

# EPSO-G GROUP SUSTAINABILITY PROGRESS REPORT

2022

## 1. EPSO-G's approach to sustainable development

EPSO-G has a key role to play 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's activities are understood through the platform 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.

The EPSO-G Group aims to transform the energy sector by striking a sustainable balance between environmental, social and economic objectives.

The Group aims to integrate sustainability principles into the operations and processes of all Group companies. As a manager of strategically important energy infrastructure, EPSO-G aims to contribute to the implementation of the climate change and environmental commitments set out in the Paris Agreement, the European Green Deal, the National Energy Independence Strategy and the National Climate Change Management Agenda. EPSO-G also aims to contribute directly to the United Nations Sustainable Development Goals by focusing on ensuring access to clean and modern energy, combating climate change, developing modern infrastructure and innovation, safe and decent working conditions, worker well-being and a sustainable supply chain.

EPSO-G's main directions for sustainable development stem from the activities defined in the Group's long-term strategy until 2030.

- Environment - enabling climate-neutral energy by reducing the environmental impact of activities;
- Social - building a progressive, sustainable organisation;
- Governance - transparent and efficient management and development of the energy exchange platform.

EPSO-G's sustainability performance is disclosed in the context of a group-wide analysis of the significance of impacts. This analysis, carried out in 2022 on a Group-wide basis, involved three steps: identification of the most significant environmental, social and governance impacts; a survey of stakeholders and Group management; and identification of the most significant impacts on EPSO-G's operations. The survey, implemented in early 2022, involved 645 respondents, including employees, suppliers, customers, business partners, local communities, associations, trade unions, the Ministry of Energy, investors, and executives and board members of the Group companies.

EPSO-G's Group Sustainability Policy, approved by the Board of Directors in 2021, commits the Group to reviewing its environmental, socio-economic impacts and sustainability priority topics on a regular basis, but at least once every two years, by carrying out a materiality assessment, ensuring the involvement of stakeholders.

# EPSOG SUSTAINABILITY MATERIALITY MATRIX



EPSO-G assessed the significance of 19 identified sustainability impacts, which were determined in accordance with the specificities of the Group's business activities, EPSO-G's long-term strategy until 2030, and the SASB and GRI guidelines for determining significance, as set out in international standards. The main impacts identified in operations of EPSO-G are explained below:

## Environmental impacts:

- Reducing environmental impacts and GHG emissions from operations - reducing environmental impacts (air, water, soil quality), pollution and greenhouse gases (CO<sub>2</sub>, CH<sub>4</sub>, SF<sub>6</sub>, etc.) from company operations.
- Biodiversity and ecosystem conservation - protecting terrestrial and aquatic wildlife, natural vegetation and habitats of high ecological value through activities.
- Sustainable and efficient use of resources in the company's operations - using green energy in the company's operations, using water and other resources efficiently.
- Waste minimisation, responsible sorting and management - reducing the amount of waste generated by operations and ensuring the safe and proper management of hazardous and non-hazardous waste.
- Creating favourable conditions for the growth of RES - ensuring efficient grid connection of renewable energy producers, smooth operation of the Energy Guarantee System.
- Decarbonising energy systems - adapting transmission grids to reliably transport new and increased quantities of renewable energy sources (electricity/biogas, methane and green hydrogen).

## Social impacts:

- Ensuring human rights and equal opportunities for employees - Ensuring human rights, creating a culture based on equal opportunities and non-discrimination within the company.

- Ensuring professional development for staff - providing professional and personal development opportunities for staff and actively developing the necessary competences.
- Employee wellbeing and job satisfaction - creating an environment that enhances employee wellbeing and satisfaction and ensures work-life balance.
- Occupational health and safety - ensuring that company and contractor employees comply with safety requirements when carrying out work, and actively ensuring the good health of employees.
- Dialogue and community involvement - actively informing local communities about the activities taking place in their environment, fostering a culture of dialogue and community involvement.
- Customer satisfaction - the quality of customer service, improving customer-centric services.
- Public action, volunteering and social partnerships - promoting volunteering, educational activities and targeted cooperation with NGOs, research institutions and public authorities.

