EP Infrastructure

Sustainability Report 22

Year 2022 in review

Adjusted EBITDA
€ 1.5 billion

Revenues
€ 4.0 billion**

Group cash conversion ratio
52 %

Adjusted free cash flow
€ 0.8 billion

Paid in taxes
€ 229 million**

Total EPCG foundation + EPH foundation contributions
€ 1 million

Electricity from renewable sources
328 GWh

Year-on-year increase in electricity production from renewables
14 %

Heat from renewables
257 GWh

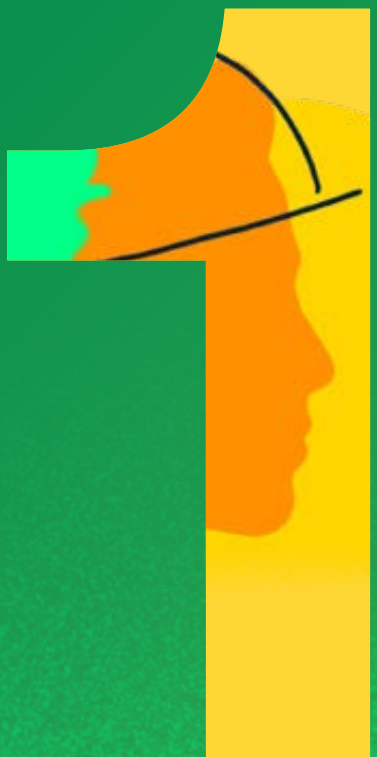
Year-on-year increase in heat production from renewables
24 %

Year-on-year dust emission reduction
8 %

** This data was verified by the independent auditing firm KPMG.

Report contents

Foreword



Dear Stakeholders,

It is our great pleasure to present to you the fifth Sustainability Report of EP Infrastructure, a.s. (“EPIF”), covering the calendar year 2022.

Although the Russian invasion of Ukraine has been ongoing for over a year, we sincerely hope that the human suffering will end soon, and the fundamental principles upon which modern European civilization has been built will again be respected. Since the start of the invasion, the EP Corporate Group Foundation, of which EPIF is a major benefactor, has focused on support of the refugees from Ukraine, primarily in areas of housing and labour market. The foundation distributed nearly CZK 38 million to 29 organizations that provide direct or indirect assistance. Through the EPH Foundation in Slovakia, EPIF further contributed to financial and material humanitarian aid to help refugees in Slovakia and people staying in Ukraine.

The invasion has not only caused a humanitarian crisis but also has had significant impacts on the economy and exposed vulnerabilities of our energy system. It also highlighted the crucial role of maintaining security of supply and affordability of basic commodities to ensure social cohesion. We are proud that our infrastructure has contributed significantly to energy security through the smooth operation of gas transit and storage facilities, as well as gas and power distribution networks and district heating assets. Notably, our gas corridor served as one of the two remaining routes for transporting Russian gas to Europe, which has eased potential gas market tightness. Eustream has completed the strategic Slovakia-Poland interconnector, providing access to the Polish LNG market, and further enhancing energy security in Europe. The instability of the market and gas supply insecurity following the invasion has underscored the paramount importance of gas storage facilities in our region as a provider of energy security. This segment plays a critical role in mitigating gas supply disruptions, balancing seasonal demand with winter peaks, promoting competition by allowing access to multiple suppliers, increasing supplier independence, and ultimately integrating intermittent renewable energy sources into the system.

The availability of basic energy commodities is essential for the well-being of all households, and a sudden surge in their prices can be particularly detrimental to low-income families. Therefore, our objective is to maintain

Daniel Křetínský

the affordability of these commodities, wherever possible. Despite rising costs in the current inflationary environment, we have declared that the heat price indexation for 2023 will remain below 5%, confirming our status as the most competitively priced heat supplier in the Czech market. As a supplier of last resort for customers in central Slovakia, we were pleased to welcome new customers who have lost their previous supplier because of market turbulences, even though this has resulted in a temporary financial cost for our Group.

We sincerely hope that the Russian aggression in Ukraine will end soon, bringing stability to the European continent. However, there is another imminent crisis which will likely have significant consequences for decades to come. The AR6 Synthesis Report recently published by the Intergovernmental Panel on Climate Change demonstrates an undeniable scientific consensus about the urgency of the climate crisis and concludes that the opportunity to secure a sustainable and liveable future for all is rapidly closing. EPIF unequivocally supports the long-term decarbonization objectives set forth by the European Union and is committed to active participation in the process. We have a clearly defined vision for all our assets and their roles in a fully decarbonized world. We firmly believe that a successful transition to a Net Zero energy system will necessitate the coordinated efforts and involvement of all technologies, including gaseous fuels. While we continue to view natural gas as a critical bridging fuel in the near to medium term, it must be gradually phased out in favour of renewable gases such as biomethane or hydrogen. Therefore, compatibility with hydrogen or potential refurbishment to hydrogen is now a critical aspect of our Capex planning process.

We have a clearly defined vision for all our assets and their roles in a fully decarbonised world.

In May 2023, the EPIF Board of Directors approved a new set of commitments to guide our decarbonisation strategy. These commitments are aligned with science-based emission reduction pathways that are consistent with limiting global temperature rise to below 1.5°C. Our goal is to achieve carbon neutrality by 2040 and net zero operations by 2050. We plan to achieve significant emission reductions already in the first 5-6 years by converting our most emission-intensive district heating assets to a balanced mix of highly efficient gas-fired plants, biomass units, and waste incinerator plants. This conversion shall result in a 60% reduction in CO_2 emissions by 2030. To ensure a smooth transition to a fully decarbonised system, we envisage to gradually increase the share of renewable gases combusted in our heating plant gas turbines up to 100%. Additionally, we will replace the gas used in our gas transit and storage facilities' compressors with renewable gases and electrify part of the compressor fleet. We will also refurbish our gas networks and continue with the best practices in leak detection and repair to reduce methane leakage. Our goal is to bring the fugitive methane emissions from our gas networks to an absolute minimum and only use legitimate carbon removal methods, as defined by Science Based Targets initiative and other gold standard target-setting bodies, to offset any residual emissions in 2050.

In 2022, we already made significant progress towards our goals. We realized substantial advancements in preparing for the conversion projects at all our district heating plants. The first major capital expenditures are planned for 2023, and we aim to utilize investment subsidies from the Modernization Fund, which distributes proceeds from emission allowances back to energy players who implement projects leading to a substantial reduction in their carbon footprint. These projects will ensure affordable heat supplies to end consumers while providing dispatchable electrical capacity to support grid stability. We also continued to prepare our gas infrastructure for the transit, storage, and distribution of hydrogen. Eustream aims to be ready for a 5% hydrogen blend by 2024, a year ahead of the deadline for all transmission system operators to be ready for this blending. Our gas distribution network operator, SPP - distribúcia, successfully completed a pilot project in which a 10% hydrogen blend was introduced into the gas distribution network in a small village in Slovakia. This project aimed to test the networks' interaction and the performance of appliances such as boilers and cookers in households and commercial settings. In the most challenging segment, gas storage, Nafta launched the H2I-S&D project, which was included among the Important Projects of Common European Interest (IPCEI) and aims to identify suitable sites for the storage of hydrogen blended with natural gas in the region.

Our efforts in the ESG area were reflected in a strong ESG rating received from Sustainalytics in December 2022. EPIF further improved its ESG Risk Rating from 20.0 to 18.2 (the lower score, the better) and confirmed its position in the low-risk category, 5th best out of 80 companies in the multi-utilities sector. In addition, in November 2022 EPIF obtained an updated ESG evaluation from S&P Global Ratings with a score of 63/100 (the higher score, the better). Our ongoing interactions with rating agencies help us further improve our disclosure to satisfy growing needs of all stakeholders.

Gary Mazzotti

In the aftermath of the COVID-19 pandemic's significant challenges in 2020 and 2021, the year 2022 presented a crucial test for the resilience of Europe's energy systems amidst an unprecedented military invasion of a European country. We take pride in successfully navigating through these crises while maintaining an uninterrupted supply of essential commodities, thereby reaffirming our position as a dependable operator of critical energy infrastructure. Additionally, we remain committed to engaging in humanitarian efforts aimed at aiding those affected by the events in Ukraine.

To conclude, we would like to express our honest thanks to our employees, investors and partners who have been participating in the realisation of our strategy and cooperating with us, thus supporting us to ensure a safe and reliable operation of the energy infrastructure at affordable terms, while being a leading player in true, socially acceptable decarbonization.

