EPSOG

Sustainability Performance Report for 2023

Amber Grid · Baltpool · Energy Cells · EPSOG Invest · Litgrid · Tetas

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INTRODUCTION

EPSO-G UAB (hereinafter - EPSO-G), is a state-owned group of energy transmission and exchange companies (hereinafter - the Group), which ensures the uninterrupted, stable transmission of electricity through high-voltage grids and the transport of natural gas through high-pressure pipelines, as well as the efficient management, maintenance and development of these transmission systems. The Group's companies operate and develop trading platforms for biofuels and timber to ensure transparent competition in the energy and timber markets, also manage 200 MW of total capacity and 200 MWh of total storage electric storage system. Group's companies also carry out electricity contracting projects and provide infrastructure operation services to low, medium and high voltage grid operators.

31 December 2023 The Group consisted of the management company EPSO-G, five directly controlled companies of the Group (LITGRID AB, Amber Grid AB, BALTPOOL UAB, TETAS UAB, Energy cells). Group companies also hold shares in GET Baltic UAB, Baltic RCC OÜ and TSO Holding AS as of 31 December 2023 (and at the time of preparation of this report). 18 July 2024 EPSO-G set up a new company, EPSO-G Invest, which main planned activities are project management and investments.

EPSO-G plays a key role in ensuring Lithuania's smooth and reliable transition to an energy system integrating large amounts of renewable energy sources, enabling the decarbonisation of the sector, initiating system interconnection projects and facilitating the exchange of climate neutral energy. EPSO-G activities are understood through the platform's business model. EPSO-G is working to create a coherent, transparent ecosystem based on uniform standards, facilitating exchanges between producers, suppliers and consumers, and creating value for society by empowering sustainable energy choices and contributing to national competitiveness.

EPSO-G group aims to transform the energy sector by striking a balance between environmental, social and economic objectives. The Group supports and endorses the global commitment to avoid the effects of climate change and to work towards limiting global warming to 1.5˚C above pre-industrial levels.

This Sustainability progress report for 2023 (hereinafter - the Progress report) provides an update on the progress of the Group's key sustainability-related performance indicators, in the implementation of both EPSO-G's 2022 Sustainability-linked finance framework (hereinafter - Finance framework) and EPSO-G's commitments under the prospectus for EPSO-G EUR 75,000,000 Sustainability-linked Bond of 7 June 2022, 3.117 per cent Senior Unsecured Sustainability-Linked Notes due 2027 (hereinafter - the Bond prospectus).

This report should be read in conjunction with EPSO-G consolidated annual report for 2023, which provides information on sustainability and other significant events in the Group. The consolidated annual report is presented together with the independent auditor's report on the audit of the separate and consolidated financial statements for the year ended 31 December 2023.

1. INDICATORS UNDER SUSTAINABILITY-LINKED FINANCE FRAMEWORK AND THE BOND PROSPECTUS

In 2022, EPSO-G announced a long-term Sustainability-linked finance framework that includes the Group's long-term sustainability key performance indicators (KPI) and sustainability performance targets (SPT). The first target is to reduce Scope 1 and Scope 2 greenhouse gas (GHG) emissions from the Group's operations by 50% by 2030 (market-based method) compared to 2019 baseline. The second target relates to the reliability of the electricity transmission grid - to ensure the lowest possible untransmitted energy rate of 136.255 MWh for the period 2022-2026.

EPSO-G Finance framework has been independently evaluated (Second Opinion Provider) by CICERO Shades of Green, an international climate and environmental research centre. It confirmed that the EPSO-G framework is in line with the international principles of sustainability bonds and loans. The independent assessment identified EPSO-G sustainability targets as ambitious compared to those of other similar companies operating in Europe. These targets are also identified as being broadly in line with the Paris Agreement's objectives for reducing climate change impacts.