#### Governance impacts:

- Reliability and security of transmission grids- ensuring the safe, reliable and efficient operation of energy transmission systems.
- Transparent governance and creating an anti-corruption environment - upholding standards of transparency and business ethics, not tolerating corruption and actively fighting all forms of it.
- Cybersecurity and data protection - Ensuring the security of critical data, building a cyber-attack-resistant IT infrastructure and creating an organisational culture.
- Sustainable value for the economy and financial return for the State - meeting shareholders' financial return targets, ensuring return on investment, economic and social returns.
- Innovation, research, digitalisation - creating an organisational culture that fosters innovation and ensuring adequate funding for innovation.
- Sustainable supply chain management - increasing the share of public procurement of goods and services that meet environmental and sustainability standards, actively encouraging contractors, suppliers and other partners to follow recognised environmental, anti-corruption and social standards.

EPSO-G's sustainability objectives have been defined by taking into account the main environmental, social and economic impacts of the Group's businesses, as well as the actions set out in the Group's long-term strategy, the implementation of which will help to ensure the transformation of the energy sector and the transition to climate-neutral energy. The EPSO-G Group's long-term sustainability targets for 2030 include the following indicators:

#### **Sustainability and risk management**

At EPSO-G, sustainability principles are integrated into the Group's business processes, and the management of sustainability areas of competence covers all levels.

The Board of Directors is responsible for setting, reviewing and monitoring the long-term strategic sustainability objectives and indicators. The Board also approves policies on the environment, equal opportunities, health and safety, anti-corruption, remuneration, performance evaluation and development.

Within its remit, the Board also approves the company's annual objectives, which include sustainability-related targets.

EPSO-G's Board of Directors also approves a list of risks at Group level, which includes risks related to sustainability: risks of non-compliance with occupational health and safety requirements, lack of adequate skills, turnover, motivation risks, risks of damage caused by natural phenomena, etc. The results of the monitoring of the implementation of the identified risks and the risk management plan are regularly communicated to the Group's corporate managers, the corporate and Group Boards of Directors, and the Audit Committee, in accordance with the remit of each of them.

The Group Sustainability Development Manager is responsible for monitoring and coordinating the achievement of the Group's sustainability objectives. In the Group companies, however, the relevant environmental, social and governance objectives are delegated to individual functional units within the EPSO-G Group (e.g., environmental, occupational health and safety, human resources, risk, and compliance management, etc.). EPSO-G Group companies with more than 50 employees have delegated individual people responsible for ensuring equal opportunities within the company.

EPSO-G Group companies are guided by common Group-wide policies governing the unified management of environmental, social and governance issues:

- Sustainability Policy
- Occupational Safety and Health policy
- Equal Opportunities Policy
- Environmental Policy
- Transparency and Communication Policy
- Anti-Corruption Policy
- Remuneration, Performance Appraisal and Development Policy
- Corporate Governance Policy
- Procurement Policy
- Dividend Policy
- Interest Management Policy
- Guidelines for Research and Experimental Development and Innovation Activities
- Support Policy
- Code of Ethics
- Supplier Code of Conduct

EPSO-G Group companies have identified environmental, social and governance risks and, depending on the nature of their activities, have implemented measures to monitor and mitigate them. The main risks, their description and management measures are described in detail in the section "Main risks and their management" of the 2022 consolidated annual report of the EPSO-G Group.

2023 EPSO-G plans to assess the transition and physical risks associated with climate change, taking into account the future climate change scenarios of the Intergovernmental Panel on Climate Change, to develop measures and indicators to manage these risks, and to integrate the management of these risks into the Group's and its companies' corporate governance. After identifying and assessing the risks related to climate change, EPSO-G plans to report in line with the international recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

## **2. Sustainability highlights in the Group**

### **2.1. Lithuanian Electricity Storage Facilities System Project**

Lithuania's system of electricity storage facilities is essential to ensure the security of Lithuania's energy system and the ability to operate in isolated mode. The energy storage system, which will provide Lithuania with an instantaneous reserve of isolated electricity until synchronisation with the Continental European Network (CEN), will be used after synchronisation for the integration of energy produced from renewable energy sources.