Sincerely,

Daniel Křetínský

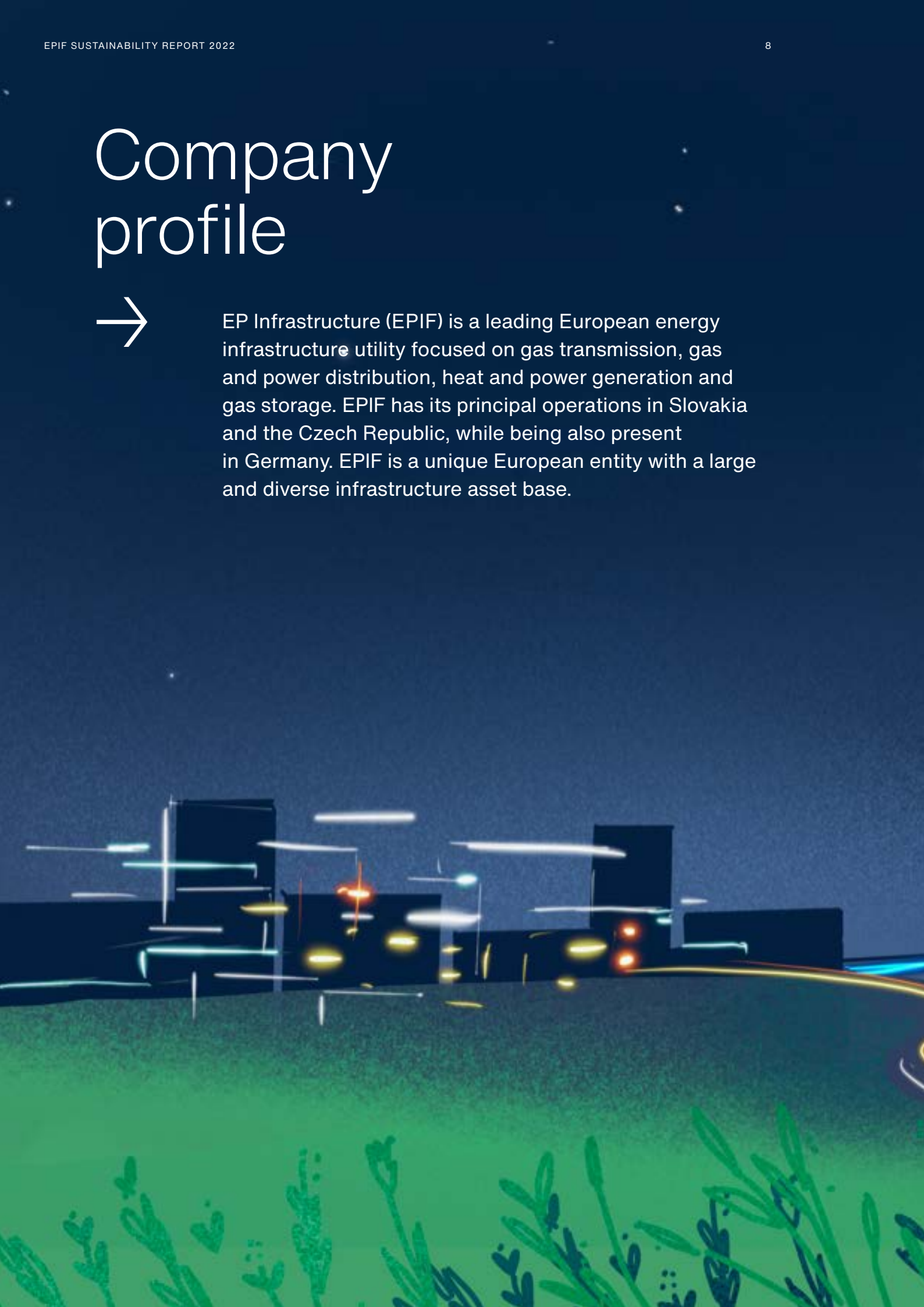
Chairman of EPIF Board of Directors

Gary Mazzotti

Vice-chairman of EPIF Board of Directors and CEO

Company profile

EP Infrastructure (EPIF) is a leading European energy infrastructure utility focused on gas transmission, gas and power distribution, heat and power generation and gas storage. EPIF has its principal operations in Slovakia and the Czech Republic, while being also present in Germany. EPIF is a unique European entity with a large and diverse infrastructure asset base.



Business areas

EPIF controls the eustream **gas transmission** pipeline, a corridor with unique positioning to supply gas to Central European and Southern European gas markets, irrespective of the gas source and flows pattern (connected to all neighbouring countries).

The Group is an important **gas distributor** and **electricity distributor** in the Slovak Republic and an established **operator of district heating** in the Czech Republic.

EPIF holds the largest **gas storage** capacity in the region of Slovakia, the Czech Republic, and Austria, and holds significant share on the German market.

↗ More on
epinfrastructure.cz/en/activities/profile

Core strategy

EPIF's core strategy is to operate critical infrastructure, **safeguard security of supply**, and contribute to affordability of essential commodities.

EPIF is fully conscious of the urgency to shift towards a **net-zero energy system** while maintaining energy security and affordability. Accordingly, EPIF has formulated a comprehensive energy transition strategy and has initiated the transition process across all segments.

All efforts are geared towards the Group's **long-term goals** to achieve carbon neutrality by 2040 and net zero operations by 2050.

Laying a pathway to energy transition and affordable energy

Reliable energy for Europe

EPIF's infrastructure continues to play a vital role in supplying major European markets with natural gas. Owing to our investments in the interconnectedness of the system, the corridor operated by eustream can currently serve all neighbouring countries irrespective of the gas source and contributes significantly to energy security in Europe. We further enhance the energy security of Central Europe by operating its most extensive, modern underground gas storage facilities. As coal and nuclear sources are gradually phased out, meeting the basic needs of developed societies will require gaseous fuels in a certain form to realise a successful energy transformation. While natural gas will likely remain a dominant fuel in the near to medium term, low carbon gases such as biomethane or hydrogen are expected to be gradually deployed on a more significant scale. Our infrastructure is well positioned to secure transit, storage, and distribution of alternative gases, ensuring energy system stability in a zero-carbon future.

Gas transmitted
26.3 bcm

Natural gas corridor length
2.4 thsnd. km

Gas storage capacity
61.5 TWh

Gas distributed
48.3 TWh

Securing supplies and grid stability

In today's climate of both social and political changes, having failsafe mechanisms in place is more important than ever before. We operate a power distribution with strong track record of reliability as measured by industry indicators. Our district heating infrastructure supplies end consumers in major regional cities, substantially lowering emissions as compared to non-centralised local heat sources. The cogeneration capabilities of the heating plants enable a highly efficient power production, supporting the power grid stability.

Power distributed
6.3 TWh

Total heat and power production
5,041 GWh

Installed electric power capacity
968 MW

Thermal capacity of boilers
3,003 MW

Figure 1: Value chain infographic.

It’s our employees, who create the value

Over the past 10 years, we have been offering stable working conditions to our talents. We appreciate our mutual dependencies – our employees rely on EPIF’s future sustainable development; however, innovation is not possible without the Groups top talents. We have also remained committed to ensuring their health and safety, as well as their personal and professional development. In response to a fatal incident involving one of our technicians of the power distribution network, we have performed a thorough independent review of the safety procedures to bring the risk of similar occurrences to an absolute minimum in the future.

Number of employees

5,837

Number of health and safety incidents

30 registered / 1 fatal

Hours worked by our employees

9 million

Powering households

Essential social needs and access to basic services are non-negotiable foundations of any thriving society. We provide households and institutions with reliable gas, electricity and heat while minimising our environmental impact through cogeneration. It is our legal and moral obligation to provide access to basic services also to vulnerable and disadvantaged groups.

Number of end consumers connected to our networks

2,458 thousand

EPIF's Greenhouse Gas (GHG) emissions: deep dive

This is the first year that GHG emissions[1] classified under EPIF's Scope 1 and 2 were externally verified in accordance with the ISAE 3000 standard. We consider this to be a significant step towards further ensuring that the goals in the Group's transition plan are appropriately evaluated and supported.

The Group aims to continue to implement this external verification practice in future reporting years and further work towards including Scope 3 emissions in the process. Under the GHG Protocol,[2] emissions are categorised into Scope 1, 2 and 3 emissions. This establishes a comprehensive and standardised global framework used to measure and manage GHG emissions from private and public sector operations, value chains and mitigation actions. Below, these scopes are further defined to EPIF's operations.

Both CH_4 and CO_2 are produced through natural and human-related activities, making them the most common greenhouse gases and contributors to human-induced global warming.

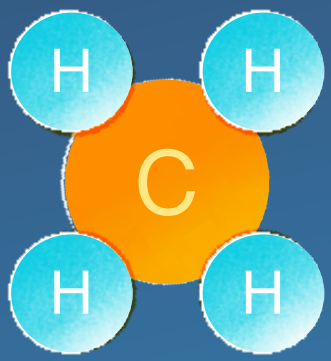
1 GHG's are those currently defined by the United Nations Framework Convention on Climate Change, and the Kyoto Protocol; they include carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), and fluorinated gases.

2 https://ghgprotocol.org

Carbon dioxide CO_2

CO_2 is mainly emitted by combustion of lignite and municipal waste by our heating plants and combustion of gas at compressors used as part of gas transit and gas storage operations.

- **Heat Infrastructure**
- **Gas Transmission**
- **Gas Storage**



Methane CH_4

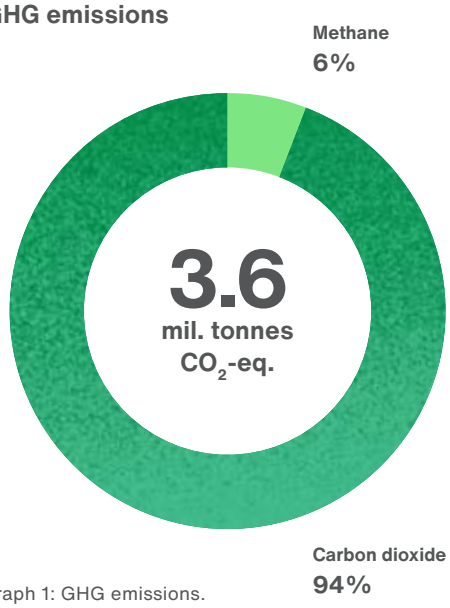
CH_4 emissions are predominantly related to leakage of gas from our gas transit, distribution and storage facilities.

