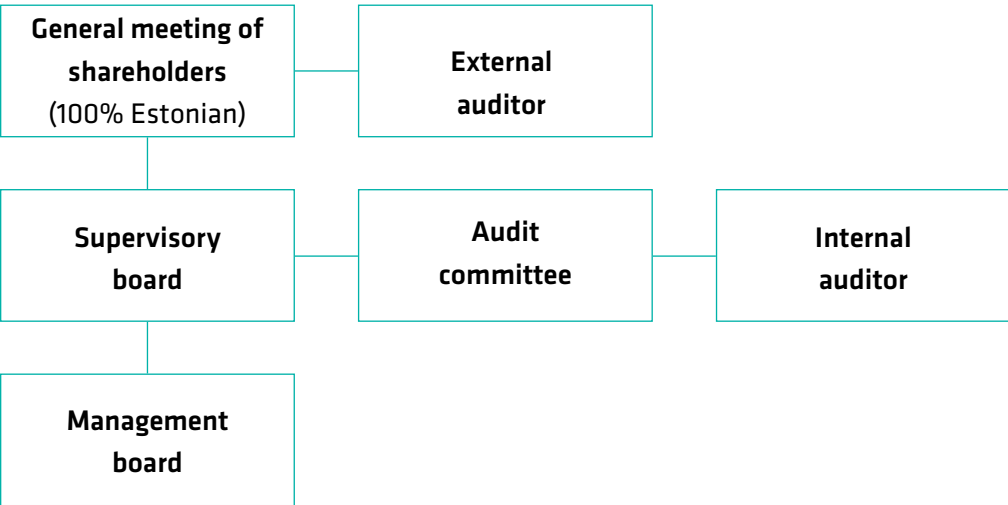


# CORPORATE GOVERNANCE

Elering's corporate governance is based on the Commercial Code, the State Assets Act, Elering's Articles of Association, and the Corporate Governance Code (CGC) prepared by the Financial Supervision Authority and Nasdaq Tallinn Stock Exchange.

Elering is committed to adhering to good corporate governance practices and focuses on continuous development in this area. High-quality corporate governance serves as the foundation for achieving strategic goals and shaping organizational culture. The corporate governance practices at Elering are implemented to ensure that all employees contribute to achieving the company's objectives.

## Corporate Governance Structure



## General Meeting of Shareholders

The General Meeting is the highest governing body of Elering, responsible for decisions such as amending the Articles of Association, increasing or decreasing share capital, electing and removing members of the Supervisory Board, appointing auditors, ordering special audits, approving the annual report, and allocating profits. It also decides on mergers, divisions, reorganizations, or liquidations of the company and other matters prescribed by law or the Articles of Association.

The General Meeting operates according to the Commercial Code and the State Assets Act, including its convening and handling of disclosed information.

The sole shareholder of Elering AS is the Republic of Estonia, represented at the General Meeting by the Minister of Climate, Yoko Alender, since July 23, 2024. Previously, the Minister of Climate, Kristen Michal, served as the representative (April 17, 2023 – July 23, 2024), and before that, the Minister of Economic Affairs and Infrastructure, Riina Sikkut, until April 17, 2023. Decisions are made at the General Meeting or without convening a meeting.

One regular General Meeting was held on June 28, 2024. During this meeting, an overview of the Supervisory and Management Boards' work was presented, the 2023 annual report was approved, compliance with the owners' expectations was assessed, the 2023 profit distribution was approved, amendments to the Articles of Association were confirmed, an auditor was appointed, and expectations for 2024 were set. Additionally, on February 9, 2024, the sole shareholder decided to appoint Gunnar Okk as the Chairman of the Supervisory Board and Sirli Männiksaar as a member of the Supervisory Board. Rein Vaks was

removed from the Supervisory Board and replaced by Jaanus Uiga for a three-year term.