On 1 June 2022, EPSO-G issued a sustainability bond, raising €75 million. This is the first sustainability-related bond issue in the Baltics. The five-year bonds were purchased by institutional investors from Lithuania, Latvia, Estonia and Sweden. The European Bank for Reconstruction and Development acquired almost a third of the issue for EUR 22.5 million. Interest of 3.117% per annum is paid on the bonds.

EPSO-G sustainability bond issue in 2023 has received international recognition. The first such issue in the Baltics was recognised as the most important event in the Baltic capital market at the “Nasdaq” Baltic Market Awards in New York. This assessment puts us on an even stronger path to sustainable development and to meeting our climate impact reduction targets. EPSO-G commits that the funds raised under the Finance framework will not be used for investments in the expansion or modernisation of the natural gas grid.

Targets and indicators in the Bond prospectus

Indicators (KPI)	Indicator baseline	Sustainability Performance Targets (SPT)
KPI 1: Scope 1 and 2 GHG emissions (tCO_2e) (market-based method)	2019	SPT1: Reduction of Scope 1 and Scope 2 GHG emissions (market-based) by 30% by 2026 compared to the 2019 baseline
KPI 2: Energy not supplied (ENS), MWh	No baseline	SPT2: Not supplied electricity not exceeding 136,255 MWh for the period 2022-2026

The sections below provide an overview of progress on these indicators. The market-based method has been used to calculate and compare Scope 2 GHG emissions in the KPI1 calculations and throughout the report. The location - based method is presented in the table in Chapter 2 for information purposes only and is not included in the objectives and comparisons.

2. PROGRESS IN IMPLEMENTING THE INDICATORS

FIRST INDICATOR (KPI 1): REDUCING SCOPE 1 AND 2 GHG EMISSIONS

EPSO-G Group's GHG emissions and progress towards reduction targets

GHG emissions	2019, tCO_2e^1 Baseline	2020, tCO_2e^2	2021, tCO_2e^3	2022, tCO_2e^4	2023, tCO_2e^5	Change in emissions in 2023 compared to the baseline, %	Target under the Bond prospectus (KPI1) for 2026, %	Target under the Finance framework (KPI1) for 2030, %
Scope 1	63,642	57,755	53,935	25,873	42,185	-34		
Scope 2 (market-based method)*	141,755	124,261	36,239	177,742	216,804	53		
Scope 1 and 2 (market-based method)	**205,397**	**182,017**	**90,174**	**203,616**	**258,989**	**26**	**-30**	**-50**
Scope 2 (location-based method)	60,060	92,475	77,609	90,748	57,298	-5		
Scope 1 and 2 (location-based method)	**123,702**	**50,230**	**131,544**	**116,621**	**99,483**	**-20**		

[1,2,3,4,5]*Recalculated due to changes in the electricity market-based method, methane [CH_4], sulphur hexafluoride [SF_6] emission factors and uncontrolled methane calculation methodology. The explanations are detailed in Chapter 3, "Methodology and Conversions for Calculating GHG Emissions".*

**Technological losses incurred in the "NordBalt" and "LitPol Link" interconnections are not included in Lithuania's energy metering balance and are therefore not included in the Group's GHG emissions calculation (according to the activity-based control approach). "EPSO-G" subsidiary Litgrid AB is not responsible for the electricity purchased by the "NordBalt" and "LitPol Link" interconnectors to cover technological losses in accordance with the contracts between the system operators.*

In 2023, Scope 1 emissions decreased by 34% compared to the recalculated 2019 value. Scope 2 emissions increased by 53%. Total Scope 1 and Scope 2 emissions increased by 26%. The increase in emissions in 2023 compared to the baseline is due to external factors (changes in emission factors), but not due to fundamental changes in activity. Despite external factors, the Group continues to work towards achieving its targets by implementing the Group's GHG emission reduction plans until 2030.

Group's GHG emission reduction measures and initiatives for 2023

The main measures in the Group's corporate GHG reduction plans focus on the most emission-intensive sources in the electricity and gas transmission activities.

- **Scope 1**

Scope 1 emission reductions include Amber Grid AB investments in mobile gas compressors, solutions to optimise the capacity of existing gas compressors, and purchases of special equipment for the reconstruction and repair of gas pipelines.

