highest quality service meeting the needs of both private customers and businesses. The Group companies respect customer values and long-term relationships by offering convenient, innovative, and environmentally friendly solutions. *Virši* focuses on comfort, quality, and sustainability. All this contributes to customer satisfaction and loyalty which is an important factor in a company's growth.

Customers are a key stakeholder and strategic direction for Virši, and we ensure appropriate engagement to help us develop and shape our sustainability approach (see the Stakeholder section of this report for the type of engagement). We are aware that a customer who receives services meeting their needs, as well as easily understandable services, is satisfied and will recommend *Virši* as a service provider to others. Happy customers are also an existing company objective that is measured. The Group companies are tirelessly working on building their relationships with customers, using a number of modern approaches to help ensure customer satisfaction and loyalty. *Virši* focuses on several aspects of development of good customer relations:

- ▶ **Customer service** – we strive to provide fast, accessible, and professional service. In addition to fuel products, gas stations offer other services as well (e.g. fast food, convenience stores, car washing) that contribute to customer convenience and improved experience;
- ▶ **Loyalty programme** – we offer a loyalty programme that allows customers to acquire bonuses and discounts when purchasing fuel or other products. Loyalty programmes encourage regular returns and increase company's competitiveness;
- ▶ **Digital opportunities** – we use digital platforms such as mobile apps to make it easier for customers to make purchases and keep track of their loyalty points or get special discounts. This is particularly important in today's digital world where customers value convenience and speed;
- ▶ **Environmental and social responsibility** – we are environmentally and socially responsible, we invest in sustainable fuel solutions and strive to reduce our environmental impact, and it is important to many customers opting to support companies with greener and more socially responsible practices;
- ▶ **communication and customer feedback** – we strive to maintain good relations with our customers by offering convenient communication options for them to give their feedback and suggestions. We actively work to understand our customers' needs, tailor our services and improve the customer experience;
- ▶ **caring for people with disabilities** – we have implemented a number of measures to promote an inclusive environment at our service stations and other customer service points, such as access to stations – we have adapted infrastructure to ensure easy access for people with reduced mobility. This can include wider parking spaces, ramps, specially designed toilets and other amenities.



Investor relations

In order to promote accessibility, transparency, mutual trust and active shareholder engagement, *Virši* conducts shareholder communications based on Nasdaq Baltic's regulatory norms, corporate governance best practice principles and internal regulations. Shareholders are one of the company's involved parties, and thus *Virši* ensures timely and accurate information exchange, equal access to information and regular dialogue. Key activities include investor webinars, publication of material announcements on Nasdaq Baltic, loyalty programme and organisation of shareholder meetings. The Investors section of the company's website serves as a central source of information on financial results, sustainability initiatives and shareholder news. This approach helps to build trusted relationships and promote shareholder engagement in the company's development.

In view of a thorough effort to build customer relationships as a listed company, in February 2023 *Virši* received the Nasdaq Baltic Awards for Best Investor Relations on the First North stock market. This award reflects the company's high level of achievement in transparency, good corporate governance and investor relations. By becoming a listed company, the Group is pursuing a targeted investor relations strategy, implementing a shareholder loyalty programme from the end of 2021 and ensuring transparency in the company's development processes. In the interests of shareholders, customers and business partners, investments in network expansion and modernisation, as well as ambitious steps to enter new energy segments, provide a strong foundation for sustainable growth and increased corporate value over time.

Human rights in customer relations

In our work, we ensure observation and protection of human rights based on the principles prescribed by the most important human rights conventions, such as the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, etc. We have identified human rights that need to be ensured for our customers, such as the right to freedom of conscience and freedom to manifest one's views (protection of privacy and freedom of expression), the right to protected customer privacy (protection of privacy and personal data).

To protect customer privacy, *Virši* limits the collection of personal data, collects data by lawful means and ensures transparency about how data is collected, used and protected. Customer data security is one of *Virši* priorities and one of the Group's defined sustainability goals. *Virši* takes the necessary security measures to protect the data of natural persons and takes care of the privacy and protection of personal data of its customers, respecting the rights of its customers to the lawfulness of the processing of personal data in accordance with the applicable legislation – the Personal Data Protection Law, Regulation 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 circulation of such data and other applicable legislation on privacy and data processing. Group companies have privacy notices developed which are available on the *Virši* website, in offices and at points of sale.