## Supervisory Board

The interests of the owner are safeguarded through members of the Supervisory Board. The Supervisory Board provides guidance to the Management Board on company management and oversees its activities. Additionally, it regularly reviews and evaluates the company's strategy, core activities, risk assessments, annual reports, and budgets.

According to the Articles of Association, the Supervisory Board's regular meetings are held as needed but at least quarterly.

### Composition and Remuneration of the Supervisory Board

The Supervisory Board consists of three to seven members, whose number is determined by the owner's representative (Minister of Climate) based on the recommendation of an independent Nomination Committee. The Chairman of the Supervisory Board organizes its work, sets agendas, chairs meetings, ensures the efficiency of the Supervisory Board, facilitates the timely delivery of information to its members, ensures sufficient preparation time for decision-making, and represents the Supervisory Board in interactions with the Management Board. The Supervisory Board's operations are governed by rules established at the General Meeting.

In 2024, the Supervisory Board convened for five regular and four electronic meetings. Decisions included approval of the 2023 annual report for submission at the General Meeting, approval of

the strategy for 2025–2029, and adoption of the operational and investment budgets for 2025. Regular discussions covered regulatory and legal issues, financial matters, internal controls, and other key aspects of Elering's core activities.

Members of the Supervisory Board members in 2024 were:

- **Gunnar Okk**, Chairman of the Supervisory Board since March 4, 2024, with a term lasting until March 4, 2027. He has previous experience in the energy sector and is currently a member of the Nordic Investment Bank's Supervisory Board. He participated in five regular meetings and three electronic voting sessions.
- **Kaie Karniol**, a member since March 7, 2022, and Head of the State Assets Department at the Ministry of Finance. Her term is valid until March 7, 2025. She participated in five regular meetings and four electronic voting sessions.
- **Janek Stalmeister**, a member since May 22, 2023, and an entrepreneur. His term is valid until May 22, 2026. He participated in five regular meetings and four electronic voting sessions.
- **Sirli Männiksaar**, CEO of Ericsson Estonia, joined on March 4, 2024. Her term is valid until March 4, 2027. She participated in five regular meetings and three electronic voting sessions.
- **Jaanus Uiga**, Deputy Chancellor for Energy and Mineral Resources at the Ministry of Climate. Member since October 9, 2024. His term is valid until October 9, 2027. He participated in two regular meetings and one electronic voting sessions.
- **Rein Vaks**, Head of the Energy Department at the Ministry of Climate. Member since May 25, 2023. His term was valid until October 9, 2024. He participated in three regular meetings and three electronic voting sessions.

**In 2024, the remuneration for Supervisory Board members (excluding fees for committee memberships) was as follows:**

Supervisory Board Member	Total Remuneration 2024 (thousand euros)	Total Remuneration 2023 (thousand euros)
Gunnar Okk	16,5	0,0
Sirli Männiksaar	8,3	0,0
Janek Stalmeister	9,0	9,0
Kaie Karniol	9,0	9,0
Jaanus Uiga	2,3	2,3
Rein Vaks	8,3	13,5
Indrek Kasela	0,0	3,8
Timo Kyösti Rajala	0,0	7,5

No severance payments or additional benefits are provided for Supervisory Board members. In 2024, Rein Vaks left the Supervisory Board. (In 2023, Jaanus Uiga, Timo Kyösti Rajala, and Indrek Kasela left the board). Jaanus Uiga was elected as a new Supervisory Board member in 2024 (Rein Vaks was elected in 2023).

Supervisory Board members must comply with the requirements set forth in the Commercial Code and the State Assets Act and fulfil the obligations established by these laws.

## Management Board

The management board is a governing body of Elering responsible for the day-to-day management and representation of the company, operating in compliance with legal requirements and the company's articles of association. Additionally, the Management Board organizes the company's accounting and ensures its conformity with applicable regulations.

The Management Board has full decision-making autonomy in daily management matters, making decisions independently without direct interference from the owner or the Supervisory Board. However, the Management Board must obtain the Supervisory Board's approval for transactions and actions that go beyond the scope of the company's ordinary business activities.