Measures to reduce GHG emissions also include electrification of the car fleet. By 31 December 2023, around 74%[1] of the Group's transport fleet had been electrified. By 2028, it is expected that all of the Group's road transport and some of its special vehicles will be less polluting.

The strategy and GHG emission reduction plan of the group company Litgrid AB foresees the installation of new transformer substations (TS) under reconstruction without sulphur hexafluoride (SF_6) gas. A total of 10 SF_6-free TPs are currently planned to be installed by 2030. In 2023, SF_6 gas emissions decreased by 40.8% (219 tCO2e) compared to 2022. One of the measures to avoid repeated leakages and SF_6 gas GHG emissions is better maintenance, whereby, in the event of a refill, when it is 6 months or less since the last refill, an investigation is carried out and measures to prevent leakage are planned (usually repairs and replacement of seals). SF_6 leakage is also affected by external, uncontrollable factors such as temperature changes. There is a trend that as the air temperature drops, the number of signals received from the TPs increases due to the reduced SF_6 gas pressures in the equipment.

- **Scope 2**

This is the Group's most significant GHG emissions scope, which accounted for 84% of the Group's total GHG emissions from Scope 1 and 2 activities in 2023. It covers technological losses in the electricity transmission grid caused by ongoing grid reconstruction works and related planned and unplanned disconnections.

The main trends and measures to reduce Scope 2 emissions are renewable electricity generation for self-consumption and greening solutions to cover electricity process losses. These include Power Purchase Agreement and Guarantee of Origin plans. An action plan on solutions for greening electricity technological losses has been developed for 2023. A 60% reduction in technological losses is expected by 2026 and a 100% reduction by 2030. A market survey for the purchase of long-term electricity contracts for technological losses is foreseen in 2024.

- **Other initiatives**

At the end of 2023, the Group submitted an application to align its GHG emissions targets with the Science Based Targets Initiative (SBTi). In 2024, the Group's GHG reduction targets are expected to be modelled and near-term targets are expected to be submitted for alignment with SBTi. This step will ensure that the Group's targets and associated mitigation plans are aligned with a warming scenario of up to 1.5°C.

[1] The calculation includes electric and plug-in hybrid vehicles in the Group's fleet.

SECOND INDICATOR (KPI 2): RELIABILITY OF THE ELECTRICITY TRANSMISSION GRID

We understand the reliability of the electricity transmission grid as grid that operate 24/7 without disruption. This requires analysing and assessing the country's long-term electricity consumption needs and planning and implementing appropriate investments to efficiently meet energy needs and ensure the required capacity of electricity transmission systems, system security and reliability, and access to different sources of electricity generation supply.

The indicator for KPI2 measures the energy not supplied (ENS) indicator, which measures the amount of electricity not supplied to the transmission grid due to interruptions in the transmission of electricity (through the transmission grid). ENS can form:

1) due to causes attributable to the responsibility of the electricity transmission system operator (TSO) Litgrid AB and for unidentified reasons (e.g. due to equipment failure, operator's employees' or contractors' mistakes in maintenance, repair or reconstruction works, faulty operation of relay protection and automation equipment);
2) force majeure and external influences (e.g. economic activities by third parties in the power line protection area, sudden changes in climatic conditions (strong winds, heavy rainfall, etc.)).

The table below shows the ENS indicators over the 2023 reference period. For information purposes, the table shows the number of cases of ENS. Information for the previous reporting period (2022) is also provided for comparability purposes. The methodology used to calculate the ENS indicator for 2023 remains unchanged compared to the methodology used to calculate the ENS indicator for 2022.