- **Gas Transmission**
- **Gas Storage**
- **Gas Distribution**

EPIF's GHG emissions overview

In 2022, EPIF produced a total of 3.6 million CO_2-eq. GHG emissions.[3] As further highlighted in the graph below, the Group's total Scope 1 emissions consisted of 94% CO_2 and 6% CH_4 emissions, and total Scope 2 emissions only consisted of CO_2 emissions.

Total 2022 GHG emissions



Graph 1: GHG emissions.

Scope 1

Scope 1 direct GHG emissions are those that EPIF produces from our own sources. This includes carbon dioxide emissions from fossil fuel combustion (including emissions outside of the EU ETS), company owned vehicles, and methane leakage from our gas networks and storage facilities.

Gases reported:

CO_2 CH_4

Scope 2

Scope 2 indirect GHG emissions are those that are produced to generate energy which the Group buys and uses. This includes emissions from purchased power and heat consumed.

Gases reported:

CO_2

Scope 3

Scope 3 emissions result from the activities of assets that are not owned or controlled by EPIF, but that indirectly affect the Group's value chain. Scope 3 emissions include all sources that are not within EPIF's Scope 1 and 2 emissions. The key source of scope 3 emissions for EPIF is represented by combustion of natural gas by end consumers after it was transited, stored or distributed via EPIF's infrastructure.

EPIF currently assesses its scope 3 footprint and aims to report on these emissions in the future.

3 Excludes Scope 3 emissions.

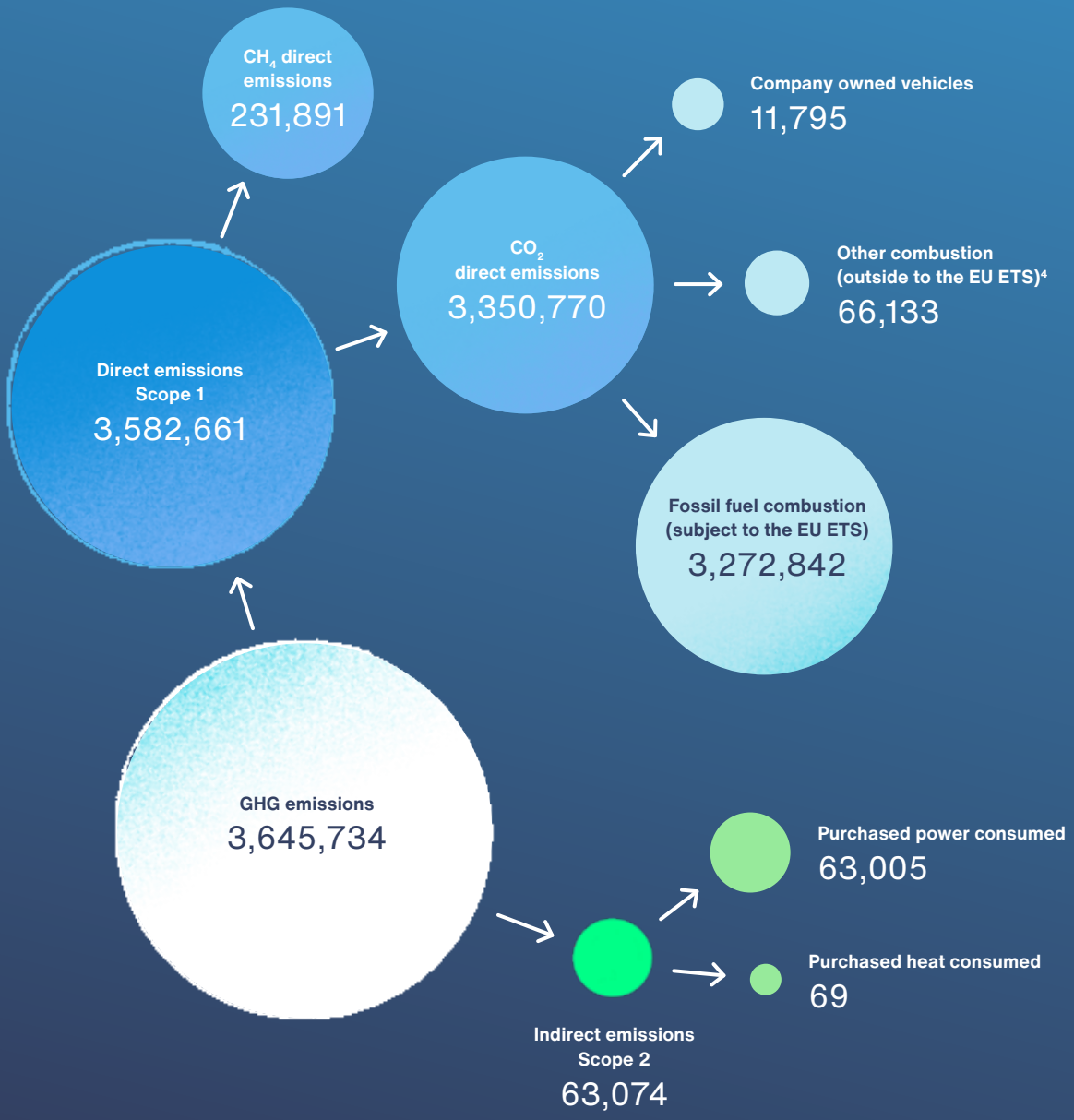


Figure 2: GHG emissions CO_2-eq.

4 EU ETS stands for EU Emissions Trading System, which is an EU market-based cap-and-trade mechanism used to regulate and reduce greenhouse gas emissions.

Decarbonisation commitments

EPIF targets for Scope 1 and 2 reductions are fully aligned with the minimum ambition thresholds set by the SBTi[5], ensuring that EPIF's pathway is consistent with 1.5°C temperature increase scenario.

by 2040

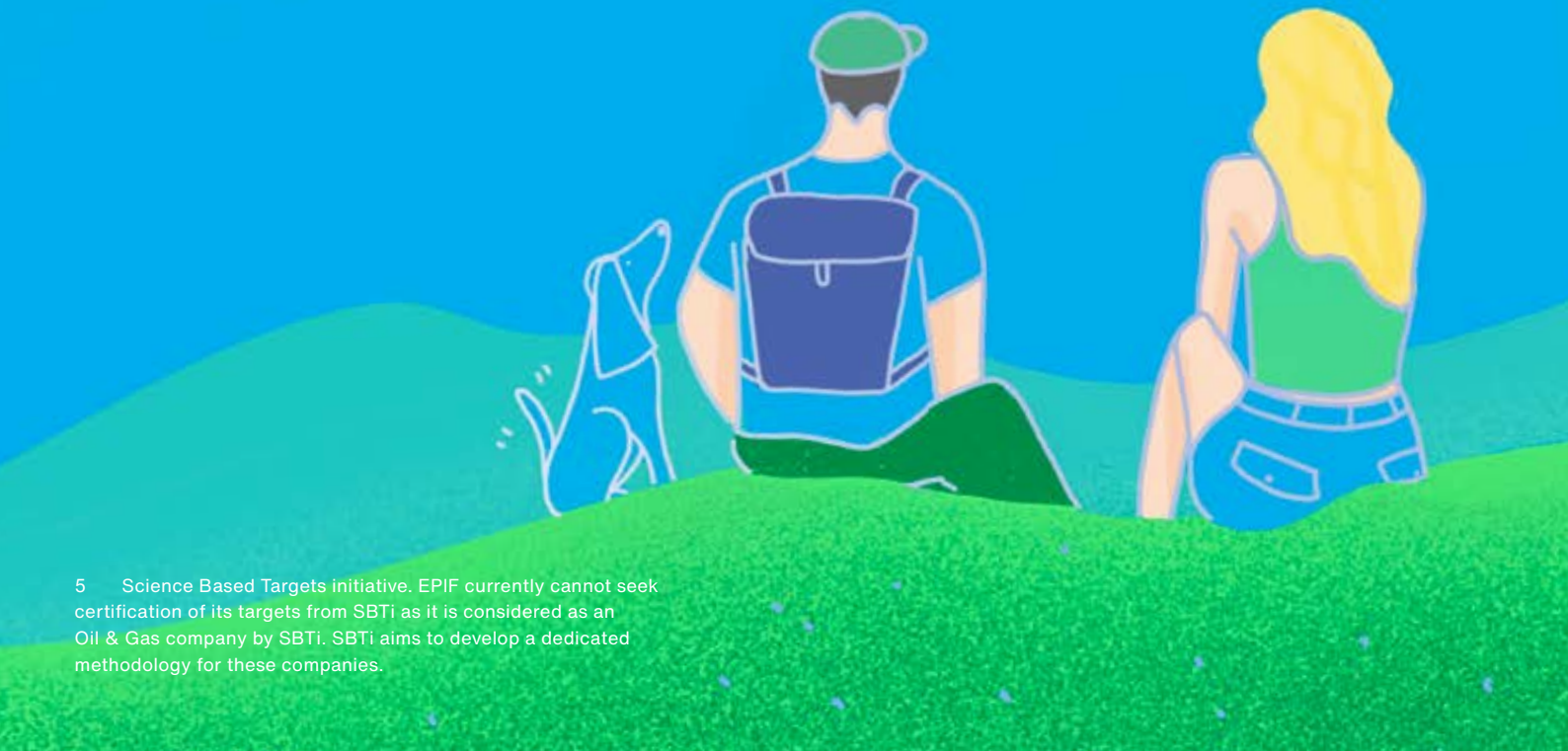
Carbon neutrality

Scope 1 & 2

by 2050

Net Zero

Scope 1 & 2



5 Science Based Targets initiative. EPIF currently cannot seek certification of its targets from SBTi as it is considered as an Oil & Gas company by SBTi. SBTi aims to develop a dedicated methodology for these companies.