The Management Board ensures that the Supervisory Board receives regular and sufficient information about the company's financial situation and significant aspects of its business operations. It also notifies the Supervisory Board as necessary about any major changes that may impact the company's activities.

## Composition and Remuneration of the Management Board

According to the articles of association, the Management Board may consist of one to four members. Board members are elected by the Supervisory Board for terms of up to five years. Under Elering's articles of association, the company can be represented in all legal acts jointly by two members of the Management Board or individually by the Chairman of the Board.

Contracts with Management Board members are concluded by a person authorized by the Supervisory Board. These contracts outline the rights and obligations of the members toward the company, as well as their remuneration.

While Elering AS had a three-member Management Board in 2023, a fourth member was added in 2024.

### Members of the Management Board:

- **Kalle Kilk:** As Chairman of the Board, Kalle also performs the daily duties of Elering's CEO. These include leading and representing the company, ensuring compliance with contracts and laws, organizing the work of the Board, coordinating the development of the company's strategy, and driving its implementation. His term as Chairman began on July 4, 2023, and was initially set to end on December 31, 2024. On October 9, 2024, it was decided that Kalle Kilk would continue as Chairman from January 1, 2025, with his term extending until December 31, 2029;
- **Riina Käi:** As a member of the Management Board, Riina also serves as Chief

Financial Officer. She oversees Elering's financial activities, administration, risk management (including physical security), and cybersecurity. Her term as a board member is valid until December 31, 2026;

- **Erkki Sapp:** Erkki joined the Management Board on July 4, 2023. He is responsible for renewable energy, the development of energy markets, and system management. His term as a board member is valid until December 31, 2026;
- **Reigo Kebja:** Reigo became a member of the Management Board on February 5, 2024. In addition to his responsibilities as a board member, he performs daily duties as Asset Management Director. His term is valid until February 5, 2029.

### Remuneration:

In accordance with the articles of association, board members are compensated solely based on their Management Board member contracts. Additional performance-based compensation of up to four months' salary may be granted based on annual results or other criteria determined by the Supervisory Board. Salaries for Management Board members are fixed and specified in their contracts. Elering does not operate any long-term bonus systems.

Severance payments can only be granted if a member is dismissed at the initiative of the Supervisory Board before the end of their term. In such cases, severance pay is limited to three months' salary.

### In 2024, the remuneration for members of the Management Board of Elering AS was as follows:

Management Board Member	Total Remuneration 2024 (thousand euros)	Total Remuneration 2023 (thousand euros)
Kalle Killk	180,0	177,0
Riina Käi	157,5	167,6
Erkki Sapp	120,9	51,0
Reigo Kebja	98,4	0,0
Taavi Veskimägi	0	146,1

## Conflict of Interest Avoidance

Members of the Management Board always act in the best interests of the company and do not make decisions based on personal interests. They do not use business offers made to Elering for personal gain. In the event of a conflict of interest, a board member must immediately notify the Supervisory Board and other board members. Additionally, any potential conflicts of interest must be disclosed prior to signing an employment contract and without a delay upon their subsequent occurrence.

If a business offer related to Elering's operations is made to a board member, their close associate, or a related party, the board member must promptly inform the other board members and the Chairman of the Supervisory Board, ensuring transparency and trustworthiness in governance.

The requirement to avoid conflicts of interest is explicitly outlined in the board member's contract, ensuring that board members always act in the company's interest and prevent clashes between personal and corporate interests.

A board member must avoid any conflict of interest between their personal interests and those of the company and must immediately inform Elering's Supervisory Board of any direct or indirect interest in transactions the company undertakes. Similarly, the board member must notify the Supervisory Board without delay if a situation arises that could lead to a conflict of interest.

Transactions involving a board member or where a board member has a personal interest are decided by the Supervisory Board, which sets the terms of the transactions to ensure transparency and protect the company's interests.

