



STARA PLANINA HOLD PLC

1113 Sofia, 26A, Latinka Str.
tel.: (+359 2) 963 41 59, 963 41 61, 963 05 77

e-mail: office@sphold.com

www.sphold.com

AUDITOR SELECTION PROCEDURE

I. GENERAL PROVISIONS

Art. 1. (1) This procedure has been adopted by the Board of Directors of Stara Planina Hold Plc in its capacity as the audited entity.

(2) The selection procedure is organized by Stara Planina Hold Plc when appointing an auditor or audit firm for a statutory financial audit and a statutory sustainability assurance engagement, except in cases concerning the renewal of an audit engagement

Art. 2. The selection procedure is organized by Stara Planina Hold Plc in compliance with the following criteria:

1. the audited entity has the right to invite any eligible registered auditor or audit firm to submit proposals for the provision of statutory financial audit and statutory sustainability assurance services;
2. the organization of the procedure shall in no way impede the participation of an auditor or audit firm that received less than 15% of its total audit fees from other public-interest entities in the preceding calendar year.

Art. 3. The audited entity is free to conduct direct negotiations with interested candidates during the procedure.

II. TENDER DOCUMENTS

Art. 4. Material characteristics of the audited entity's activities.

1. Stara Planina Hold Plc is:
 - a) a public-interest entity – a public company whose activities are regulated by the Public Offering of Securities Act and other applicable normative acts;
 - b) an entity applying to International Accounting Standards;
 - c) a parent company which prepares both individual financial statements and consolidated financial statements;
 - d) an entity that is not a "small or medium-sized enterprise", as defined in Article 2, paragraph 1, point (e) of Directive 2003/71/EC.
2. The statutory financial audit and statutory sustainability assurance engagement must be performed based on the characteristics listed in point 1.

3. The selected auditor must undertake an engagement to review and certify the annual financial statements on an individual and consolidated basis; to review and provide sustainability assurance on a consolidated basis

Selection Criteria and Quality Standards

Art. 5. (1) When applying, the registered auditor or audit firm shall submit to the entity the documented assessment referred to in Article 6, paragraph 1 of Regulation (EU) No 537/2014.

Art. 6. (1) Apart from the requirements specified in the effective normative acts, the audited entity has no additional special selection criteria used for the evaluation of proposals made by the applying auditors or audit firms.

(2) Apart from the requirements specified in Part Two of the Independent Financial Audit Act and other applicable normative acts, the audited entity has no additional special requirements concerning quality standards regarding the applying auditors or audit firms.

III. EVALUATION OF PROPOSALS

Art. 7. (1) The audited entity evaluates the proposals made by the registered auditors or audit firms in accordance with the requirements specified in Art. 5 and draws up a report on the conclusions of the selection procedure, which it provides to the audit committee.

(2) The report under para. 1 shall consider the findings and conclusions from the inspections published by the supervisory authority in accordance with the procedure under Art. 77, para. 2, item 3 of the Independent Financial Audit Act (IFAA).

Art. 8. (1) The audit committee approves the report on the conclusions of the selection procedure conducted and based on it prepares a recommendation to the shareholders of the company for the appointment of an auditor or audit firm for a statutory financial audit and a statutory sustainability assurance engagement.

(2) The recommendation shall be substantiated and shall contain at least two options for the selection of the audit engagement, with the audit committee expressing a duly justified preference for one of them.

(3) In the recommendation, the audit committee shall state that it has not been influenced by a third party, and that no clause of the type referred to in Article 16, paragraph 6 of Regulation (EU) No 537/2014 on specific requirements regarding the statutory audit of public-interest entities has been imposed on it.

(4) The audit committee shall submit the recommendation to the Board of Directors no later than the date of the convocation of the general meeting of shareholders.

IV. FINAL PROVISIONS

Art. 9. (1) The Board of Directors shall include in the agenda of the general meeting of shareholders an item for the selection of an auditor or audit firm for a statutory financial audit and a statutory sustainability assurance engagement, listing in the

draft decision all options for selection, as well as the preference indicated in the recommendation of the audit committee.

(2) The proposal of the Board of Directors may deviate from the audit committee's preference only if the reasons for not following the recommendation are justified within the proposal. In this case, the statutory auditor or audit firm proposed by the Board of Directors must have participated in the selection procedure.

Art. 10. The entity will directly and immediately inform the supervisory authority of any attempt by a third party to impose such a contractual clause or otherwise unduly influence the decision of the general meeting of shareholders regarding the choice of the statutory auditor or audit firm.

The procedure was adopted by decision of the Board of Directors on 15.02.2017, supplemented by decision of the Board of Directors on 05.03.2025.