Reliability indicators for the electricity transmission grid of Litgrid, AB	Actual indicator for 2022, MWh	Actual indicator for 2023, MWh	Maximum (permissible) level set by NERC[3] for the regulatory period 2022-2026, MWh/year (annual rate)	Number of cases of ENS in 2022, pcs.	Number of cases of ENS in 2023, pcs.
ENS - for reasons attributable to the responsibility of the electricity transmission system operator (TSO) Litgrid AB and for reasons not specified	10.617	2.674		6	4
For unspecified reasons	0.000	0.000		0	0
ENS - for reasons of force majeure and external influences	28.074[1]	20.558[1]		6	8
due to force majeure	0.000	4.112		0	1
ENS[2] - in total	38.691	23.232	27.251	12	12

[1] – Regarding the ENS quantity of 28.074 MWh for 2022 (28.074 MWh due to external influences, 0 MWh due to force majeure), Litgrid AB wrote to NERC by letter No. 23SD-458 of 27/01/2023, submitting a list of unplanned ENS transmission outage events (with the relevant investigation documents), which, in the opinion of Litgrid AB, are exceptional, and requesting that these events be removed from the general register of Litgrid AB ENS indicators. Accordingly, the NERC Lithuanian Electricity System Reliability Assessment Report for 2022 is published here (hereinafter - NERC Report for 2022). The NERC Report for 2022 (page 36) indicates that the ENS indicator for 2022 did not exceed the minimum indicator level (i.e. the maximum (permissible) level) set by the NERC : *<...> In 2022, the actual ENS indicator was 10.62 MWh and did not exceed the minimum indicator level of 27.25 MWh. The amount of electricity not transmitted through the transmission grid for unspecified reasons was 0.00 MWh, and the amount of electricity not transmitted due to the operator's liability was 10.62 MWh <...>).* Regarding the ENS volume of 20.558 MWh for 2023 (16.446 MWh due to external causes and 4.112 MWh due to force majeure), Litgrid AB by letter No. 24SD-368 of 30/01/2024 addressed to NERC a list of the unscheduled transmission outage ENS events (with the relevant investigation documents), which, in the opinion of Litgrid AB, are exceptional, and requested to exclude these events from the overall register of Litgrid AB ENS indicators. Accordingly, the NERC Lithuanian Electricity System Reliability Assessment Report for 2023 is published here (hereinafter - NERC Report

for 2023). The NERC Report for 2023 (page 34) indicates that the ENS indicator for 2023 did not exceed the minimum indicator level set by NERC : *<...> In 2023, the actual ENS indicator was 23.232 MWh, which was within the minimum indicator level of 27.25 MWh. The amount of electricity not transmitted through the transmission grid for unspecified reasons was 0.00 MWh, and the amount of electricity not transmitted due to the operator's liability was 2.67 MWh <...>).* No formal response(s) from NERC on the indicators for 2022 and 2023 was received, but information was received by email(s) from the representative of the Electricity Division of NERC that NERC will provide a final conclusion on the ENS for 2022, 2023 and subsequent years (whether the 27.251 MWh/year threshold set by NERC is not exceeded) after the end of the entire regulatory period (2022-2026).

[2] – due to all causes (including force majeure (0 MWh and 4.112 MWh in 2022 and 2023, respectively)) and external influences (28.074 MWh and 20.558 MWh in 2022 and 2023, respectively)). Up to and including 2021, the NERC did not take into account power outages due to force majeure and external influences, i.e. the ENS, which should not have been exceeded, included the ENS indicator attributable solely to the responsibility of the TSO and for reasons that were not identified. Following the amendment of the NERC of the Description of Indicators for Reliability of Electricity Transmission and Quality of Service by NERC Resolution No. O3E-98 of 28 January 2021, the ENS indicator from 2022 onwards considers all transmission interruptions without any distinction of causes, i.e. it includes transmission interruptions due to causes attributable to the responsibility of the TSO, due to causes that have not been determined, as well as due to force majeure or causes of external influence (the indicators set out by the NERC for the regulatory period 2022-2026 are available here: *05/01/2022 NERC Certificate and material for NERC meeting of 13/01/2022;*; NERC *Resolution No. 03E-19 of 14/01/2022).*). For 2022 and subsequent years (up to and including 2026), the ENS target is not to exceed 27.251 MWh/year.