Board members disclose related parties, and transactions involving them are detailed in the annual report. In 2024, Elering did not engage in any transactions with board members or their related parties at the time of service (no such transactions were conducted in 2023 either).

## Audit Committee

The Supervisory Board appoints an Audit Committee with up to five members, charged with overseeing risk management, internal control, and financial reporting. The Audit Committee serves as an advisory body to the Supervisory Board, addressing matters related to accounting, financial reporting, auditor independence, risk management, internal control, internal audit, budgeting, and compliance with legal requirements.

Audit Committee members are appointed for a fixed term of three years. The members elect a chairperson from among themselves, who organizes the activities of the Audit Committee. The chairperson of the Audit Committee cannot be the chairperson of the Supervisory Board.

### Audit Committee Members in 2024:

- **Janek Stalmeister** (entrepreneur), member since June 25, 2020; term extended after its expiration.
- **Kaie Karniol** (Head of the State Assets Department, Ministry of Finance), member since March 7, 2022.
- **Villem Vohu** (Head of the Energy Division, Enterprise Estonia), member since October 25, 2024.

- **Jaanus Uiga** (Deputy Secretary-General for Energy and Mineral Resources, Ministry of Climate), member since October 25, 2024.
- **Rein Vaks** (Head of the Energy Department, Ministry of Climate), member from March 14, 2023, to October 23, 2024.

In 2024, the Audit Committee met four times: March 20, June 5, September 19, and December 4 (six times in 2023). The Audit Committee addressed the following completed internal audits: connection process audit, frequency reserves audit, and easement compensation audit. Addition-

ally, it reviewed the cybersecurity enhancement action plan, audit plan, evaluated the work of the external auditor, discussed risk assessment and internal control topics, financial reporting topics, and internal auditor selection criteria.

Internal audit services are outsourced to an external service provider. The internal auditor was paid €44.6 thousand in 2024 (2023: €37.4 thousand) for internal audit services and €5.5 thousand for providing whistleblowing line monitoring services (2023: €5.6 thousand).

**In 2024, the remuneration for Audit Committee members was as follows:**

Audit Committee Member	Total Remuneration 2024 (thousand euros)	Total Remuneration 2023 (thousand euros)
Janek Stalmeister	0,8	0,9
Kaie Karniol	0,8	0,9
Villem Vohu	0,2	0,0
Jaanus Uiga	0,3	0,6
Rein Vaks	0,8	0,6
Indrek Kasela	0,0	0,4



## Cooperation Between the Management Board and the Supervisory Board

The Management Board and the Supervisory Board collaborate closely to ensure the best protection of Elering's interests. They work together in developing the company's strategy, with the Management Board basing its management decisions on the strategic guidelines provided by the Supervisory Board.

The Management Board regularly informs the Supervisory Board of all significant circumstances affecting the company's operational planning and business activities, highlighting any major changes in Elering's operations. The Management Board provides the Supervisory Board with relevant data, including financial reports, with sufficient lead time before Supervisory Board meetings. Upon request, a member of the Management Board provides information about the company's and the Board's activities, either orally or in writing, and ensures the Supervisory Board has access to information reflecting the company's operations.

The management of the company adheres to applicable laws, Elering's articles of association, decisions of the general meeting and the Supervisory Board, and the company's established goals.

## Disclosure of information

The website of Elering at [www.elering.ee](http://www.elering.ee) includes annual reports, financial results, performance indicators, an overview of principal activities, the structure of Elering, a summary of its strategy, news and notices as well as other information necessary for investors and the public. The website is also available in English. The information (including news and notices) on the website is constantly updated.

## Financial Reporting and Auditing

Elering's Management Board publishes an annual report and quarterly financial results throughout the fiscal year. The annual report is prepared in accordance with IFRS standards and audited in compliance with ISA standards. During the Supervisory Board meeting reviewing the annual report, the company's auditor also participates upon invitation. The annual report, signed by the Management Board members, is submitted to the General Meeting for approval, along with the Supervisory Board's report on the annual report.

