

## **Audit Engagement Letter 2024/10-6/ASU/EE**

[..]  
Elektrum Eesti OÜ  
Pärnu mnt. 137, 11314 Tallinn, Estonia

11 March 2025

Dear [..]:

1. This Engagement Letter, together with the attached General Terms and Conditions for Audit and Review Engagements and with the Requirements for an audit service contract, (collectively, "this Agreement"), confirms the terms and conditions upon which Ernst & Young Baltic AS ("we" or "EY") has been engaged to audit and report on the financial statements of Elektrum Eesti OÜ ("you" or "the Company") for the years ended 31 December 2024, 31 December 2025 and 31 December 2026. Both parties to this Agreement, EY and the Company, may be referred to hereinafter as the "Parties" or individually as a "Party".
2. This Engagement and this Agreement is a direct result of competitive negotiated procurement procedure "Audit services to companies of Latvenergo Group for 2024-2026", procurement identification No. AS "Latvenergo" 2023/31 (Negotiated procedure), and we are bound by the terms of Negotiated procedure and final offer submitted by our network company SIA Ernst & Young Baltic, incorporated in Latvia with registration No. 40003593454.

If there are any inconsistencies between provisions of this Agreement and the terms of Negotiated procedure the latter shall have precedence.

3. The Company hereby certifies that the respective decision on our engagement as an audit company as well as on the payment terms of our work have been approved by the respective body of the Company and, as appropriate, by the respective audit committee (if applicable).
4. EY will perform an audit of the following reports that form part of the Company's annual report:
  - a) Audit of the Company's financial statements in Estonian and in English for the year 31 December 2024, 31 December 2025 and 31 December 2026, presented in conformity with the Estonian Financial Reporting Standard ("financial statements"), in accordance with International Standards on Auditing as published by the International Federation of Accountants (ISA).
  - b) In accordance with subsection 95 (2) of the Auditors Activities Act of the Republic of Estonia, EY is required to check whether the information presented in the management report for the financial year ended 31 December 2024, 31 December 2025 and 31 December 2026 is consistent, in all material respects, with the financial statements and the requirements stipulated in § 24 of the Accounting Act of the Republic of Estonia.

The services described in this Agreement may hereafter be referred to as "the Services".

[..]

### **Fees and billings**

30. The total estimated time of the work for one financial year is [..] hours and the fee for that is 21 000 euros plus VAT.

[..]

### **Other information**

[..]

39. The Company and EY confirm that they have independently reviewed and fully understood the terms and conditions of this Agreement, including the procurement object and procurement process, along with all associated obligations as stipulated in the Appendix 2. If there is a conflict between Appendix 1 and Appendix 2, the tender rules shall prevail. They acknowledge that the content of this Agreement is clear and understandable, and that no dual interpretation is possible.

\* \* \*

[..]

Yours very truly,  
Ernst & Young Baltic AS

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[..]

AGREED:  
Elektrum Eesti OÜ  
Registry Code: 11399985; VAT number: EE101170952

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[..]

**Appendix 1: General Terms and Conditions for Audit and Review Engagements**

**Appendix 2: Requirements for an audit service contract**

## Appendix 1: General Terms and Conditions for Audit and Review Engagement

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## Appendix 2: Requirements for an audit service contract

### 1. Liability of the parties

- 1.1. The Parties shall be liable for damages or direct losses caused to the other Party as a result of their actions/omissions, which have arisen as a result of intentional or intentionally malicious actions in the performance of their obligations under the Agreement. This liability shall remain in force for a further three years after the performance of the contract.
- 1.2. The auditors shall not be liable for any special damages caused by occasional or extraordinary circumstances not directly related to the work of the auditors.
- 1.3. The Auditor shall not be liable for damages or direct losses caused to the Customer that have arisen in connection with fraudulent actions, forgeries or deliberate misconduct of the Customer's management, employees or other representatives, except in the case when the Auditor or his or her employees have contributed to the occurrence of such damage or direct losses by their malicious actions.
- 1.4. Except as provided in paragraph 1.1, the Auditor's liability for any damage and damage caused by the Auditor by his or her acts or omissions shall not exceed twice the fee charged for the services in question. This liability shall remain in force for a further three years after the performance of the contract.
- 1.5. The auditor guarantees that all services will be provided in compliance with the requirements of national and directly applicable European Union regulatory enactments.
- 1.6. By signing the Agreement, the Parties confirm that international sanctions and national sanctions (including sanctions of such Member State of the North Atlantic Treaty Organization, which in accordance with the regulatory provisions of the Financial and Capital Market Commission significantly affect the interests of financial and capital market participants or financial and capital market) will be observed in the performance of the Agreement within the meaning of the Law on International Sanctions and National Sanctions of the Republic of Latvia and legal acts issued on the basis thereof (hereinafter - sanctions), and take all necessary steps to ensure that the cooperation of the Parties with their subcontractors does not create any additional Sanctions risks for the other Party, including, but not limited to, ensuring that the Parties cooperate with subcontractors whose member or shareholder structure is clear and verifiable.