[3] The National Energy Regulatory Council (NERC).

3. METHODOLOGY FOR CALCULATING GHG EMISSIONS AND CONVERSIONS

The calculation of the GHG emissions of the EPSO-G Group companies was carried out in accordance with the international methodology of the “GHG Protocol. The Corporate Accounting and Reporting Standard" (hereinafter - the Standard). The calculation assesses direct Scope 1 and indirect Scope 2 GHG emissions resulting from the activities and impacts of the Group's companies. The Group has chosFen to use Scope 2 emissions calculated using the market-based method to set and monitor its sustainability targets. In accordance with the requirements of the Standard, the Group has chosen the activity-based control method for accounting for GHGs.

- Scope 1 GHG emissions

These are GHG emissions resulting directly from the Group's activities. These can be both stationary installations and mobile (e.g. cars) sources of pollution. In the Group's operations, this includes the combustion of natural gas in fixed installations, the release of natural gas into the environment during operation and repair, natural gas losses due to leaks, leaks of refrigerants (freons) in cooling systems, and transformer substation circuit breakers with SF_6 gas.

- Scope 2 GHG emissions

These are indirect emissions from the Group's operations from uncontrolled sources. This includes technological losses in the transmission grid, purchased electricity and heat.

Detailing the need for baseline and subsequent year re-calculations of Scope 1 and 2 GHG emissions

In 2024, EPSO-G revised its methodology for calculating the Group's GHG emissions in order to better estimate its GHG emissions. In accordance with the Standard and good practice in emissions accounting, the values for the baseline2019 and all subsequent years up to 2023 have been recalculated (rebaselining).

The main factors that influenced the review and recalculation of the Group's GHG emissions:

1) The review of the Group's GHG emissions data and accounting methodology found that the most up-to-date and robust Scope 2 electricity and Scope 1 gas [CH_4, SF_6] GHG emission factors had not been applied in the inventory of the Group's original GHG emissions. For the calculation of the EPSO-G group's GHG emissions for the period 2019-2023, a derived electricity coefficient from the third-party system “OneClickLCA” was used. The derivative coefficient was based on several databases and remained constant throughout the period. Taking into account the lack of supporting arguments and the fact that it does not accurately reflect the current, real and evolving situation in the electricity market, and taking into account the recommendations of the Standard, we have recalculated the electricity and transmission losses using GHG emission factors directly from the AIB (Association Of Issuing Bodies) database (the European Residual Mix Report).

2) As of June 2024, in implementation of the EU Methane Regulation and application of best practices for leakage calculation, the Methodology for Calculation of Natural Gas of AB “Amber Grid” (hereinafter - the Methodology) *"Consumption of Natural Gas for Technological Uses in the Gas Transmission System of AB “Amber Grid"* has changed, affecting the calculation of uncontrolled natural gas (methane) (Scope 1). The Methodology assumes that the main gas pipelines are made of steel and assumes that gases do not penetrate through the pipe walls and thus do not escape into the atmosphere. For this reason, the amount of gas leaking from the pipelines of the gas transmission system due to possible defects is only counted in cases where leaks in the gas transmission system are detected and identified. According to the Methodology, any leakage detected must be measured with available measuring instruments (leak detection devices). In order to make the data comparable, the emissions of the following GHG emission scope (uncontrolled methane) have been recalculated in accordance with the principles of the updated Methodology, i.e. for the baseline and the following years (2019-2023) and are provided in the table below.