Elering selects an external auditor through a public procurement process, inviting only internationally recognized companies offering high-quality audit services.



The external auditor is appointed by a decision of the General Meeting, after which the Management Board enters into an audit service agreement. The agreement specifies the auditor's responsibilities, timeline, and remuneration, ensuring that no barriers are imposed on the auditor's objective assessment of Elering's operations.

In spring of 2022, a new procurement process was conducted to appoint an auditor for 2022–2024, with an option to extend until 2026. The tender was won by AS PricewaterhouseCoopers. The company follows Estonian legislation, international auditing standards, and the risk management rules of the auditing firm, including the EU regulation on auditing practices that came into effect in 2016.

In 2024, Elering paid €41 thousand (excluding VAT) for the audit of the annual report (2023: €46 thousand).

Additional Services Provided by the External Auditor in 2024:

- Conducted a review of activity reports in compliance with the requirements of §17 of the Electricity Market Act.
- Prepared a report on audit findings for the National Audit Office.
- Performed a legality review of transactions in accordance with the requirements of the National Audit Office.

The Audit Committee oversees the activities of the external auditor in accordance with the Auditing Activities Act.

## Risk management and risks

Elering plays a vital public role by providing electricity and gas transmission network services across the country, a vital service mandated by law. As a result, the company's risk management is divided into two key parts:

- Corporate risk management

Elering's risk management aims to identify risks that could threaten the achievement of its strategic objectives and mitigate them to an acceptable level. This approach focuses on risks from the company's perspective, with Elering applying the COSO ERM framework as the foundation for its risk management practices.

- Risk management of a vital service

Elering's risk management, as a provider of a critical service, focuses on addressing energy supply risks from the perspective of electricity and gas end consumers. Its primary objective is to evaluate the likelihood and impact of network disruptions that could result in emergencies for energy consumers. To mitigate such risks, recovery plans are developed to ensure the swift and efficient restoration of network connections. In managing these vital service risks, Elering adheres to the risk management framework established by the Emergency Act.

## Corporate risk management

The management board oversees the functioning of risk management and reports its outcomes to the audit committee and the supervisory board. Day-to-day risk management is coordinated by the company's risk manager, who reports directly to the management board member responsible for finance and risk management. Risk assessments are primarily conducted by sector-specific risk working groups:

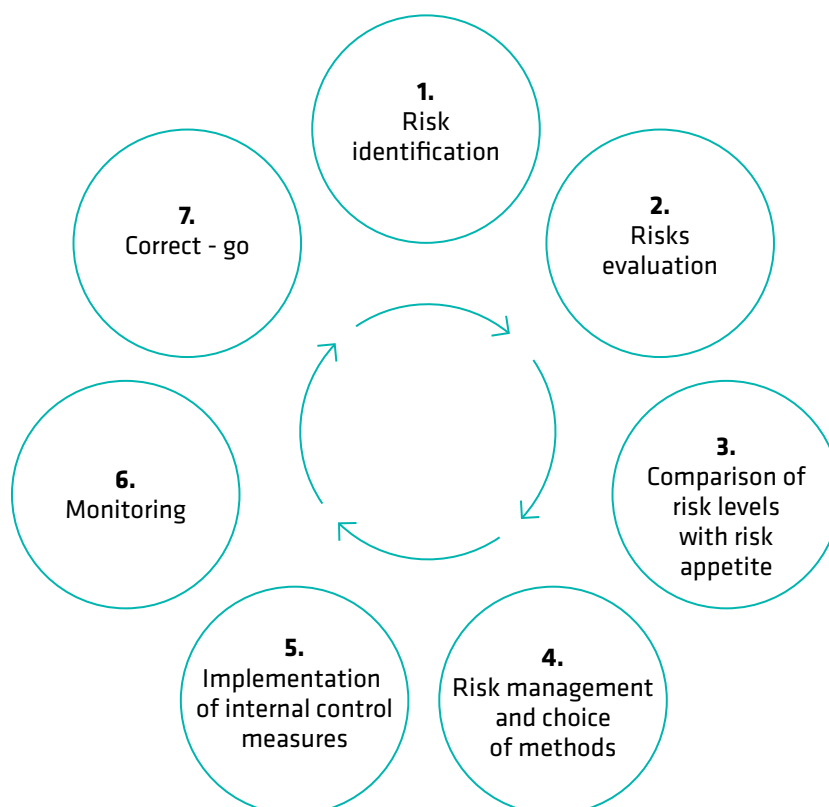
- Energy System Risks Working Group
- Operational Risk Working Group
- Financial Risk Working Group
- Compliance Risk Working Group
- IT Risk Working Group