Reduce CO_2 emissions by 60% by 2030

→ We have created a clear and resilient transition roadmap for our assets, thereby guiding EPIF Group to a 60% reduction in Scope 1 & 2 CO_2 emissions compared to the 2022 level. The emission reduction pathway is illustrated on the following pages.

Reduce methane emissions in line with the Global Methane Pledge

→ EPIF fully supports the goal of the Global Methane Pledge announced at the COP 26 summit in November 2021. By joining the Pledge, participants commit to taking voluntary measures that will collectively contribute to reducing global methane emissions by at least 30 percent from 2020 levels by 2030.

Become a European frontrunner in the transition to a hydrogen future

→ EPIF believes that storage of energy in the form of green gases represents an important link to accelerate deployment of intermittent renewable power sources and to decarbonise hard-to-abate sectors. Therefore, the Group has embarked on several projects to ensure that its midstream and downstream infrastructure is ready for large-scale transit, distribution, and storage of hydrogen.

Phase out coal by 2030

→ We have commenced conversion of our existing, and predominantly lignite-fired heating plants, to a balanced mix of gas and biomass units by 2030, complemented by waste incinerator plants. The existing lignite boilers might only be used as a back up source beyond this year. We strive to accelerate the transition and complete conversions of all our assets several years ahead of the coal exit deadline in the Czech Republic, which, as communicated in the Policy Statement of the Government, is contemplated to be set for 2033.

Create a Green Finance Framework for use, where applicable, within EPIF Capital Structure Strategy

→ Once developed, the EPIF Green Finance Framework shall serve as a basis for the financing of any future eligible project, in line with widely recognized frameworks such the ICMA Green Bond Principles or Sustainability-Linked Bond Principles.

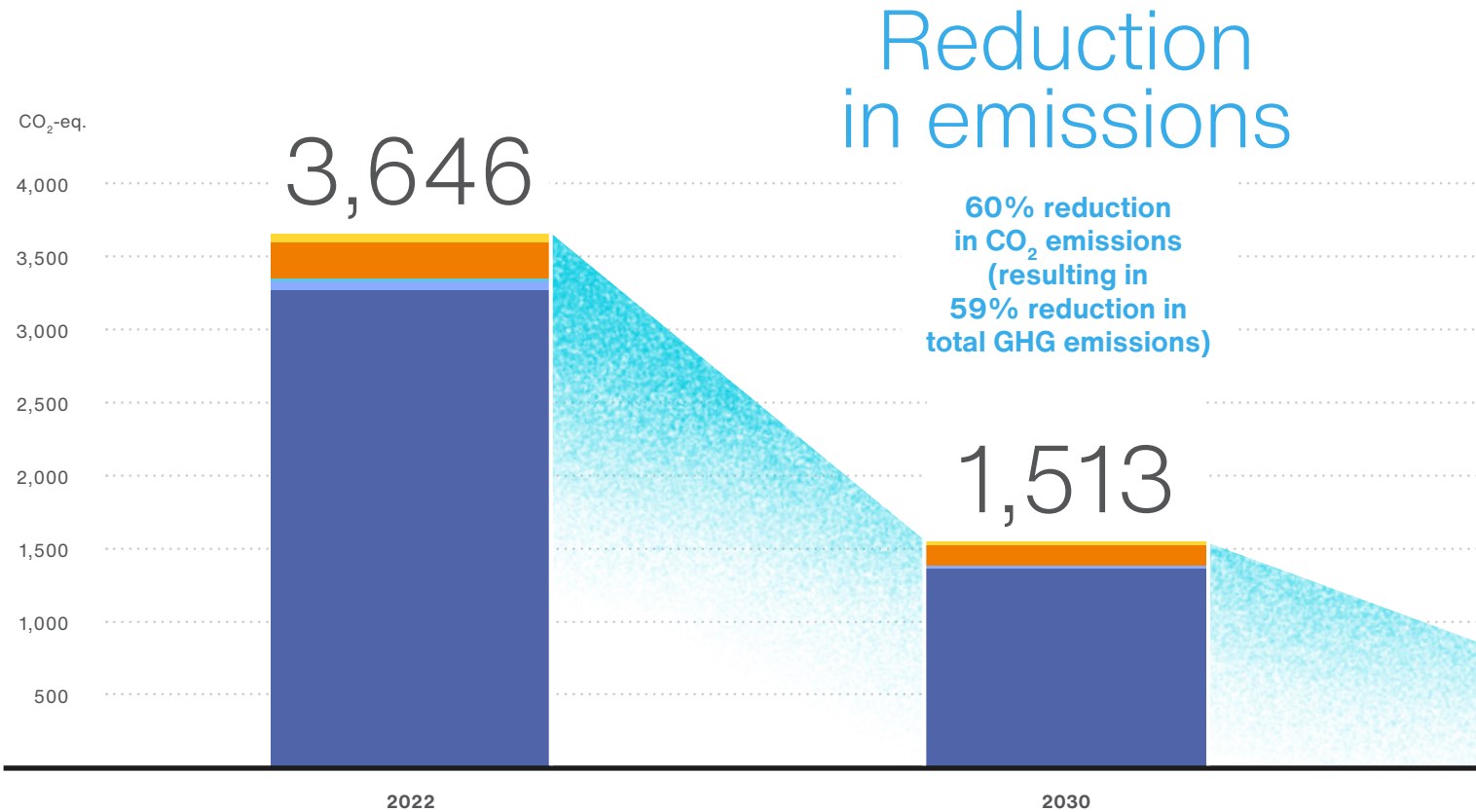
EPIF's roadmap to Net Zero

The EPIF Group acknowledges the serious threat posed by human-induced climate change and is ready to play a major role in the transition to net-zero economy, while ensuring continuity and affordability of the supply of basic commodities.

EPIF fully endorses the EU's ambition to achieve climate neutrality by 2050, a cornerstone of the European Green Deal and in alignment with the goal of the Paris Agreement to limit global average temperature increase to well below 2°C above pre-industrial levels, while pursuing efforts to limit the temperature increase to 1.5°C.

Despite near-term challenges posed by the military invasion of Ukraine for energy security in Europe, we are convinced that the development of the energy system development will continue to be guided by these long-term decarbonisation objectives. In April 2023, EPIF took a proactive stance by committing to achieve Net Zero operations by 2050, bolstered by medium-term targets, as part of its ongoing efforts towards decarbonisation.

Projected GHG emissions



Graph 2: Projected GHG emissions.