		2019 (baseline)	2020	2021	2022	2023
Values under the methodology until 2024	tCO2e (EF 28)	13,205	13,205	13,787	15,066	14,551
Values according to the updated methodology	**tCO2e (EF 28)**	**409**	**409**	**402**	**444**	**457**
Difference	tCO2e	-12,796	-12,796	-13,385	-14,622	-14,094
Difference	%	-97 %	-97 %	-97 %	-97 %	-97 %

The 2019 baseline recalculations based on the updated emission factors and the 2024 update of the natural gas calculation methodology have resulted in a rebaselining of the 2019 baseline year Scope 1 and Scope 2 GHG emissions. All recalculations of GHG emissions for the subsequent financial reporting years 2020 - 2023 have been carried out to ensure comparability and to enable consistent monitoring of the Group's progress towards achieving its GHG emission reduction targets in line with the SBTi-based reduction pathway. This recalculation reflects more accurate GHG accounting principles and data (emissions quantities) and maintains consistency and comparability with industry best practices and requirements. The values of the Group's GHG emission recalculations are shown in the table below.

		2019 (baseline)	2020	2021	2022	2023
Primary values (scope 1 and 2)*	tCO2e	292,336	265,993	257,436	249,020	258,199
Recalculated values (scope 1 and 2)	**tCO2e**	**205,397**	**182,017**	**190,174**	**203,616**	**258,989**
Difference (Recalculated vs. primary)	tCO2e	-86,939	-83,976	-67,262	-45,405	790
Difference	%	-30 %	-32 %	-26 %	-18 %	0.3 %

**Primary values from the 2023 Annual Report and 2022 Sustainability Progress Report.*

4. CONCLUSIONS ON THE RECALCULATION OF THE KPI1 / SPT1 INDICATOR

According to EPSO-G management, the revision of the Group's methodology for calculating GHG emissions has enabled a more accurate calculation of Scope 1 and Scope 2 emissions. This revision of the methodology has led to a recalculation of the emission values for the baseline2019 and all subsequent years until 2023. The change in the baseline values for Scope 1 and Scope 2 emissions does not affect EPSO-G's operations or solvency and is not due to these factors. Although the 2019 baseline emissions are 30% lower according to the revised calculations, the Group remains committed to achieving the reduction target (KPI1 and SPT1). Accordingly, in the assessment and opinion of EPSO-G management, the revision of the methodology for the calculation of GHG Scope 1 and Scope 2 emissions does not affect the scope of the rights and/or obligations of Noteholders: EPSO-G continues to maintain its obligations to the Noteholders under the terms of the Bonds and the rights of the Noteholders remain unaffected. The application of the updated/revised GHG emissions calculation methodology allows for a more accurate calculation of GHG emissions and thus a more equitable fulfilment of the commitments made to Noteholders. For the reasons set out above, “EPSO-G” management considers that the change in the methodology for calculating GHG emissions does not have a material adverse effect on the interests of the Noteholders.

The independent Second Party Opinion Provider (SPO) S&P Global (Shades of Green from CICERO) has reviewed the changes “EPSO-G” has made to the KPI1 / SPT1 indicator and has confirmed that the changes to the Group's methodology for calculating its GHG emissions have no impact on the original SPO conclusion issued by the SPO for the Long-Term Finance Framework (see ANNEX I).

Signed by Mindaugas Keizeris,
CEO at EPSO-G

ANNEX I. INDEPENDENT REVIEW OF THE SUSTAINABILITY-LINKED FINANCE FRAMEWORK

S&P Global Ratings

Powered by legacy Shades of Green

EPSO-G

Independent Review of Sustainability-Linked Financing Framework Methodology Updates

November 13, 2024

This report was produced by Shades of Green using Shades of Green Methodology.
On December 1, 2022, S&P Global acquired Shades of Green from CICERO.

On May 11, 2022, we published a sustainability-linked finance framework second party opinion (SPO) on EPSO-G (referenced below). Subsequent to the publication of that SPO, EPSO-G reviewed its greenhouse gas emissions calculation and reporting methodologies with a goal of improving the accuracy and quality of its data and measurement approach. Based on that review, it updated the details of its KPI 1 methodology and SPT 1 baseline calculation originally described in its sustainability-linked finance framework published April 2022. This includes changes to its market-based electricity emissions factors, fugitive emissions (methane [CH_4] and sulfur hexafluoride [SF_6]) factors, and the calculation methodology. EPSO-G has requested that we review these changes to determine if they alter the findings of our original SPO.