The risk assessments provided by the working groups are reviewed by the risk committee and subsequently approved by the management board.

In addition to the risk assessments, the management board is provided with a list of additional mitigating measures required to reduce risks to an acceptable level and maintain them. These measures are formalized as either work tasks for one-off activities or amendments to the company's rules for ongoing activities, based on decisions made during management board meetings.

The company's internal control system, including compliance with procedures, is evaluated by an independent internal auditor. The auditor periodically reports the assessment results to the audit committee. During the reporting year, the internal auditor was Ernst & Young Baltic AS.

**Risk management is an ongoing process, illustrated by the following diagram:**



1. Risk identification – involves describing scenarios that could threaten the achievement of objectives and categorizing them accordingly.
2. Risk assessment – analyses the probability and impact of each risk to determine the risk level using a corresponding matrix.
3. Comparison with risk appetite – compares the identified risks to the company's defined risk appetite, which specifies the level of risk the company is prepared to accept without additional mitigation measures. Given its role as a provider of a vital service, the company does not consider high or very high levels of residual risk acceptable.
4. Risk management methods – are chosen based on the comparison with the company's risk appetite. If a risk exceeds the acceptable threshold, appropriate mitigation methods, such as risk avoidance or reduction, are implemented. For risks assessed as low or medium, risk acceptance may also be applied.
5. Internal control measures – ensure the prevention, timely detection, rapid response, and minimization of events that could hinder the achievement of the company's objectives.
6. Monitoring – involves collecting and analysing data on the effectiveness of internal control measures and reporting the results to management bodies.
7. Correction – means making changes to internal control measures immediately if monitoring reveals they are ineffective or

if a more suitable method becomes available to achieve the desired outcome.

During the risk assessment, it became clear that external risks are still high.

The war initiated by Russia against Ukraine persisted, leading to ongoing geopolitical tensions. Due to historical and geographical factors, the energy infrastructure in our region has been closely tied to Russia's systems, enabling Russia to exert various influences on Estonia's energy infrastructure. This sustained high level of geopolitical threat remains the primary driver of the most significant risks:

- Physical attack on energy system infrastructure
- Electrical system disruption
- Cyber-attack.

In 2024, the gas supply for the Baltic and Finnish regions relied entirely on LNG. By the start of the heating season in autumn, the Incukalns underground gas storage facility in Latvia had accumulated sufficient gas reserves to meet the region's entire winter consumption. Additionally, LNG terminals were operational in Inkoo and Hamina in Finland, as well as in Klaipėda, Lithuania. Technical capacity has also been established in Paldiski for the rapid deployment of an LNG regasification vessel (FSRU). Furthermore, the technical transmission capacity of the GIPL gas connection between Poland and Lithuania has been increased, enhancing the security of gas supply in the region.

On December 25, 2024, an anchored ship damaged the Estlink 2 submarine cable, which has a nominal capacity of 650 MW and connects the Estonian and Finnish power systems. The estimated timeline for repairing the damage and restoring the connection

is August 2025. Elering, in collaboration with other Baltic system operators, had anticipated the possibility of such incidents in their risk analyses and business continuity plans. As a result, there was no risk of electricity supply interruptions for consumers. However, the incident is regrettable, as it is expected to have a negative impact on electricity prices across the Baltic region.