Energy cells will install and integrate into the Lithuanian energy system a system of four energy storage batteries with a total combined capacity of 200 megawatts (MW) and 200 megawatt-hours (MWh). Energy cells is installing four energy storage units of 50 MW and 50 MWh each at transformer substations in Vilnius, Šiauliai, Alytus and Utena.

#### **Project implementation progress**

- On 15 April 2022, the installation of the electricity storage facilities system project carried out by Energy Cells was awarded funding under the European Union's (EU) Recovery and Resilience Facility (RRF).
- On 19 June 2022, Energy Cells started the installation of electricity storage facilities system - the system that strengthens Lithuania's energy independence.
- On 20 October 2022, National Energy Regulatory Council (hereinafter – NERC) coordinated the company's investment project Installation of Electricity Storage Facilities (200 MW).
- On 9 November 2022, Energy Cells launched the testing of electricity storage facilities system.
- Due to disruptions in the supply of equipment caused by the war in Ukraine, as well as the actions of the project contractor, the end of the project implementation period has been postponed to 2023 after coordination with the project funding institutions.

#### **Investments**

The planned total investment amount of the project is EUR 109 million, the largest share of which (EUR 87.6 million) is funded by the Recovery and Resilience Facility.

#### **Recognition**

Energy cells' 200 megawatt (MW) energy storage system project has been named the most sustainable energy investment of 2022 globally by the international sustainable finance and investment publication Environmental Finance.

In the annual IMPACT Awards 2022, organised by the international publication, the Battery Park System Project, which will enhance Lithuania's energy security, was recognised for its significance for Lithuania's energy independence and for its success in attracting sustainable finance for the project. The award jury was impressed by the fact that the Energy Cells project is helping to address the important challenges of energy storage and instantaneous energy reserve, not only in the country but also in the region.

## **2.2. Preparation of the implementation of the Offshore Wind Park**

Lithuania's offshore wind parks are one of the country's most important energy independence projects. It will significantly increase the production of electricity from renewable energy sources, thus reducing Lithuania's dependence on electricity imports and ensuring low electricity prices for residents.

The two offshore wind parks, which will begin to operate in 2028 in the part of the exclusive economic zone of the Republic of Lithuania in the Baltic Sea near Palanga with a capacity of approximately 1,4 GW, are expected to generate up to 6 TWh of green electricity per year, which would meet up to a half of Lithuania's current electricity demand. The offshore wind parks are also expected to attract around EUR 3 billion in investments and create at least 1,300 new jobs. The preparatory work project is implemented by the Ministry of Energy of the Republic of Lithuania in collaboration with EPSO-G and the Lithuanian Energy Agency. Project implementation progress:

- Amendments to legal acts related to the promotion of the development of renewable resource facilities were adopted;
- The plan for the development of areas in the sea intended for the development of renewable sources was approved;
- The Government's resolution on the requirements for entities seeking to participate in the auction for the selection of the developer of the offshore wind farm was approved;
- The website Offshorewind.lt, which provides news and information related to the execution of preparations for the auction of the first developer of the offshore wind farm, was developed;
- The actions provided for in the project plan to ensure the implementation of preparations were carried out: public procurement, seabed surveys, collection of wind speed and other meteorological data, environmental impact assessment, consultations with interested market participants and experts.

### **Investments**

The project is funded by the European Union funds and/or the by the Recovery and Resilience Facility for 2021–2027 and the state budget of the Republic of Lithuania. The value of the project is EUR 11 543 332.49 including VAT.