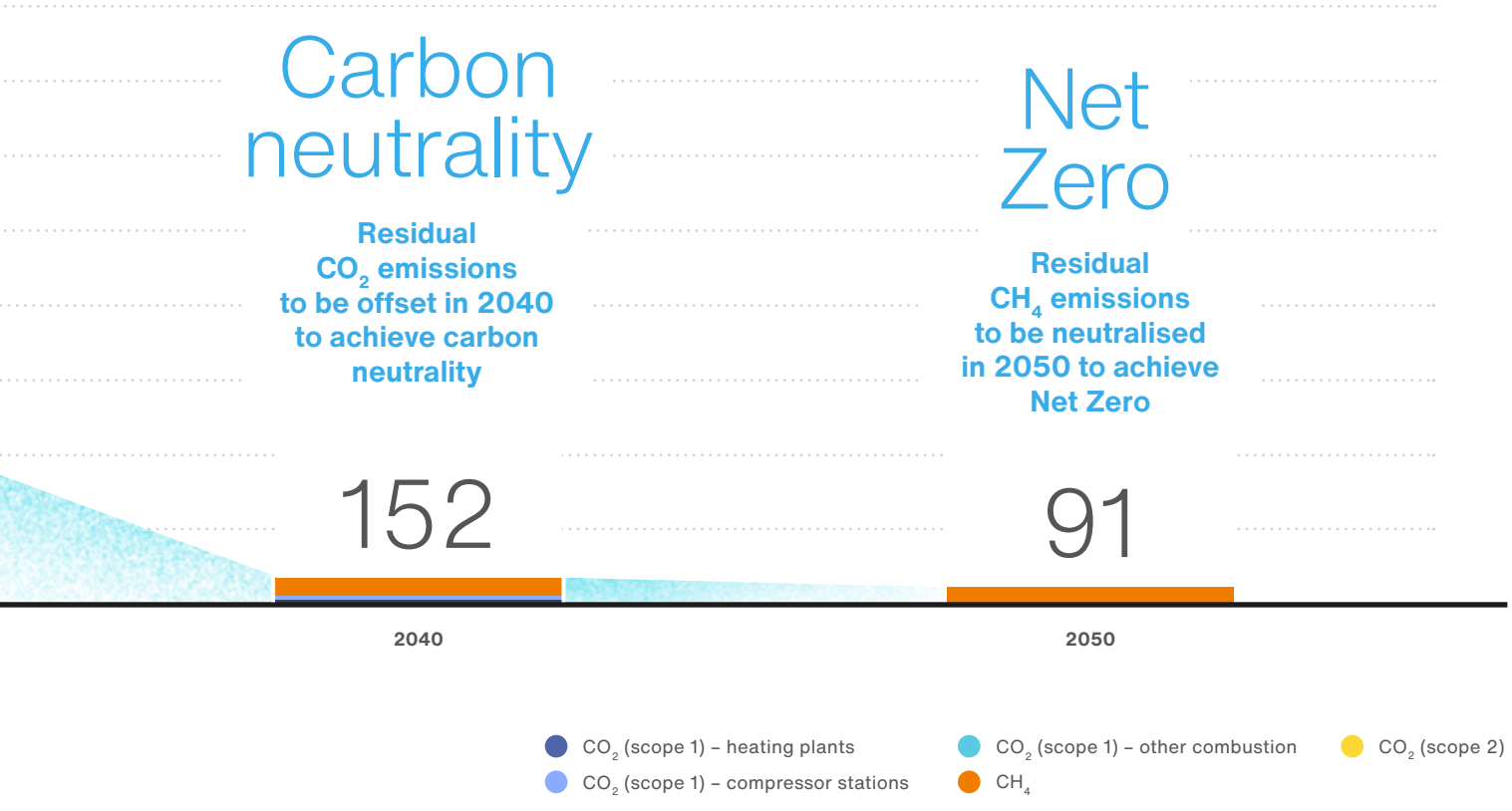
Emission reduction pathway

In April 2023, the Board of Directors of EPIF approved a comprehensive set of new decarbonization targets. These targets are accompanied by long-term emission reduction pathways that have been developed for each individual segment within the EPIF Group. The approval of these targets followed extensive discussions with key management personnel of each subsidiary, to ensure that the emission pathways are aligned with the business plans at the subsidiary level.

The segmental pathways have been consolidated into a comprehensive pathway for the EPIF Group, as depicted in the chart below. Furthermore, a detailed action plan has been formulated for each segment, outlining the specific measures and strategies to be implemented to achieve the decarbonization targets.

The performance of each segment in meeting these targets will be closely monitored by the respective segmental directors, as well as the EPIF Board. Regular oversight and review mechanisms will be in place to ensure that progress is tracked, and necessary actions are taken to achieve the decarbonization goals set forth by EPIF.

As an integral component of its comprehensive decarbonization strategy, EPIF recognizes the significant role that its infrastructure plays, not only during the transitional period, but also in a fully decarbonized energy system. As elaborated upon in the following section, EPIF's assets represent critical pillars that are essential for the successful realization of the energy transition objectives.



Science alignment

The primary objective when developing the Group's decarbonisation goals and emission reduction pathways was to ensure alignment with scientific principles and the Paris Agreement's aim to limit global warming to no more than 1.5°C. To achieve this, EPIF aimed to align its pathway with the Science Based Targets initiative (SBTi), which is widely regarded as the gold standard for science-based target setting. However, EPIF is classified as an Oil & Gas Group by SBTi, which means it cannot currently seek verification of its targets from SBTi. Nevertheless, EPIF endeavoured to align the pace of its greenhouse gas (GHG) emission reductions with the SBTi's absolute target criteria, which involves a target of reducing emissions by at least 42% by 2030 relative to the 2022 level. EPIF aims to surpass this requirement by targeting a 60% reduction in emissions during the same period. Regarding its long-term objective, EPIF complies entirely with the SBTi's requirement and is committed to achieving Net Zero operations by 2050.

Governance

The EPIF Board of Directors collectively bears responsibility for achieving decarbonisation targets and approving sustainability reports with the decarbonisation strategy. The ESG Officer and CEO Gary Mazzotti informs and updates the Board on ESG matters. Additionally, the Board approves Capex plans that underpin the decarbonisation goals, with each segment's directors responsible for preparing their respective plans.

Offsetting

Residual CO_2 emissions in 2040 and CH_4 emissions in 2050 might need to be offset to achieve our carbon neutrality goal by 2040 and Net Zero operation by 2050. As we closely monitor the ongoing discussions on best practice for offsetting, we currently envisage the following options:

2040 – To achieve carbon neutral operations, EPIF intends to implement offsetting through voluntary CO_2 certificates, afforestation, or the development of our own renewable generation sources, where additionality can be demonstrated.

2050 – To align with the methodology of the Science Based Target initiative ("SBTi"), residual GHG emissions will be neutralised through direct carbon removal via air capture or permanent carbon capture and storage of biogenic CO_2 sources.

Scope 2 emissions

Scope 2 emissions are associated with the consumption of externally sourced electricity and heat, with the main component being purchased electricity to cover the network losses in the power distribution network operated in Slovakia. These indirect emissions are relatively low due to the generally low emission intensity of the Slovak power generation sector, which is predominantly powered by nuclear and hydroelectric plants. Furthermore, the remaining coal-fired power plants are scheduled to be decommissioned within the next few years in line with the Slovakia's coal phase-out plan. As part of our commitment to carbon neutrality, we anticipate a substantial reduction of these indirect emissions by 2030, with complete elimination by 2040, achieved primarily through power purchase agreements throughout our various business segments.

Role of gaseous fuels

Prior to examining individual EPIF activities, it is our intention to communicate our perspective on the role of gaseous fuels during the transitional period and in a fully decarbonized world.

Aligned with projections from reputable institutions and decision-making bodies such as the European Commission, we anticipate an ongoing need for gaseous fuels in the European energy system. The gradual reduction in the use of fossil natural gas shall be accompanied with a concurrent increase in the production of biomethane, synthetic methane, and hydrogen. According to the EU Impact Assessment Report on regulation pertaining to renewable gases, it is projected that the total consumption of gaseous fuels will only experience a slight decline from present until 2050, with approximately 85% of the current gas demand expected to persist. However, the composition of these fuels will shift towards an increasing dominance of biomethane, synthetic methane, and hydrogen, while fossil methane may still play a role in a net-zero world, potentially in combination with carbon capture, utilization, and storage (CCUS) technology.

Ongoing initiatives, such as the EU Hydrogen Backbone and the Central European Hydrogen Corridor, underscore the necessity of establishing adequate infrastructure for the distribution and storage of this diverse mix of gases. This entails refurbishing existing infrastructure to the fullest extent possible to minimize capital expenditure requirements, as well as developing new infrastructure to bridge any gaps. One prospective model for the future could involve the establishment of two parallel infrastructures: one dedicated exclusively to 100% hydrogen and another for methane (comprising biomethane, synthetic methane, fossil methane, and potentially blended with hydrogen). These two systems could mutually support each other, with hydrogen potentially being converted to synthetic methane or vice versa, depending on the balancing needs of individual networks.

As an operator of critical gas infrastructure, we view EPIF's assets to be very well positioned and necessary for future transit, storage, and distribution of methane (of all sources) and/or hydrogen. We have already commenced several projects along our asset base to assess its compatibility with hydrogen and other green gases. The transition pathways for individual segments are further described in the following section.

District heating

Role of our assets in the energy transition

As an operator of critical district heating infrastructure in the Czech Republic, EPIF aims to ensure continuity of its operations in a low-carbon economy. Apart from providing reliable heat supplies to more than 150 thousand end consumers in major regional cities, the plants represent dispatchable power generation sources with significant contribution to grid stability. In an increasingly decarbonized world, we anticipate that the flexibility and reliability of these assets will become even more vital for grid stability, owing to the rising share of intermittent renewable sources in the European energy mix. During the transitional period leading up to 2040, we envision that the plants will primarily rely on natural gas, while concurrently ensuring that the technology is suitably equipped to combust a proportion of renewable gases. This proportion is projected to progressively increase, ultimately reaching close to 100% by the year 2040. It is noteworthy that the current fuel mix of the heating plants is primarily lignite-based, comprising approximately 86% share in 2022, and is supplemented by biomass and municipal waste as complementary sources.

Our progress

EPIF has made significant progress in identifying and selecting technologies to replace its existing lignite units. To mitigate overreliance on any singular fuel source, EPIF is committed to maintaining a diversified portfolio of gas-fired combined cycle plants, biomass units, and waste incinerator plants. This diversification across multiple technologies and fuels is designed to provide operational flexibility and resilience in the face of potential disruptions in the energy markets, such as the recent situation with natural gas in 2022 following the Russian invasion of Ukraine. Tenders for the deployment of these technologies are already underway. EPIF has taken proactive steps to secure funding for its low-carbon transformation efforts by submitting subsidy applications to the Modernization Fund, specifically through the HEAT program dedicated to the transformation of the Czech district heating sector towards a low-carbon fuel base. EPIF will be bound by the subsidy rules to complete commissioning of the new technologies within five years following the subsidy approval. EPIF is committed to completing the conversion away from lignite by 2030, with the potential for lignite units to be utilized solely as a backup source for unforeseen events beyond that date.