Among the risk scenarios, the disruption of the electricity system remains a significant concern, particularly the risk of all electrical connections between the Baltic States and Russia being severed. Such a scenario would result in the Baltic electricity system operating in an "islanded state," meaning it would no longer be connected to any other system via AC connections (although DC connections with

the Nordic countries and Poland would remain intact). This situation would increase the system's vulnerability to major disturbances.

To address this, the Baltic and Polish electricity system operators have developed an action plan to connect the Baltic electricity system to synchronous operation with the Continental European electricity system through Poland. By the end of 2024, nearly all the necessary investments for synchronization had been completed, ensuring the Baltic electricity system can operate stably even in an islanded state. This risk will be fully mitigated in February 2025, when the Baltic electricity system will be completely disconnected from the Russian electricity system.

#### The still high level of external threats is also reflected in residual risks:

pcs	Low	Average	High	Very high	Total
Energy system risks	2	7	1	1	11
Financial risks	1	4	1	2	8
IT risks	2	6	1	1	10
Operational risks	6	4	2	0	12
Compliance risks	1	4	1	0	6
Total	12	25	6	4	44

The company's risk tolerance does not permit the acceptance of high or very high levels of residual risks. As shown in the table, seven risks exceeded the company's risk tolerance threshold. To address these, the management board has approved a multi-year action plan aimed at mitigating these risks. As a result, residual risks are expected to decrease to an acceptable level in the coming years.

#### Risk management of a vital service

The management of risks related to a vital service is governed by the requirements and principles established in the Emergency Act and its associated regulations. According to the law, vital service providers must develop a risk analysis and a business continuity plan for their service. These must then be submitted for approval to the authority responsible for organizing the vital service, which for Elering is the Ministry of Climate.

Risk analysis addresses:

- The content and required level of essential services
- Resources needed to provide a vital service
- Potential threats that could lead to disruption of vital services
- Descriptions of risk scenarios and their assignment to risk classes based on criteria specified in legislation
- Preventive measures aimed at reducing the likelihood and/or impact of risk scenarios.

The core of the business continuity plan is the detailed description of recovery plans for the critical risk scenarios identified in the risk analysis. For each risk scenario, one or more recovery plans are developed, outlining the steps to restore the energy supply and estimating the time required should the scenario occur. Additionally, the business continuity plan includes information on the operation of the company's crisis committee, communication with the Ministry of Climate during emergencies, the capabilities of key contractual partners involved in energy supply restoration, and other related aspects.

Risk scenarios address the realization of the following threats:

- Weather (storm, extreme cold wave, etc.)
- Insufficient electricity generation capacity
- Gas supply disruption
- Human errors

- Physical attacks on infrastructure
- Cyberattacks
- Deterioration of the technical condition of equipment
- Impact of neighbouring power systems
- Etc.

Risk analyses of the vital electricity and gas services identified the following risks based on the criteria set out in the law:

	Electricity	Gas
Very high	0	0
High	7	0
Important	1	2
Average	4	5
Low	4	4
<b>Total</b>	<b>16</b>	<b>11</b>

### Summary

Despite the persistently high level of risk in the external environment, the Management Board is confident that effective risk management has ensured that risks are well-controlled, both in relation to achieving the company's strategic objectives and ensuring the energy supply for vital service customers. However, this does not guarantee the complete elimination of risk scenarios. Elering has taken, and will continue to take, measures to reduce the likelihood of risks materializing and their potential impacts to an acceptable level.

## Ethical principles and corruption prevention

Elering upholds a zero-tolerance policy toward corruption.

The UN Global Compact identifies four key consequences of corruption for companies:

- Risk of violating the law, as corruption is explicitly illegal

Elering aims to set an example for other companies in society by demonstrating legal compliance, which can only be achieved by fully adhering to the requirements of the law.