All employee are provided with training on handling personal data to ensure that personal data are protected. Training on these topics is offered to both new and returning employee. Each employee member is reminded of their involvement, responsibilities and rights, as well as prohibitions, in the Feedback Management process.

Customers have the right to submit a complaint to the State Data Inspectorate if they consider that their personal data have been unlawfully processed by the Group. The Group invites to contact it in the first instance at datuaizsardziba@virsi.lv in order to find a prompt solution to the situation if personal data protection rights have been violated. In 2023, there were no complaints of customer privacy breaches or customer data losses.



Customer engagement and feedback channels

Group companies are aware that customer needs and expectations, as well as customer satisfaction, are crucial to ensure long-term cooperation and to build a company's reputation in the market. Owing to the various customer engagement processes in place – direct communication with customers, the Feedback Management System, customer satisfaction surveys, etc., *Virši* is improving its services to maintain and increase customer loyalty.

With regard to the Feedback Management System, the Group has set up a number of feedback channels where customers can submit feedback. In 2023, we expanded the feedback channels, and now the main channels, set up primarily with the aim of being reachable in an expeditious manner, are:

- ▶ the possibility to leave feedback on the company's website platform <https://www.virsi.lv/lv/nosuti-atsauksmi>;
- ▶ by calling the company's 24-hour Customer Service line +371 80 700 070, or by calling the employee who is the contact person for the specific contract;
- ▶ by email to atsauksmes@virsi.lv;
- ▶ by writing to staff email addresses;

- ▶ by word of mouth at the petrol stations;
- ▶ by filling in a form about an event on the premises of the service station, which the service station manager records in the Feedback Register;
- ▶ by contacting in social media (Facebook, LinkedIn, Instagram, Twitter, Threads).

Information on how to leave feedback or contact the company is available on the company's website, at the service stations and in staff handouts. Feedback can be also submitted anonymously, if the customer wishes so, via the <https://www.virsi.lv/lv/nosuti-atsauksmi> platform on the company's website.

We treat feedback, including negative one, with respect for confidentiality, privacy and data protection rights. The answer is provided using the contact details and the preferred method of communication (phone call, email or face-to-face meeting at the petrol station or office) provided by the customer. The situation is resolved according to the problem raised, taking into account the priority of the feedback and the nature of its content. The priority order of handling feedback helps to deal promptly with the most urgent situations or situations where the customer's health

or property has been affected. In the course of resolving feedback received, the parties involved, including customers, are contacted again to obtain more information about the situation or feedback and, where necessary, to provide information on the resolution. Product owners and other company employees are involved in the feedback process and are informed promptly when improvements are needed. Feedback is recorded and processed every day, it is an integral part of our daily routine, and we continuously improve the feedback management process to optimise our internal processes and deliver the best to our customers. The validity of the feedback is assessed. For complaints (claims) that are found to be justified, a root cause analysis is carried out and corrective actions are identified. The effectiveness of our feedback channels and mechanisms meets the criteria of the UN Guiding Principle 31 on Business and Human Rights (credibility, accessibility, transparency, fairness and transparency).



By analysing the full feedback lifecycle, it is possible to obtain information that helps a company to grow and develop, can provide valuable information from the customer's point of view and avoid specific situations by taking preventive action. *Virši* believes that every feedback, even a negative one, is an opportunity to reinforce the company's value in the eyes of the customer and society, and to show the customer that this is a truly important process in the company's growth and performance. By satisfying the needs of a particular customer, a company increases the loyalty of that customer.

The feedback management process also sets out how compensation is paid to customers for losses caused by the company. There is a compensation claim form that customers can fill in if there is a justified need, and they can also make a compensation claim by submitting a reference. Each situation is carefully assessed in order to provide the customer with a response or compensation.

The management and development of the feedback process is the responsibility of the Communications Manager and the results of the feedback analysis are used both as informative learning material at meetings of petrol station managers and extended management meetings and are shared with product owners to improve their processes.