## **2.3. Guidelines and roadmap for hydrogen development in Lithuania**

As Lithuania moves towards a rapid transition to renewable energy, Amber Grid completed its first national hydrogen development study in the first half of 2022. It shows that Lithuania has the potential to become a significant player in the development and transport of hydrogen resources in Europe. Following a detailed analysis of the situation, independent foreign experts say that Lithuania has the necessary capabilities to organise hydrogen production, storage, transmission, and export. They point out that once hydrogen production capacity is in place, the gas transmission system could become the main transport network for green hydrogen gas in the region and in Lithuania itself. This was also the recommendation of the experts who carried out the study, who said that the gas transmission system operator Amber Grid should develop a hydrogen network in Lithuania in preparation for transporting surplus energy to hydrogen consumption centres in Europe, thereby decarbonising the industrial, transport and energy sectors.

## **2.4. The study on the application of innovative measures in the integration of RES power plants and the methodology for determining optimal solutions**

Litgrid is continuously connecting new renewable energy producers to the 110-330 kV electricity transmission grid. Connecting the maximum amount of RES to the existing 110 kV lines and substations, using the existing transmission grid capacity, leaves a large number of unconnected RES generators that could be connected if measures could be found to increase the capacity of the 110 kV lines, without reconstructing them, but using other technical means.

To achieve this, the "Study on the Application of Innovative Measures for the Integration of Renewable Energy Power Plants and Methodology for Identifying Optimal Solutions" was carried out. The study will help to assess the possibilities of using new and innovative measures (power flow management, capacity monitoring, energy storage technologies) to increase the amount (capacity) of RES connection to the 110 kV electricity grid and to determine in which cases the use of which measures would be more expedient. In order to identify the most effective means of exploiting the existing 110 kV grid by integrating the maximum possible RES capacity, a study and cost-benefit analysis, including socio-economic aspects, is needed.

## **2.5. Issuance of sustainability-related bonds**

1 June 2022 EPSO-G has issued a sustainability bond, raising EUR 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 (EBRD) acquired almost a third of the issue for EUR 22.5 million.

The bonds will bear interest of 3.117% per annum. As at 31 December 2022, the net cash inflow from the bonds amounted to EUR 74 805 thousand or 99.7% of the nominal value of the bond issue.

The prospectus for sustainability-linked bonds includes sustainability performance targets and indicators. The first target is to reduce greenhouse gas emissions from the Group's operations by 30% by 2026, compared to the 2019 base year. The second target relates to the reliability of the electricity transmission grid, aiming to ensure the lowest possible untransmitted energy rate of 136.255 MWh for the period 2022-2026.

EPSO-G also commits that the funds raised under the programme will not be used for investment in the expansion or modernisation of the natural gas network.

9 February 2023 EPSO-G's sustainability-related bond issue at the Nasdaq Baltic Market Awards 2023 was recognised as a key event in the Baltic capital market.

EPSO-G's sustainability-related funding programme has been independently assessed by the international climate and environmental research centre CICERO Shades of Green. The centre confirmed that the EPSO-G programme is in line with international principles for sustainability bonds and loans. The independent assessment identified EPSO-G's sustainability targets as ambitious compared to those of other similar companies operating in Europe. These targets are also largely in line with the Paris Agreement's ambitions for reducing climate change impacts.

### 3. Progress on the implementation of the Sustainability Bond Indicators

#### 3.1. Sustainability Performance Target (SPT) for KPI1: Mitigating climate change and reducing GHG emissions.

EPSO-G Group's Companies greenhouse gas (GHG) emissions were carried out using the methodology of GHG Protocol Corporate Accounting and Reporting Standard (hereinafter – Standard). Direct (Scope 1) and indirect (Scope 2) GHG emissions from the activities and impacts of the Group's Companies were evaluated in the inventory. For determining and monitoring sustainability targets, Scope 2 emissions were calculated using a market-based method. In accordance with the requirements of the Standard, the Group also discloses Scope 2 emissions calculated using a location-based method, i.e., according to the level of GHG emissions intensity specific to the country's (Lithuania's) electricity grid, which is directly related to the sources of generation and their relative weight in the country's electricity grid. The Group determined the boundaries of the organisation based on the operational control method.