- Reputational risk

Elering's responsibilities encompass activities that extend beyond its core business operations. These include ensuring the effective and efficient functioning of electricity and gas markets through impartial and transparent actions, managing the collection and payment of renewable electricity subsidies, and contributing to the development of the country's energy and climate policies. Achieving these objectives is only possible with an impeccable reputation.

- Financial risk

Corruption can lead to substantial economic losses, often reflected in increased procurement costs, reduced quality of purchased equipment, and other inefficiencies.

- Loss of trust within the organization

If employees observe that unethical behavior is tolerated within the company, it can result in a significant loss of trust,

reduced loyalty, and a deterioration of the overall company culture.

To prevent the listed negative consequences, it is essential to take proactive measures to eliminate the risk of corruption.

The Association's Council has approved the document "Anti-Corruption Policy", which focuses primarily on the prevention of corruption. The policy addresses the following aspects of corruption prevention:

- Bribery/Proceeds of Corruption

The policy defines bribery and corrupt proceeds and excludes any involvement by management bodies and employees.

- Conflict of interest

The obligation to avoid any conflict of interest has been established, the concept of a related party has been defined, and the notification of a conflict of interest has been made mandatory.

- Grants and donations

Elering is permitted to provide grants and donations only in accordance with the State Assets Act and the relevant procedures of the company.

- Gifts and hospitality

Gifts and hospitality are permitted only within the limits of good business practice, as defined in the policy.

- Obligation and procedure for reporting suspicions

All employees are required to immediately notify the company of any violation or suspected violation of the Anti-Corruption Policy.

In addition to the anti-corruption policy, the association's nine different procedures contain provisions that prevent the possibility of corruption.

The risk analysis identified that the most likely place of exposure to corruption is procurement. Therefore, the relevant procurement procedure has made it mandatory for employees to follow many preventive measures. For example, there is an obligation to submit procurement documentation to the board meeting in advance, and after the tenders are received, the board approves the procurement results. The right to make changes to concluded procurement contracts is only with the board's decision. When processing received invoices, the use of the "four eyes" principle is ensured by information technology tools.

The company's accounting software keeps accurate records of all assets, including those that are in use but have a zero book value. Assets can only be written off by drawing up a corresponding act, which must be approved by the owner of the asset, his or her direct manager, and the member of the board responsible for the area.

The company's intranet has a section called "Corruption Prevention" where employees can find guidance materials on recognizing and preventing corruption. All employees have provided electronic confirmation that they have read the guidance materials.

Regular training on corruption prevention is held, and participation is mandatory for all employees. The main focus of the training is on quickly recognizing potential corruption situations. There have often been cases of corruption in society in which participants committed an illegal act without realizing it and without receiving personal benefit. Completing the training allows Elering employees

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**The corruption prevention measures described above play a very important role in reducing the risk of corruption, but the attitude and ethical beliefs of the employees themselves are no less important.**

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to better recognize potential corruption-prone situations and to respond to them proactively.

The audit firm EY carried out a consultancy work on our behalf in 2022, the aim of which was to identify weaknesses in Elering's corruption prevention. To this end, they conducted an employee survey, examined internal procedures and conducted interviews with key individuals. The results were compared, among others, with the EY Global Integrity Report 2022 results. EY conclusion: *"According to the results of the conducted corruption risk assessment, Elering's residual corruption risk level is: low."*

The company purchases a hotline service from an independent party, to which both the company's employees and all other people can anonymously submit tips about possible suspicions of corruption. In 2024, no tips were received by the hotline, nor were any cases of corruption identified in Elering in any other way, and the management board is convinced that the measures taken to prevent corruption will help to keep the risk of corruption to a minimum in the future.

The corruption prevention measures described above play a very important role in reducing the risk of corruption, but the attitude and ethical beliefs of the employees themselves are no less important. The attitude of employees can be guided by the personal example of both middle and top managers. The company's code of ethics is also available on the intranet. It contains general beliefs and principles that are expected of employees.