To study the Group's customer satisfaction, we use an assessment of customer experience and loyalty, which results in a recommendation index (NPS, scored on a scale from -100 to +100). The Group therefore conducts an annual online survey with a research agency to provide an independent assessment of customer experience and loyalty and other issues of importance to us. In 2023, the Group's customer recommendation index or NPS index among those customers who visited *Virši* petrol stations in the last month reached +26. Compared to the 2022 summer measurement, *Virši* managed to significantly increase the NPS index, which was +13. The data is used to assess the company's strengths, weaknesses and improve its offerings and processes.

* Customer – contractual partners of the Group companies – both individuals and legal entities with which the Group company has a cooperation agreement, as well as other end users of our services and products, the general public

S – Human-to-human





G – Our strength is our roots

**A strong company
is aware of its roots.**

**Whatever tomorrow brings,
we always remember and
value our origins**



Governance (G1)

Corporate governance, prevention and detection of corruption and bribery

Corporate governance of the *Virši* Group companies is organised and implemented in accordance with good governance practices and regulatory enactments. *Virši* recognises that improving and enhancing corporate governance is an ongoing process and continues to do so on a daily basis. The principles and procedures of governance are enshrined in the Corporate Governance Code, which promotes sustainability, modern and efficient management and the rational and economically sound use of resources. The Corporate Governance Code is published on the company's website.

- ▶ **The Code of Ethics, and adherence to it, form the Company's business practices based on the fundamental principles of ethical behaviour and help the Company's employees to find answers to questions related to various ethical considerations.**

Employees are also guided by the Code of Conduct and the company's values when working with

the company's partners, and communicate these rules and values to partners. If a partner fails to respect these rules and values, the partner will be made aware of this, reported to the company's management, line manager or responsible authority, as appropriate, and the cooperation will be terminated if no agreement on a Code of Conduct-compliant cooperation can be reached.

The Code of Conduct is available on the Company's Human Resources Management System and/or on the Company's intranet (news page), in some cases at the workplace, and on the Company's website. We have presented the Code of Conduct to our staff and employees have acknowledged their familiarisation with it (acknowledgements are available both by physical signature and by electronic personalised acknowledgement in the HR Management System). The familiarisation is organised at the start of work and after the documentation has been updated.

Every employee of *Virši* has the right to report possible violations of the Code of Conduct. If an employee is unclear about the Code of Conduct and the resulting activities, or if the employee has identified a possible breach of the Code of Conduct,

the employee should first approach their line manager or the Head of Human Resources, and, if this is not possible due to objective circumstances, the company's Board of Directors.

The Chairman of the Board of Directors of the Company may, by order, establish a Code of Conduct Violations Committee to resolve disputes arising from the Code of Conduct.

In 2023, *Virši* received two complaints from employees alleging violations of their rights and interests. After examination of both complaints, no violations were found.

- ▶ **The Procedure on the Internal Whistleblowing System and Whistleblower Protection (hereinafter referred to as the "Whistleblowing Procedure") lays down how to report any possible irregularity or breach of laws and regulations, and provides a mechanism for the proper protection of whistleblowers.**

Under the Whistleblowing Procedure, any employee of the Company is entitled to report any misconduct detrimental to the interests of the Company,

including, but not limited to, theft of Company property, wasteful use of Company property, unfair business practices, etc.

In order to ensure that the information provided by whistleblowers is passed on to the Company's Board, to promote the protection of whistleblowers and to protect them from possible adverse consequences, the Company ensures that a secure and independent mechanism is established for the submission and review of whistleblower reports and designates a company whistleblower officer. Whistleblower reports are registered in the *Virši* records and kept in a separate file. The identity of the whistleblower is pseudonymised using the registration number of the report (letter and numbers). Once received, the Whistleblower Report is placed on the agenda of the next Board meeting.



G – Our strength is our roots

The whistleblowing procedure is available in the company's HR management system, on the company's intranet (news page) and in the company's offices from the office administrator or receptionist. We have presented the Whistleblowing Procedure to our staff and they have acknowledged familiarisation with it (acknowledgements are available by electronic personalised confirmation).

During the reporting period, there were no cases of alleged breaches of the Whistleblowing Procedures.