Challenges

As we approach the year 2040, EPIF envisions a gradual increase in the share of renewable gases to replace natural gas as the dominant fuel in its operations. The attainment of full carbon neutrality is contingent upon the availability of sufficient volumes of renewable gases, such as biomethane, synthetic methane, and hydrogen, by 2040, along with the necessary transit and distribution infrastructure in place. EPIF acknowledges that achieving 100% combustion of renewable gases by 2040 may necessitate accelerated upgrades of turbine technologies to ensure readiness for this transition.

The availability of sustainable biomass in the Czech Republic poses a potential challenge for EPIF's decarbonization efforts. EPIF is currently able to source adequate volume of biomass which is certified and complies with sustainability criteria of the EU Taxonomy. In the long term, there may be concerns about the sufficient availability of sustainable biomass in the region. Therefore, EPIF may need to potentially consider alternative options or sources for sustainable biomass to ensure that their decarbonization goals can be achieved in an environmentally responsible manner.

The future fuel mix for EPIF heating plants is anticipated to include a partial reliance on municipal waste and will be therefore dependent on sufficient volumes of excess waste. In the Czech Republic, municipal waste that is not further utilized currently ends up in landfills, with only four waste incinerator plants in operation, which is significantly lower than the average in other European countries. The recently enacted Waste Act (No. 541/2020 Coll.), effective from 2021, has introduced measures to gradually increase landfilling fees and establish a definitive timeframe for the complete prohibition of landfilling of recoverable waste. The regions where our waste incinerator plants are planned to be operated generate substantial amounts of mixed municipal waste that exceed the annual fuel consumption capacity of the plants. This presents an opportunity to utilize this waste as a valuable resource, in alignment with the evolving regulatory framework aimed at reducing landfilling and promoting sustainable waste management practices.

Key decarbonization pillars

1. Phase out coal by 2030
2. Develop a balanced mix of low-carbon heating plants relying on gas, biomass, and municipal waste
3. Ensure hydrogen readiness of the gas turbines with envisaged full combustion of renewable gases by 2040

Decarbonisation roadmap until 2030

EPIF's decarbonisation roadmap serves as a basis for planning and implementing conversion projects of our heating plants. These projects are focused on the Group's heat infrastructure because it is our most emission intensive business segment, but it also provides vital supplies of heat and grid-balancing services.

Decarbonisation roadmap (Heat Infra)

Disposal of BERT (CCGT technology) in December 2020
We achieved absolute reduction of our carbon footprint from Q4 2020, while this resulted in a temporary increase in emission intensity in 2021.

Completed refurbishment of a boiler at Plzeňská teplárenská
The share of biomass co-combusted (along with lignite) increased to 80% within that boiler.

Completed refurbishment of an existing lignite boiler at United Energy
The investment enables 100% biomass combustion within the boiler.

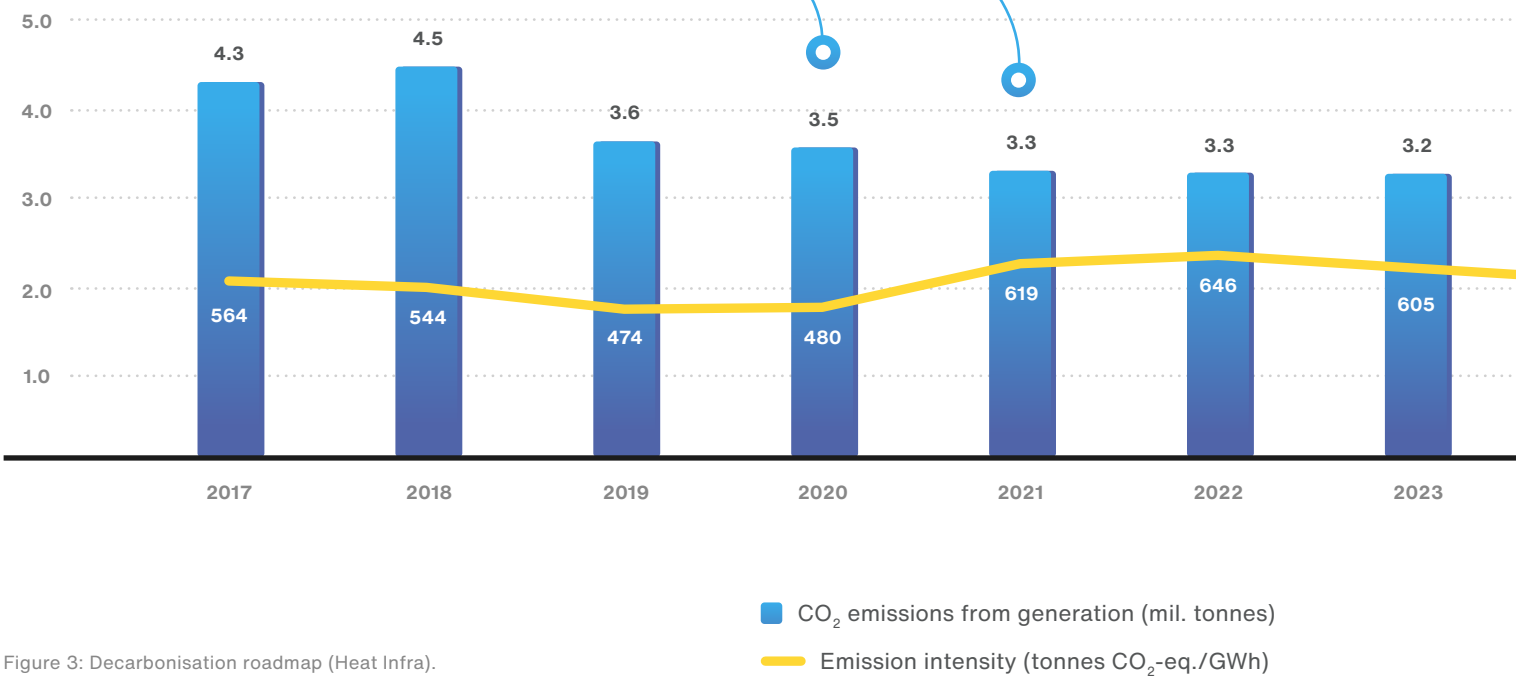


Figure 3: Decarbonisation roadmap (Heat Infra).

Therefore, we continually work to seek and implement real solutions, rather than merely offloading our emissions, so that we can continue to provide affordable services.

Gradual replacement of the remaining lignite units at Elektrárny Opatovice[6]

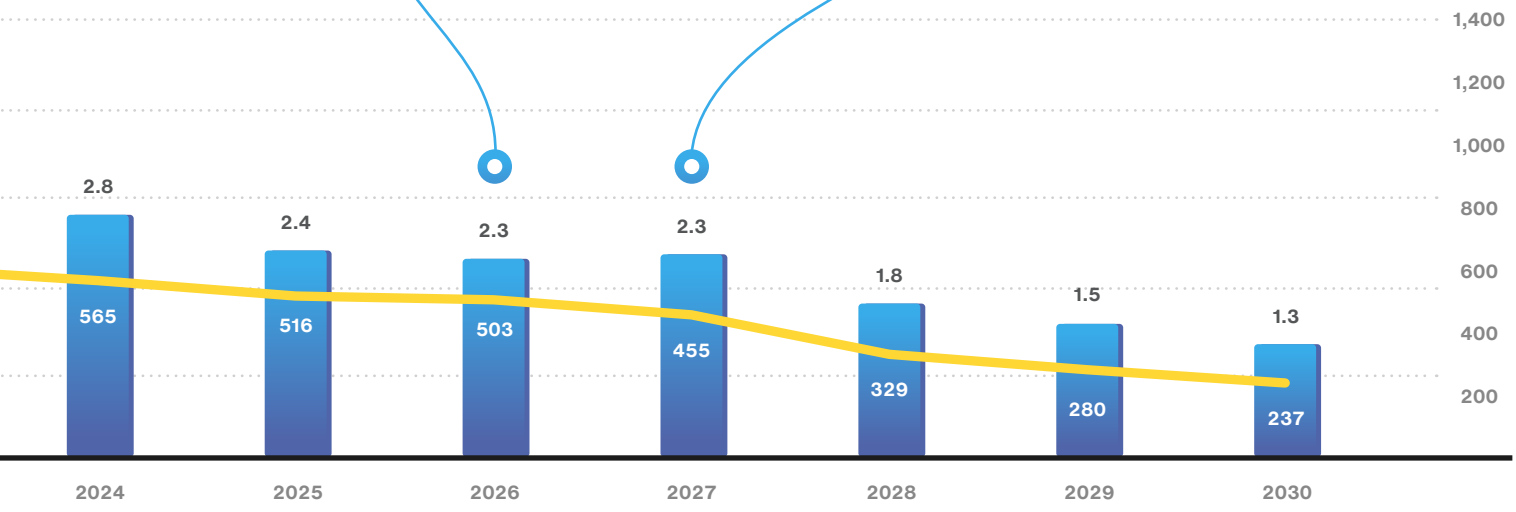
We strive to replace the remaining lignite units with three CCGT units gradually in 2026–2028 if feasible. We aim to develop a waste incinerator plant to enhance our fuel mix diversification.

Gradual replacement of lignite units at Plzeňská teplárenská

By 2028/2029, we aim to replace the remaining lignite units at both facilities operated by PLTEP with CCGT units, complementing the existing biomass unit and waste incinerator plant.

Replacement of remaining lignite fired units at United Energy

We plan to commission two CCGT units in 2026, which will be complemented by a waste incinerator plant and the existing biomass boiler.