- 1.7. The Party shall immediately inform the other Party in due course if it has established a violation of such Sanctions in connection with the performance of the Agreement in its own activities or in the activities of its subcontractors, or the connection of any of the members of the board of directors or council, direct or indirect members, shareholders, beneficial owners with the Sanctions or the prosecution or punishment of the Party itself or persons related to it in the European Union in connection with money laundering, terrorism or its financing, violations of the circulation of goods of strategic importance.

### 2. Contractual penalties

- 2.1. The payment of a contractual penalty shall not release the Parties from the performance of their obligations and compensation for direct damages.
- 2.2. Contractual penalty invoices, if any, shall be paid within the term specified in the invoice, which shall not be less than 10 (ten) working days from the date of issue of the invoice.
- 2.3. For failure to comply with the specified deadlines (including the deadlines for the performance of the service), the Auditor shall pay a contractual penalty in the amount of 0.1% (zero comma one percent) of the amount of the delayed service without VAT for each day of delay, but not more than 10% (ten percent) of the amount of the delayed service excluding VAT.
- 2.4. The auditor shall not pay a contractual penalty if the delay is due to the actions of the Customer in belatedly providing the requested documents, information, explanations or response regarding corrections proposed by the Auditors.

### 3. Prohibition of employment of the customer's employees

- 3.1. The auditor undertakes to prevent parallel (simultaneous) employment of the Customer's employees during the period of validity of the Agreement and not to enter into employment contracts or other contracts of a civil law nature for the performance of certain work with the Customer's employee. The Auditor may enter into employment contracts or other contracts of a civil law nature regarding the performance of certain work with an employee of the Customer only if a written consent of the Customer has been

received. In the event that there has been a parallel (simultaneous) employment of an employee of the Customer without the consent of the Customer and the Auditor is unable to prove that the necessary actions have been taken to ensure the fulfilment of the prohibition of parallel (simultaneous) employment of the employee specified for the Auditor in this Clause (for example, a confirmation of the employee has been received that there is no employment legal relationship between the employee and the Customer), the Customer has the right to calculate a contractual penalty for the Auditor 5 (five) in the Republic of Latvia in the amount of the established minimum monthly wage for each case of violation. The Parties agree that the restriction on employment specified in this Clause shall apply only to the parallel (simultaneous) employment of an employee both by the Customer and by the Auditor, and it does not affect the normal sequential circulation of personnel in the labour market, as a result of which the employee terminates the employment relationship with the Customer and establishes employment legal relations with the Auditor.

#### 4. Privacy policy

- 4.1. The auditor undertakes not to disclose to third parties, without the prior written consent of the Customer, any information obtained in the course of the audit service, which can reasonably be considered confidential information.
- 4.2. The following shall be regarded as confidential information:
  - a. any information that the Customer transfers to the Auditor in connection with the performance of the contract, regardless of whether the information is in written, oral or electronic form and regardless of the way in which the information is stored;
  - b. the content of the contract, as well as the content of the negotiations between the Customer and the Auditor in relation to the performance of the contract;
  - c. information resulting from the performance of the contract contained in reports which are not intended to be made public.
- 4.3. These Terms do not prohibit the Auditor from providing confidential information to third parties without the Customer's prior written consent, if such an obligation is provided for by applicable legislation. In such case, the Auditor shall immediately, but not later than within 2 (two) working days, inform the Customer about the provision of confidential information, unless it is prohibited by the applicable legislation.

- 4.4. These terms do not prohibit the Auditor from providing confidential information to subcontractors involved in the provision of the Services, including companies of the Auditor's international network, Confidential information is provided provided that the persons to whom the confidential information becomes available will be familiar with the confidentiality rules and will assume the same confidentiality rules as those mentioned herein.
- 4.5. The Terms of Confidentiality shall remain in force indefinitely and shall remain in force even if any of the Parties unilaterally withdraws from the Agreement or terminates otherwise.

#### 5. Personal data protection

- 5.1. In order to ensure the feasibility of performance of the contract, including the circulation of information, as well as to comply with the legal obligations applicable to the Parties and to comply with the legitimate interests of the Parties, the Parties have the right to process the data of natural persons obtained from the other Party (for example, the data of the contact persons of the Parties), observing the requirements specified in regulatory enactments for the processing and protection of such data, including, but not limited to, the requirements of the General Data Protection Regulation ((EU) 2016/679).
- 5.2. The Party that transfers personal data to the other Party for processing is responsible for ensuring the legal basis for the processing of personal data of the respective data subjects. The Contracting Party who obtains personal data within the framework of the Agreement shall be considered the controller of the obtained personal data and shall be responsible for the further compliance of the processing of such personal data with the requirements of regulatory enactments.
- 5.3. In the event that the performance of the contract requires one of the Parties (processor) to process personal data on behalf of the other Party (controller), such processing of personal data shall take place in accordance with the special rules agreed upon by the Parties.

