

APPROVED

with joint stock company "Conexus Baltic Grid"
Council decision of 25 November 2021, minutes of
the meeting No. 7 (2021)

Rīga, 29.11.2021.

INA-POL-024

Procurement policy of the joint stock company "Conexus Baltic Grid"

I. Purpose of the procurement policy

1. The purpose of the procurement policy (hereinafter referred to as the "Policy") of the Joint Stock Company Conexus Baltic Grid (hereinafter referred to as the "Company") is to determine the basic principles for procurement in order to ensure the efficient use of the Company's funds by purchasing quality goods, services and construction works at the best price, in conditions of fair competition of suppliers as well as to promote the implementation of the principles of sustainable procurement in the Company.

II. Basic principles of the procurement Policy

2. The Company performs procurements in accordance with the interests of the Company, ensuring the efficient and effective use of funds, purchasing goods, services and construction works, observing the principle of economic advantage, promoting system reliability and stability and compliance of goods, services and construction works with the environmental requirements.

3. The company shall, as far as possible, follow the principles of "green procurement" as well as assess the life cycle costs of the goods or services to be purchased.

4. In determining the qualification requirements for the selection of tenderers and the subject of procurement, the Company shall promote the greatest possible competition of market participants, equal and fair treatment of suppliers and observe the principle of openness.

5. The Company determines such tender evaluation criteria to be submitted in the procurement, which are objectively comparable and attributable to the required characteristics of the procurement subject.

6. In selecting the most economically advantageous offer the Company evaluates, in addition to the price, the life cycle costs of the goods, services and construction works, safety and quality parameters and the warranty term and conditions.

III. Procurement decision-making

7. Decisions on the procurement procedures shall be made by the Procurement Commission. The members of the Procurement Commission are autonomous in their decisions and subject to the provisions of the law and this Policy.

8. Within the framework of their activities, the members of the Procurement Commission shall increase their professional competence and consult with colleagues, industry experts and experts while doing so in a manner that is open and does not create an objective effect on decision-making.

9. Influencing the employees of the Company and the members of the Board who participate in the decision-making process is not allowed. An employee of the Company or a member of the Board is obliged to report an attempt to influence in accordance with the procedures specified in the internal whistleblowing regulations by submitting a report of the whistleblower or to report to the competent authority. The Company encourages whistleblowing.

10. An employee or a member of the Board of the Company is obliged to suspend themselves from making a decision if a situation of conflict of interest or a risk to the reputation of the Company arises or may arise.

11. Decisions in procurement procedures shall be made in accordance with the Company's procedure for organizing the procurement. The procedure for organising procurement shall be approved by the Board.

12. The Board shall not participate in the work of procurement commissions. The Board of the Company performs procurement control, including compliance with the Company's technical needs and financial capabilities.

IV. Procurement process organisation

13. The procurement process in the Company shall be ensured and organised by the structural unit responsible for the organisation of procurement in accordance with the Company's procurement organisation procedure developed on the basis of the basic principles referred to in this Policy.

14. The Company shall ensure centralised procurement planning in cooperation with the structural units of the Company.

15. The structural unit responsible for the organisation of procurement shall organise the record keeping of the procurement procedure, perform general control of the legality of procurement procedures, follow the uniformity of decisions and ensure the compliance of the adopted decisions with the regulatory enactments regulating the procurement procedure.

16. The Company shall, as far as possible, combine the same or similar subject of the envisaged agreement in one procurement procedure. It is not permitted to divide the procurement subject into parts in order to avoid the application of such procurement procedures that exceed the contract price limits specified in regulatory enactments.

V. Basic principles of supplier ethics

17. The Company cooperates with suppliers who understand and support the basic ethical principles of suppliers established in this Policy in order to ensure the principles of fair cooperation in the Company's procurement.

18. The Company expects that suppliers, including their subcontractors who wish to cooperate with the Company, shall observe the following basic principles in mutual cooperation:

18.1. observe the rules of fair competition and do not create situations in which anti-competitive advantages may arise for the supplier themselves or other natural or legal persons related to the supplier;

18.2. prevent situations of conflict of interest in mutual cooperation;

18.3. prevent fraud, embezzlement, and money laundering;

18.4. disallow corrupt activities, including respect the restrictions on accepting gifts as specified in the Company's Code of Ethics and not offer anything of material value as an incentive or reward to the Company's employees;

18.5. observe the requirements of the labour laws;

18.6. comply with the requirements of the regulatory enactments in connection with the payment of taxes and payments equated thereto;

18.7. perform their activities in accordance with the environmental and labour protection regulations.

19. The Company does not cooperate with suppliers who have been found guilty or have been subjected to coercive measures in relation to criminal offences, such as:

19.1. the establishment, management, involvement in an organised group or part of an organised criminal organisation or in another criminal formation or participation in criminal offenses committed by such an organisation;

19.2. terrorism, terrorist financing, incitement to terrorism, terrorist threats or recruitment and training for terrorism;

19.3. human trafficking.

20. The Company shall not cooperate with such suppliers for which international or national sanctions have been imposed or sanctions imposed by a member state of the European Union or the North Atlantic Treaty Organization affecting significant financial and capital market interests that may affect the performance of the cooperation agreement.

VI. Policy implementation

21. The Board is responsible for the implementation of the Policy in the Company and updating of the Policy at least once every three years.

22. 34. The Council is responsible for supervision of Policy implementation.

23. This Policy takes effect on the day of signing. With the entry into force of the Policy, the procurement policy of the Joint Stock Company Conexus Baltic Grid No. 3.2/14/2019 (INA

POL-006), approved at the meeting of the Council of JSC Conexus Baltic Grid on 21 March 2019 (Minutes No. 2 (2019)) becomes invalid.

Chairman of the Council (signature*) Ilmārs Šņucins

* The document is signed with a secure electronic signature.