GHG emissions by source for the EPSO-G Group:

By source of pollution	2019, tCO <sub>2</sub> e	2020, tCO <sub>2</sub> e	2021, tCO <sub>2</sub> e	2022, tCO <sub>2</sub> e
<b>Scope 1</b>	<b>69,454</b>	<b>63,851</b>	<b>61,141</b>	<b>38,275</b>
Natural gas emissions during operation and repair	46,284	44,807	39,063	4,946
Uncontrolled natural gas losses due to leaks	11,790	11,790	12,309	13,452
Transport	2,371	2,311	2,721	3,313
Combustion of fuels in stationary installations	8,514	4,781	6,573	15,998
SF6 gas leaks to the environment	494	141	426	520
Releases of refrigerants (Freons) from cooling systems to the environment	1	20	49	47
<b>Scope 2 (marked-based method)</b>	<b>222,882</b>	<b>202,143</b>	<b>196,295</b>	<b>210,749</b>
Electricity losses in the transmission grid*	205,635	185,015	176,352	191,606
Purchased electricity for own use	17,218	17,106	19,919	19,121
Acquired centralised heating energy	29	22	24	22
<b>Total Scope 1 and Scope 2 (marked-based method)**</b>	<b>292,336</b>	<b>265,994</b>	<b>257,436</b>	<b>249,024</b>
<b>Total Scope 2 (location-based method) ***</b>	<b>60,100</b>	<b>92,545</b>	<b>77,567</b>	<b>90,886</b>

\* Technological losses incurred in the “NordBalt” and “LitPol Link” interconnections are not included in Lithuania's energy accounting balance and are therefore not included in the Group's GHG emissions calculation (according to the operational control method). 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 agreements between system operators.

*\*\*For the market-based calculation of emissions, the Group has chosen to use the derived emission factors calculated by "One Click LCA" - Life Cycle Metrics software using the IPCC Emission Factor Database (EFDB) and the AIB reports. The "market -based method" emission factors were provided to the Group by independent third-party consultants licensed to use the One Click LCA software. The Group has used the same factors for all reporting years presented in the table as updated factor values have not yet been calculated.*

*\*\*\* The Group has chosen to calculate its Scope 2 emissions using a local based method, using emission factors based on data published by the [Association of Issuing bodies](#) (AIB).*

Comparing the 2022 GHG data with the 2021 data, there is an increase in emissions from electricity transmission grid activities and a significant decrease in emissions from natural gas transmission network activities. Scope 2 GHG emissions increased by 7% due to increased technological losses in the electricity transmission grid. Technological losses were largely due to increased grid reconstruction works and associated planned disconnections and a higher number of unplanned disconnections.

In the natural gas transmission network, the significant emission reductions are mainly due to the relatively low number of pipeline repairs in 2022. The use of mobile gas compressors and the replacement of gas boilers at gas distribution stations with condensing boilers have also contributed to the reduction in emissions.

In comparing the overall GHG emissions level in 2022 with the baseline level in 2019, it is calculated that emissions decreased by 14.8 %. Compared to 2021 GHG emissions, 2022 emissions are estimated to have decreased by 3.3%.

For the first time, Energy cells has been included in the inventory of GHG emissions from the Group's operations. Although the company completed the main installation works of the battery park system in 2022, the events are still being tested, so the GHG inventory of Energy cells does not fully reflect the emissions that may arise from the company's direct operations.

### **3.2. Sustainability Performance Target (SPT) for KPI2: Reliability of electricity transmission grid**

We understand reliability of 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 necessary capacity of the electricity transmission systems, the safety and reliability of the systems and access to various sources of electricity generation.

