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EY STATEMENT

We, at Ernst & Young Services Limited ('EY'), would like to provide additional context and clarification regarding the report we prepared for the Inter-American Development Bank on the financial, operational, and organizational review of N.V Energiebedrijven Suriname (EBS).

Firstly, we want to clarify that our analysis was done independently and solely from the perspective of EBS. We understand that there have been many issues raised in the public discussion surrounding the report, particularly in relation to the cost of thermal power from SPCS mentioned in the report.

We would like to explain that the report was intended to provide directional advice on what was needed at EBS and was not designed to make absolute decisions. Additionally, we would like to highlight that EBS spent a significant amount on thermal plants over a certain period, however, these plants are currently underutilized because EBS purchases what it needs from SPCS first.

SPCS, as a commercially viable entity, has to sell the electricity it produces at a price that would be required to recover the significant investment for their power generation plant. This is to ensure that SPCS can repay its loans and have a return on investment and contribute to its profitability. Furthermore, usually, financing for a power generation plant requires a take or pay agreement from the Government or the distribution company as certainty affects the ability to raise financing. As mentioned above, this analysis was done solely from an EBS perspective and accordingly, the EBS cost referenced in the report is not to compare an EBS cost to an SPCS cost but more to evaluate the option of utilisation of its own assets first before buying externally. The EBS cost did not include an allocation of indirect expenses or capital investment because the information was not readily available at that time. Accordingly, the EBS cost does not include cost of its capital investment and cost associated with financing the capital investment and therefore cannot be used as a comparison to the price charged by SPCS.

We want to stress that the report was done solely and independently from an EBS perspective and that there are many issues that are not only company-driven but country-driven. Government policies will determine the best way forward from a country perspective. Therefore, the report discussed the fiscal and social policy perspective of where government subsidies should be directed and how it can be managed without detriment to vulnerable citizens.

We hope this additional context and clarification provide a balanced view for the other party affected, SPCS, and the general public.

Yours Sincerely

Maria Daniel
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