6 Emission projections and future intensities are only indicative and are solely based on management estimates with respect to the Group's activities. This forward-looking information is subject to future management decisions, market developments, as well as other unpredictable risks and events.

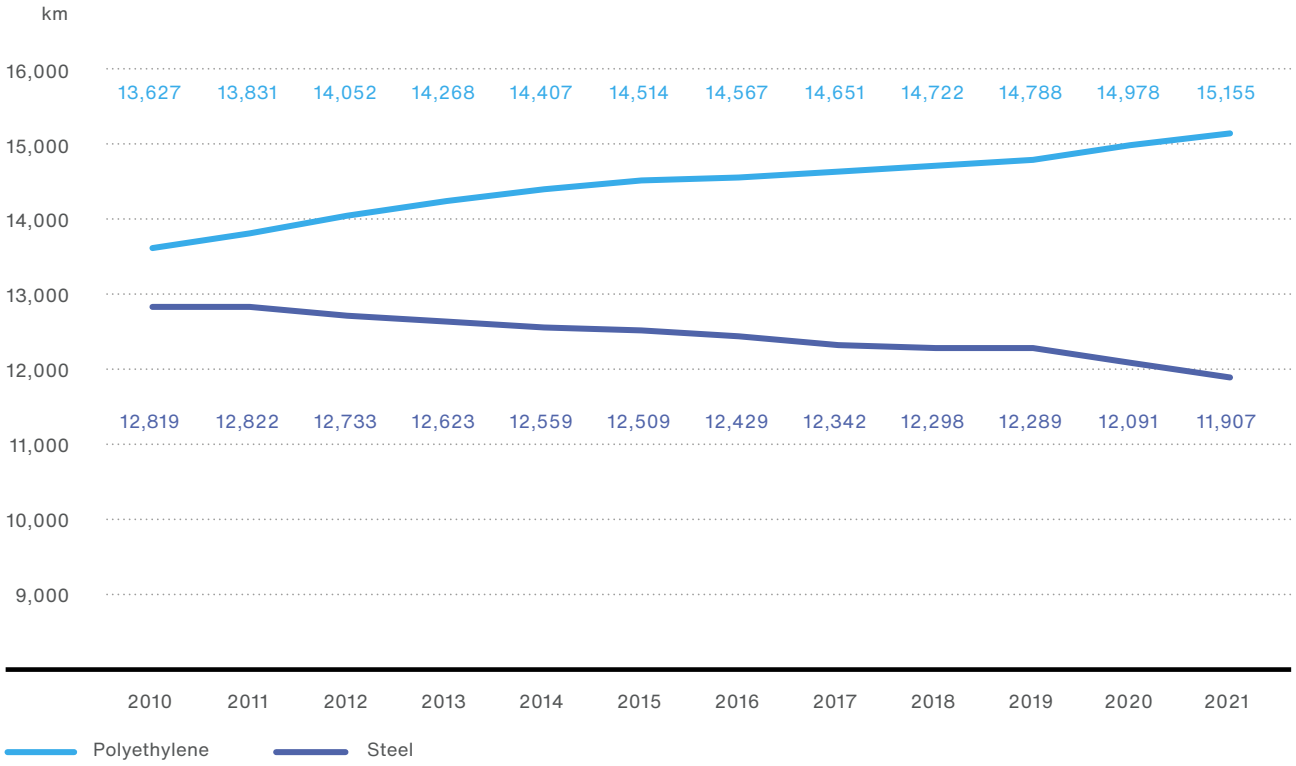
Gas distribution

Role of our assets in the energy transition

As a monopoly distributor of natural gas in Slovakia, our company plays a pivotal role in ensuring a reliable supply of gas, which is considered a low-carbon transitional fuel that facilitates the integration of renewable energy sources. Recognizing the need to eventually replace natural gas with low-carbon alternatives, our decarbonization efforts are focused on two key areas: (i) reducing methane leakage and (ii) preparing for the distribution of hydrogen. We consider distribution of hydrogen as instrumental in decarbonizing various sectors, including hard-to-abate industries such as steel manufacturing, heavy transportation (such as shipping, aviation, and long-haul trucks), dispatchable power generation, or fertilizer production.

A crucial step in achieving both goals is the ongoing replacement of older steel pipes with those made of polyethylene. This material possesses superior permeability characteristics, making it suitable for the potential distribution of pure hydrogen. In the interim period, when fossil natural gas is still being distributed, polyethylene pipes serve as a reliable barrier against methane leakage.

Composition of the local gas networks (km)



Graph 3: Composition of the local gas networks (km).

Our progress

The historical development of the composition of the gas network is presented on the adjacent chart comparing the length of the steel pipes and polyethylene pipes. It should be noted that all newly replaced pipes in the local distribution networks are automatically made of polyethylene. However, considering the extensive length of the network, it is projected that the replacement of all pipes in the ground will likely extend beyond the year 2050. Replacement of the steel pipes with fully hydrogen-ready pipes is a cornerstone of the SPPD long-term strategy and is supported by a long-term Capex plan as disclosed in the EU Taxonomy Assessment.

Considering that a significant portion of the distribution network still comprises steel pipes, which are susceptible to methane leakage, the implementation of a robust Leak Detection & Repair (LDAR) program is crucial to mitigate fugitive methane emissions. Through increased frequency of inspections at the most vulnerable points in the distribution network, SPPD managed to achieve a reduction of 25% in methane emissions already between 2020 and 2022.

In 2022, SPPD successfully completed a pilot project in which 10% of hydrogen was blended into the gas distribution network in a small village in Slovakia. This project aimed to test the interaction of the networks, as well as the performance of appliances such as boilers and cookers at households and commercial customers.

Challenges

As the gradual replacement of steel pipes takes place, the aging and increasing leakiness of existing steel pipes pose a challenge in achieving meaningful reduction in methane emissions. While the growing share of polyethylene pipes is expected to have a positive impact on methane emissions, this may be offset by the rising leakiness of the remaining steel pipes. Therefore, EPIF anticipates challenges in achieving significant methane emission reductions between 2030 and 2040. It is expected that the positive impact on methane emissions will begin to be realised between 2040 and 2050. However, even around 2050, some methane leakage may still be present, necessitating efforts to neutralise such emissions. These emissions are projected to constitute less than 3% of our current total GHG footprint and neutralising this residual portion is in line with the Net-Zero standard for target-setting of the Science Based Targets initiative.

Key decarbonization pillars

1. Replacement of steel pipes with impermeable polyethylene pipes
2. Robust Leak Detection and Repair program in place
3. Continuous assessment of hydrogen readiness and hydrogen blending trials

Gas midstream – transit and storage

Role of our assets in the energy transition

In order to address significant disparities between projected hydrogen production and consumption across various regions in Europe, the establishment of a robust hydrogen transit and storage infrastructure is imperative. This infrastructure should not only connect regions within Europe but also neighbouring regions with abundant hydrogen potential, such as North Africa or Ukraine. A robust gas infrastructure will ensure the security of supply for future hydrogen off-takers, as well as the security of demand for potential investors in hydrogen generation.

Transport of hydrogen via pipelines is relatively cheap compared to alternative transport modes such as shipping (3–5× times as estimated by the European Hydrogen Backbone initiative). And the costs of refurbishment of existing infrastructure is relatively modest compared to development of a new dedicated pipeline. Therefore, utilization of existing gas infrastructure will be crucial to ensure interconnectedness of the energy markets at acceptable costs.

Our progress

In accordance with the EU Regulation on renewable and natural gases, including hydrogen, all gas transmission system operators will be required to accept gas flows with a hydrogen content of up to 2% by volume at interconnection points between Union Member States in the natural gas system. Eustream aims to be prepared for 5% hydrogen blend in the second half of 2025. The necessary adjustments are primarily expected to involve the replacement of metering equipment and some other components installed at transmission network.

Eustream's pipeline system is strategically positioned to facilitate the transit of pure hydrogen. With four to five parallel pipelines in place, it is well-suited for potential simultaneous transport of methane and pure hydrogen in a dedicated line in the future. This underscores eustream's commitment to ensuring safe and efficient transport of hydrogen, in compliance with regulatory requirements and industry best practices.

Nafta, the primary management entity for the Gas Storage segment, intends to initiate a project with the objective of identifying suitable sites for the storage of hydrogen blended with natural gas, as well as determining the maximum achievable concentration that can be stored within a porous geological structure. To this end, Nafta has launched the H2I-S&D project, which has been endorsed as one of the initial Important Projects of Common European Interest (IPCEI) in the domain of hydrogen.

In line with the EPIF's carbon neutrality commitment, compressors operated as part of our transit and storage activities are envisaged to be partly electrified, while existing gas compressors might combust biomethane, provided that the availability of biomethane is adequate.

Eustream has made significant strides in reducing methane leakage through the adoption of best practices, including the substantial reduction of gas venting during network maintenance activities. Eustream has implemented innovative techniques such as employing mobile pumping compressors that facilitate the transfer of natural gas from closed pipeline sections to other parts of the transmission network during maintenance operations. Furthermore, eustream has implemented a comprehensive and coordinated Leak Detection and Repair program, which enables the detection and quantification of gas leaks, thereby facilitating targeted maintenance activities to address the issue effectively.