For KPI2, the indicator assesses the energy not supplied (hereinafter referred to as ENS), which measures the quantity of electricity not transmitted due to interruptions in the transmission of electricity (through the transmission grid). ENS can occur:

- 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) due to *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 presents the ENS indicators during the reporting period. For information purposes, the number of such cases during the reporting period is also shown in the table.

The Group calculates ENS based on the National Energy Regulatory Council (hereinafter - 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. 03E-98.

Electricity transmission grid reliability indicators of Litgrid, AB	Factual indicator for 2022 (MWh)	Maximum (permissible) level set by NERC for the regulatory period of 2022-2026, (MWh)	Number of ENS cases in 2022
ENS - for reasons attributable to the responsibility of the electricity transmission system operator (TSO) Litgrid, AB and for unspecified reasons	10.617	27.251	6
<i>of which for unspecified reasons</i>	0.000		0
ENS - due to force majeure and externalities	28.074*		6
<i>of which due to force majeure</i>	0.000		0
ENS** - total	38.691		12

\* With regard the ENS amount of 28.074 MWh (28.074 MWh due to externalities, 0 MWh due to force majeure), Litgrid, AB addressed the NERC in its letter No. 23SD-458 of 27/01/2023 with a list of unscheduled ENS transmission outage events (with relevant investigation reports), which, in the opinion of Litgrid, AB are exceptional, and with a request to remove these events from the general ENS indicator register of Litgrid, AB. Accordingly, the NERC report for 2022 is available here: <https://www.regula.lt/SiteAssets/Patikimumo+ataskaita+2022.pdf> (for key relevant information, see section 5.5.1. Reliability requirements for the transmission grid).

\*\* – for all reasons (including force majeure (0 MWh) and externalities (28.074 MWh)). Up to and including 2021, the NERC did not take into account interruptions due to force majeure and externalities, i.e. the ENS cap included the ENS indicator attributable to the sole responsibility of the TSO and for unidentified reasons. Following the amendment of the Description of the NERC's Indicators for Reliability of Electricity Transmission and Quality of Service, which was amended by NERC Resolution No. 03E-98 of 28 January 2021, the ENS indicator from 2022 onwards includes all transmission interruptions without any distinction of cause, i.e. it includes interruptions of electricity transmission that are due to causes attributable to the responsibility of the TSO, to unidentified causes as well as to causes of force majeure or externalities (the indicators set out by the NERC for the 2022-2026 regulatory period are available here: NERC Certificate of 05/01/2022 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.

Mindaugas Keizeris  
Chief Executive Officer



## Independent Limited Assurance Report

To the Board of EPSO-G UAB

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### 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 Group Sustainability Performance Report for the year ended 31 December 2022.

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### 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 2022: a) Scope 1 and Scope 2 greenhouse gas (“GHG”) emissions of the Group, and b) the amount of electricity not transmitted due to disconnections (“ENS”) (together – the “Selected Information”). The Selected Information is included in section 3. *Progress on the implementation of the Sustainability Bond Indicators* of the EPSO-G Group Sustainability Performance Report for 2022.

The scope of our limited assurance procedures was limited to the Selected Information for the financial year ended 31 December 2022. We did not perform any procedures with respect to earlier or future periods or any other items included in the EPSO-G Group 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 Group 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.

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### 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.

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## 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.

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## 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.

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## 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 Group 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 2022 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 year ended 31 December 2022 to the Group's working files;
  - recalculated, on a sample basis, Scope 1 and Scope 2 GHG emissions for the year ended 31 December 2022 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.
- reviewed overall presentation of the information in the EPSSO-G Group Sustainability Performance Report to the extent relevant for our work.

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

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### 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 3. Progress on the implementation of the Sustainability Bond Indicators of the EPSO-G Group Sustainability Performance Report and for which the Company is solely responsible.

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### 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 year ended 31 December 2022 has not been prepared, in all material respects, in accordance with the Applicable Criteria.

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### 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 Group Sustainability Performance Report, which will be published on the Company's website<sup>1</sup>. 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  
29 December 2023

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

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<sup>1</sup> 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.