► **The Anti-Corruption and Conflicts of Interest Policy provides guidance on appropriate and ethical anti-corruption and conflicts of interest behaviour in specific situations (hereinafter referred to as the "Anti-Corruption Policy").**

Every employee has the opportunity and the obligation to report to the Board of Directors any suspected or attempted bribery or corrupt practices in cooperation with *Virši* or other potential or actual violations of this Anti-Corruption Policy, as well as any potential or actual conflict of interest. Employees are required to refrain from entering into transactions and/or making decisions in case

of doubt until further instructions from the Board of Directors of the Company.

Anyone can report via the *Virši* internal whistleblowing system.

Virši confirms and guarantees the confidentiality and adequate protection of the personal data of the whistleblower, including against any retaliatory measures. Reporting infringements or suspected infringements does not have negative consequences for future cooperation and/or established relations.

The anti-corruption policy is available in the company's HR management system and/or on the company's intranet (news page). We have presented the Anti-Corruption Policy to our staff and they have acknowledged familiarisation with it (acknowledgements are available by electronic personalised confirmation). Specific training may be organised on specific issues, using internal or external resources.

No cases of corruption have been reported or identified at *Virši* in 2023 (0 cases). Similarly, no contracts with counterparties were terminated

in 2023 for corruption offences, as there were no such offences and no public corruption proceedings against *Virši* or its staff during the reporting period.

In 2023, no fines (EUR 0) were imposed for non-compliance of the *Virši* activities with the laws and regulations on anti-corruption and conflict of interest.

In 2024, a detailed assessment of the company's functions and employees at risk of corruption is planned. This will result in a list of positions that are at risk of corruption.

In 2023, the company provided a number of training sessions to update staff on the latest internal regulatory enactments.

Cooperation with suppliers

In 2023, *Virši* continued to implement its supplier control system based on the Procurement Procedure approved by the Board in 2021, as well as the use of information technology solutions in the evaluation of tenders. Suppliers (legal entities) are checked for possible breaches of money laundering, tax and sanctions legislation before contracts are awarded.

Criteria for supplier evaluation, selection, performance monitoring and re-assessment are defined and used in line with the requirements of the Integrated Management System for Quality, Environment and Energy Management. Re-assessment of suppliers is carried out periodically, according to the specifics of the organisational units.



Political influence and lobbying activities

Virši does not support projects of a political nature and does not finance political organisations (parties) either directly or indirectly, thus in 2023 Virši did not provide any support to political organisations (parties) and their associations.

| Support for political organisations (parties), EUR | Financial | Other (in kind) |
|--|-----------|-----------------|
| | 0 | 0 |

The interests of the company are represented through the participation of Virši in non-governmental organisations. The decision on the Group company's participation in non-governmental organisations is taken by the company's Board of Directors and a representative is delegated. Participation of the Group companies in non-governmental organisations:

- ▶ Association of Fuel Traders and Manufacturers;
- ▶ Latvian Association of Personnel Management;
- ▶ Latvian Traders Association;
- ▶ Latvian Biogas Association;
- ▶ H2 Energy Community;
- ▶ Latvian Chamber of Commerce and Industry;
- ▶ Association "Solar Energy for Latvia";
- ▶ Upei (Europe's Independent Fuel Suppliers).

On certain issues of importance to the company, the representation of interests may be organised on an individual basis, e.g. cooperation with the Energy Market Department of the Ministry of Climate and Energy on issues of support to households in the area of energy cost recovery, net settlement system regulation, regulation of energy communities, capacity connection charges for electricity generation facilities.

As of 2023, there were no members appointed to the Virši Board and the Council who had a related position in the public administration or supervisory authorities in the 2 years preceding their appointment.

Payment practices

Group companies, in cooperation with their partners, apply reasonable payment terms to ensure balanced cash flows. Cash flow planning and payment procedures ensure timely payment of invoices, taxes and fees. Since 2018, AS Virši-A has been the Profound Cooperation Gold Client at the State Revenue Service, which, among other things, anticipates timely payment of taxes, as well as a responsible remuneration policy. During the reporting period, there were no legal proceedings related to the payment discipline of Group companies.

| Company | Debtor Days | Creditor Days |
|---------------------------|-------------|---------------|
| Group | 21 | 23 |
| Parent company AS Virši-A | 22 | 21 |
| SIA Virši Renergy | 36 | 39 |
| SIA Virši Logistika | 38 | 60 |



VIRŠI