Findings

We find that EPSO-G's updates to its greenhouse gas emissions calculation methodology for KPI 1 and baseline for SPT 1 do not alter the conclusions in our original SPO on EPSO-G's alignment with the Sustainability-Linked Bond and Loan Principles. Our review of these updates has been undertaken at EPSO-G's request to meet its April 2022 sustainability-linked finance framework commitment to seek a review of any KPI and SPT methodology changes with its SPO provider.

Referenced Documents

- EPSO-G Sustainability-Linked Financing Framework Second Opinion: original SPO provided by Shades of Green, now a part of S&P Global
- EPSO-G written explanation and recalculations to GHG baseline: internal spreadsheet provided by EPSO-G detailing changes to the EPSO-G KPI 1 methodology and SPT 1 baseline

This report does not constitute a rating action.

Independent Limited Assurance Report

To the Board of EPSO-G UAB

Introduction

We have been engaged by the management of EPSO-G UAB (the “Company”; together with its subsidiaries – the “Group”) to provide limited assurance on the Selected Information as described below and included in the EPSO-G Sustainability Performance Report for the year ended 31 December 2023.

Description of the underlying subject matter and applicable criteria

The underlying subject matter of this engagement is the calculation and disclosure of two performance indicators for the year ended 31 December 2023: a) Reduction of the Group's greenhouse gas (GHG) Scope 1 and 2 emissions (market-based) by 30% by 2026 compared to the 2019 base year (including the retrospectively recalculated baseline values of the GHG Scope 1 and 2 emissions for the year ended 31 December 2019 due to the changed calculation methodology), and b) the amount of electricity not transmitted (“ENS”) that would not exceed 136.255 MWh in the period 2022-2026, which the Company committed to comply with by distributing the Bonds(together – the “Selected Information”). The Selected Information is included in section *2. Progress in implementing the indicator* of the EPSO-G Sustainability Performance Report for 2023.

The scope of our limited assurance procedures was limited to the Selected Information as described above. We did not perform any procedures with respect to other periods or any other items included in the EPSO-G Sustainability Performance Report, except for the Selected Information, and therefore, we do not express any conclusion thereon.

We assessed the Selected Information using the criteria applied by the Company that are disclosed in the EPSO-G Sustainability Performance Report. The Group calculated the Scope 1 and Scope 2 GHG emissions based on the GHG Protocol Corporate Accounting and Reporting Standard and ENS based on the National Energy Regulatory Council (“NERC”) resolution dated 14 January 2021 no. 03E-19 "Regarding the determination of the minimum reliability levels of electricity transmission in Litgrid AB in 2022-2026 for the regulatory period" and the description of the reliability and service quality indicators of electricity transmission approved by NERC on 28 January 2021 in resolution no. O3E-98 (the “Applicable Criteria”). We believe that the Applicable Criteria are appropriate given the purpose of our limited assurance engagement.

Responsibilities of the management of the Company

The management of the Company is responsible for:

- designing, implementing, and maintaining internal control relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing internal methodology and guidelines for preparing and reporting the Selected Information in accordance with the Applicable Criteria;
- preparing and reporting the Selected Information in accordance with the Applicable Criteria; and
- the accuracy, completeness, and overall presentation of the Selected Information.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information has not been prepared, in all material respects, in accordance with the Applicable Criteria;
- forming an independent limited assurance conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Board of the Company.

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements other than Audits or Reviews of Historical Financial Information”, issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with the ethical requirements, and that we plan and perform the procedures to obtain limited assurance on whether the Selected Information has not been prepared, in all material respects, in accordance with the Applicable Criteria.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Professional ethics and quality control requirements

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with the ethical requirements, professional standards, and applicable legal and regulatory requirements.