#### 6. Termination of the contract

- 6.1. The Agreement may be terminated by mutual written agreement of the Parties or in accordance with the procedures set forth in this Agreement.
- 6.2. The customer, by sending a written notice to the Auditor, is entitled to unilaterally terminate the contract or a part thereof if at least one of the following cases has occurred:

- 6.2.1. The auditor has not fulfilled the Order or a part thereof within 10 (ten) working days from the next working day after the expiry of the specified deadline for the execution of the Order;
- 6.2.2. The Auditor shall not fulfil any other obligations or duties assumed, and if the Auditor has not remedied such non-performance within 10 (ten) business days from the next working day after receipt of the relevant written notification from the Customer;
- 6.2.3. An auditor or a person who is a member of the Board or council of the Auditor, a person entitled to represent or a proctor, or a person authorized to represent the Auditor in activities related to the branch, by a court judgment or a prosecutor's injunction on punishment that has entered into force and has become incontestable and non-appealable, has been found guilty or has been subjected to a coercive measure of coercion for any of the following offences:
- a. setting up, directing, engaging in, or participating in, a criminal organisation or an organised group or other criminal formation forming part of it, or participating in the criminal offences committed by such an organisation,
  - b. bribe taking, bribe giving, embezzlement of bribes, mediation in bribery, unauthorized participation in property transactions, unauthorized acceptance of benefits, commercial bribery, unlawful solicitation, acceptance or giving of benefits, trading in influence,
  - c. fraud, embezzlement or money laundering,
  - d. terrorism, the financing of terrorism, the creation or organisation of a terrorist group, travel for terrorist purposes, justification of terrorism, incitement to terrorism, threats of terrorism or recruitment or training of a person to commit terrorist acts,
  - e. trafficking in human beings,
  - f. evasion of the payment of taxes or charges treated as such;
- 6.2.4. The auditor has been found guilty of an infringement of competition law in the form of a horizontal cartel agreement by a decision of a competent authority or a court judgment which has entered into force and has become incontestable and non-actionable, except for the case when the relevant authority, having established an infringement of competition law, has released the auditor from a fine or reduced the fine for cooperation within the framework of a leniency programme;
- 6.2.5. If insolvency proceedings of the Auditor have been declared, the economic activity of the Auditor has been suspended, or the Auditor is liquidated;
- 6.2.6. The auditor has been found guilty and punished for an offence by a decision of the competent authority, an injunction by the prosecutor regarding a penalty or a court judgment which has entered into force and has become incontestable and non-appealable, in the form of:
- a. employment of one or more persons if they do not have the necessary work permit or are not entitled to reside in a Member State of the European Union,
  - b. employment of a person without an employment contract entered into in writing, without submitting an information declaration regarding such person regarding employees to be submitted regarding persons commencing work within the time period specified in laws and regulations;
- 6.2.7. It is established that the Auditor, by participating in the procurement procedure, has provided false information for the assessment of his qualifications;
- 6.2.8. The auditor or any of the auditor's employees, agents or subcontractors has given or offered (directly or indirectly) to any person a bribe, gift, thanksgiving, commission or other valuable item of any kind as an inducement or reward for performing or not performing any act, or for showing or failing to show favor or disfavor to any person in connection with the contract;
- 6.2.9. The auditor or any of the Auditor's employees, representatives or subcontractors has been found guilty of unlawful conduct in connection with the performance of the contract in accordance with the procedures prescribed by law;
- 6.2.10. It is established that the Auditor or any of the Auditor's employees, representatives or subcontractors are engaged in a business relationship that creates a situation of conflict of interest with respect to the performance of the contract.

6.2.11. The auditor, a member of the board or council thereof, the beneficial owner, the person entitled to represent or the procurator, or the person authorized to represent the Auditor in activities related to the branch, or a member of the partnership, a member of its board or council, the beneficial owner, the person entitled to represent or the procurator, if the Auditor has a partnership, its subcontractor has been subject to Sanctions and, therefore, the performance of the Agreement is hindered or it is impossible to execute the Agreement.

6.2.12. The auditor has committed serious professional misconduct which calls into question his or her integrity, or has not performed the procurement contract, general agreement or concession contract concluded with the Contracting Authority, and this fact has been recognised by a decision of a competent authority, a court judgment or a prosecutor's injunction on a penalty which has entered into force and has become incontestable and non-actionable.

6.2.13. The Customer has established, in accordance with the procedure referred to in Article 48 of the SPSIL, that the Auditor or any person referred to in this Article meets at least one of the grounds for exclusion referred to therein, and the Auditor has not been able to ensure the restoration of reliability in accordance with the procedures specified in the SPSIL.

6.3. The auditor, by sending a written notice to the Customer, is entitled to unilaterally terminate the contract if the Customer has not paid for the executed and accepted orders in accordance with the procedures specified in the Agreement within the specified time period and the Customer's delay has reached at least 60 (sixty) days. The provisions of this paragraph shall not apply in cases where the Auditor has been subject to international or national sanctions or sanctions imposed by a Member State of the European Union or of the North Atlantic Treaty Organisation affecting significant financial and capital market interests, and therefore payment cannot be made.

## **7. Publication or provision of service results to third parties**

7.1. The Customer may not publish or otherwise transfer to third parties documents containing the Auditor's report without the prior written consent of the Auditor, except in cases where the document contains a full report or other type of information on which the Auditor's report has been provided.