Summary of work performed

For the purpose of our limited assurance engagement we have performed the following procedures:

- made enquiries and conducted interviews with the Company and its subsidiaries’ representatives responsible for collecting, managing, reviewing, and disclosing the sustainability data included in the EPSO-G Sustainability Performance Report related to the Selected Information;
- analysed the Group’s processes and controls relevant for the preparation of the Selected Information;

- tested ENS indicator as follows:
    - reconciled the total number of ENS events and total amount of electricity not transmitted due to disconnections for the year ended 31 December 2023 to the electricity transmission network operator Litgrid AB (subsidiary of the Company) working files;
    - agreed, on a sample basis, amounts of electricity not transmitted due to disconnections to the signed acts of investigation of relevant events provided by Litgrid AB;
    - assessed, on a sample basis, whether selected ENS events were classified to the same category (those caused by external influence or those attributable to the responsibility of electricity transmission network operator Litgrid AB) as reflected in the investigation acts of such events;
    - assessed, on a sample basis, whether ENS event have been recorded in accordance with the Applicable Criteria;
- tested GHG emissions as follows:
    - reconciled consolidated Scope 1 and Scope 2 GHG emissions of the Group for the years ended 31 December 2019 and 31 December 2023 to the Group's working files;
    - recalculated, on a sample basis, Scope 1 and Scope 2 GHG emissions for the years ended 31 December 2019 and 31 December 2023 based on the relevant emission drivers (e.g. kWh of technological losses in electricity distribution network) provided by the Company and the applicable Global Warming Potential ("GWP") factors used by the management;
    - assessed whether Scope 1 and Scope 2 GHG emissions are correctly classified in accordance with the definitions of Scope 1 and Scope 2 emissions included within GHG Protocol Corporate Accounting and Reporting Standard;
    - assessed whether Scope 2 GHG emissions are disclosed in accordance with the Scope 2 Guidance of the GHG Protocol Corporate Accounting and Reporting Standard.
- we reviewed the overall presentation of information in the EPSO-G Sustainability Performance Report to the extent relevant to our work.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Reporting and measurement methodologies

According to globally recognised standards, including GHG Protocol Corporate Accounting and Reporting Standard issued by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), there are three scopes of emissions that greenhouse gases (GHGs) can be divided to. GHG Protocol Corporate Accounting and Reporting Standard defines the methodology which the Company shall use to determine how to allocate the emissions into the respective scopes. Currently the Company only collects and reports Scope 1 and Scope 2 GHG emissions. When applying GHG Protocol Corporate Accounting and Reporting Standard, there might be a range of different, but acceptable, measurement and reporting techniques and / or inputs used for calculating GHG emissions. Management also needs to make significant judgment when defining the Group's organisational boundaries for the purpose of GHG calculations. These techniques and judgments can result in materially different reporting outcomes that may negatively affect comparability of GHG emissions calculated by the Group with GHG emissions calculated by other organisations. In addition, ENS performance indicator was calculated by the management of the Company based upon local reporting regulations applicable in Lithuania and hence may not be comparable with similar metrics used by other organisations in other jurisdictions outside of Lithuania. The Selected Information should therefore be read in conjunction with the Applicable Criteria used by the management, as described in section 2. Progress in implementing the indicators of the EPSO-G Sustainability Performance Report and for which the Company is solely responsible.

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the years ended 31 December 2019 and 31 December 2023 has not been prepared, in all material respects, in accordance with the Applicable Criteria.

Restrictions on use and distribution

This report, including our conclusion, has been prepared solely for the Board of the Company in accordance with the agreement between us, to assist the management in reporting the Company's sustainability performance and activities. We permit this report to be disclosed in the EPSO-G Sustainability Performance Report, which will be published on the Company's website[1]. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the management of the Company for our work or this report except where the respective terms are expressly agreed in writing and our prior consent in writing is obtained.

On behalf of PricewaterhouseCoopers UAB

Rasa Radzevičienė
Partner
Auditor's Certificate No.000377

Vilnius, Republic of Lithuania
19 December 2024

The auditor's electronic signature is used herein to sign only the Independent Limited Assurance Report

[1] The maintenance and integrity of the Company's website is the responsibility of management; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information or Applicable Criteria when presented on the Company's website.