Challenges

While a certain share of compressors might be electrified, relying solely on electric compressors would not be deemed reasonable, as it would render the critical gas midstream infrastructure vulnerable to potential interruptions in power supplies. Therefore, from a security of supply perspective, gas compressors will continue to be utilized, albeit with the gradual substitution of natural gas with renewable gases such as biomethane towards 2040. The pace of reducing CO_2 emissions resulting from the combustion of natural gas in compressors will depend, in part, on the commercial availability of biomethane in sufficient quantities. Furthermore, the actual CO_2 emissions will be significantly influenced by the utilization of the infrastructure, including gas flow volumes and injection/withdrawal rates in gas storage facilities.

In relation to methane emissions, it is expected that venting will be largely eliminated and limited to emergency situations, as dictated by the EU methane regulation. However, controlling fugitive emissions, which are inherent to the operation of gas pipelines, is more challenging. Consequently, even with the anticipation of reduced venting, residual fugitive methane emissions are expected to persist as long as natural gas is still accommodated in the infrastructure until 2050, and measures to neutralise these emissions will be necessary.

Key decarbonization pillars

1. Robust Leak Detection and Repair program in place
2. Transition of the compressor fleet from natural gas to renewable gases and electricity
3. Hydrogen alignment – initial low share blending with envisaged full dedication to hydrogen

EPIF's approach to reducing methane emissions

EPIF aims to align itself with the EU and global commitments for GHG reduction, in which methane plays a vital role. EPIF adopted the goal set by the Global Methane Pledge to achieve 30% reduction in methane emissions by 2030 compared to 2020 level. We therefore actively work towards managing our most methane-intensive activities, which are concentrated within the Group's gas transit, storage, and distribution infrastructure. Through our close cooperation or direct involvement in various international industry associations, we are also committed to continuously learning about methane developments and best practices for its detection and mitigation.

Categorisation of methane emissions

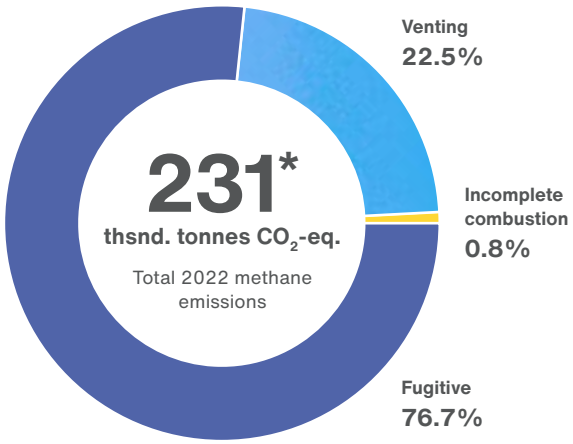
Methane is detected when gas is emitted through several activities associated with gas infrastructure operation, as highlighted below:

Fugitives
Unintentional gas leaks from infrastructure.

Incomplete combustion
Gas that is emitted due to its improper combustion within compressors.

Venting
Intentional release of gas for the purpose of repair and maintenance of pipes and compressors and during normal operation of certain components designed to vent.

Methane emissions: 2022 share by activity



Graph 4: Breakdown of methane emissions by source.

* This data was verified by the independent auditing firm KPMG.

Methane emission reduction activities

The majority of the EPIF's methane emissions are linked to SPP-D, eustream and Nafta, which make up 59%, 23% and 13% of these emissions respectively.

Distribúcia SPP

Methane emissions contribution

The main activities of SPP-D include the sale of distribution capacities, development activities, and operation and maintenance of the gas distribution network, amounting to approximately 98% of the total distributed volume of natural gas in the Slovak Republic. SPP-D implements proactive measures to ensure the quality of their network through a **Pipeline Integrity Management System**.

This system utilises innovative and effective diagnostic systems that help **identify and manage methane emissions**, which include:

- Leak detection and repair (LDAR) program – conducting leak surveys (walking, by car) based on asset condition (risk-based approach),
- use of drones for leak detection when inspecting inaccessible areas,
- remote monitoring of effectiveness of automated corrosion protection of buried steel pipelines,
- internal pipe inspections of strategic high pressure pipelines conducted by in-line sensors, and
- non-destructive localisation of coating defects of steel pipes from the surface.

Methane emission reduction activities

eustream
SLOVAK GAS TSO

Methane emissions contribution

The main activity of eustream is the transportation of natural gas through a high-pressure transmission network in the Slovak Republic and to the European market. Therefore, eustream has made the reduction of its methane emissions a strategic objective for the coming years.

Eustream made **significant progress relating to methane emission reductions**, which was mainly **supported by the following activities:**

- Significant modernisation of the network, with a focus on the efficiency of mainly compressor stations (decommissioning obsolete and less efficient technology),
- minimising venting in operations through mobile pumping compressors that allow for the pumping of natural gas from a closed section of the pipeline to another part of the transmission network during maintenance activities, and
- implementing a detailed and coordinated LDAR (Leak Detection and Repair) program, whose methodology is used to detect and quantify gas leaks, allowing for targeted maintenance activities.

The company goes beyond internal operations to focus on methane emission reduction. Eustream is a **member of various EU associations** that help with further identifying methane emission developments and practices within the industry.
These associations include:

- Gas Infrastructure Europe (GIE),
- ENTSOG (European network of transmission system operators in gas),
- Industry Advisory Panel of the Energy Charter and European Clean Hydrogen Alliance (international cooperation and networking efforts), and
- Slovak Oil and Gas Association (allowing for further participation in MARCOGAZ association, International Gas Union (IGU) and OGMP 2.0).

Methane emissions contribution

Through Nafta and other subsidiaries, EPIF is the sixth largest gas storage operator in Europe with total storage capacity of 61.5 TWh.

Nafta has several **pilot projects and proposals for reducing methane emissions**, including:

- replacement of natural gas actuating with compressed air for remote controlled devices *(done)*,
- LDAR (Leak Detection and Repair) program, whose objective is to locate (immediately) repair and quantify gas leaks *(established)*,
- pilot installation of non-purging systems for turbo compressors TK7-8 (done) - proven application for other compressors,
- seal gas recompression of compressor units TKG1-3 *(documentation done, in approval)*,
- a gathering system for vented emissions due to maintenance/investment works and their utilisation at Central Station *(prepared concept)*,
- replacement of injection pumps with electrical ones *(in preparation)*,
- *preparation of the concept for well recovery after workover operations*.

EPIF's focus on hydrogen

EPIF operates infrastructure suitable for cost-efficient hydrogen adoption. Hydrogen adoption is widely recognised as an important step towards a low-carbon economy. This fuel of the future could serve as an effective medium for the transportation and storage of renewable energy.

In line with projections of the European Commission and other reputable institutions, we perceive there will be continuous need for gaseous fuels in the EU energy system. Gradual reduction in usage of fossil natural gas will be accompanied by growing production of biomethane, synthetic methane and hydrogen. The EU Impact Assessment Report related to regulation on renewable gases[7] projects the total consumption of gaseous fuels to decline only slightly between now and 2050 (85% of current gas demand is expected), where these fuels will be increasingly dominated by biomethane, synthetic methane and hydrogen, while fossil methane might still play a limited temporary role in a net zero strategy as its usage might be combined with carbon capture, utilisation, and storage (CCUS) technology. The ongoing initiatives (EU Hydrogen Backbone, Central European Hydrogen Corridor) demonstrate the need to have an adequate infrastructure in place to distribute and store this diverse mix of gases. This should be achieved by refurbishment of existing infrastructure to the largest possible extent to reduce CAPEX requirements and develop a new infrastructure to add the missing links.

10 $kgCO_2/kgH_2$

GREY HYDROGEN is the most common type of hydrogen with a high carbon emission intensity as generated carbon is not recaptured. This hydrogen is produced from natural gas or methane through steam reforming.

0.8 $kgCO_2/kgH_2$

HYDROGEN is labelled **BLUE** when industrial CCUS technology is employed during the production process, significantly decreasing carbon intensity.

0 $kgCO_2/kgH_2$

Clean or **GREEN HYDROGEN** with no carbon intensity is generated through the electrolysis of water with renewable energy sources.

7 https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=SWD%3A2021%3A455%3AFIN&qid=1639998727689

Vision for hydrogen

The perception of hydrogen has dramatically changed in recent years. Renewable energy power generation is growing considerably, and new ways to store and transport energy are now a key focus.

Massive deployment of renewables inside the EU countries as well as at locations in close proximity such as North Africa or, despite uncertainties due to ongoing military conflict, Ukraine will need to be supported by adequate transport and storage infrastructure. More CCUS projects are under development to support low-carbon blue hydrogen, before the cost of green hydrogen production declines to more competitive levels. Recent hydrogen studies like the European Hydrogen Backbone initiative estimate that conversion of existing infrastructure and pipelines would be approximately 80% cheaper than a newly built hydrogen network.[8]

EPIF's existing gas transmission, storage, and distribution infrastructure can be retrofitted to support hydrogen. To this end, we have already launched hydrogen-dedicated research and development projects. Our unique, geographically strategic position for future hydrogen transmission further positions EPIF to be a key player in hydrogen adoption.

Carbon capture, utilisation, and storage

Growth of renewables

Retrofitting of existing pipeline

Favourable location

8 https://gasforclimate2050.eu/sdm_downloads/extending-the-european-hydrogen-backbone

9 The depicted shares of individual sources in the energy mix are only illustrative and do not reflect any underlying projections.

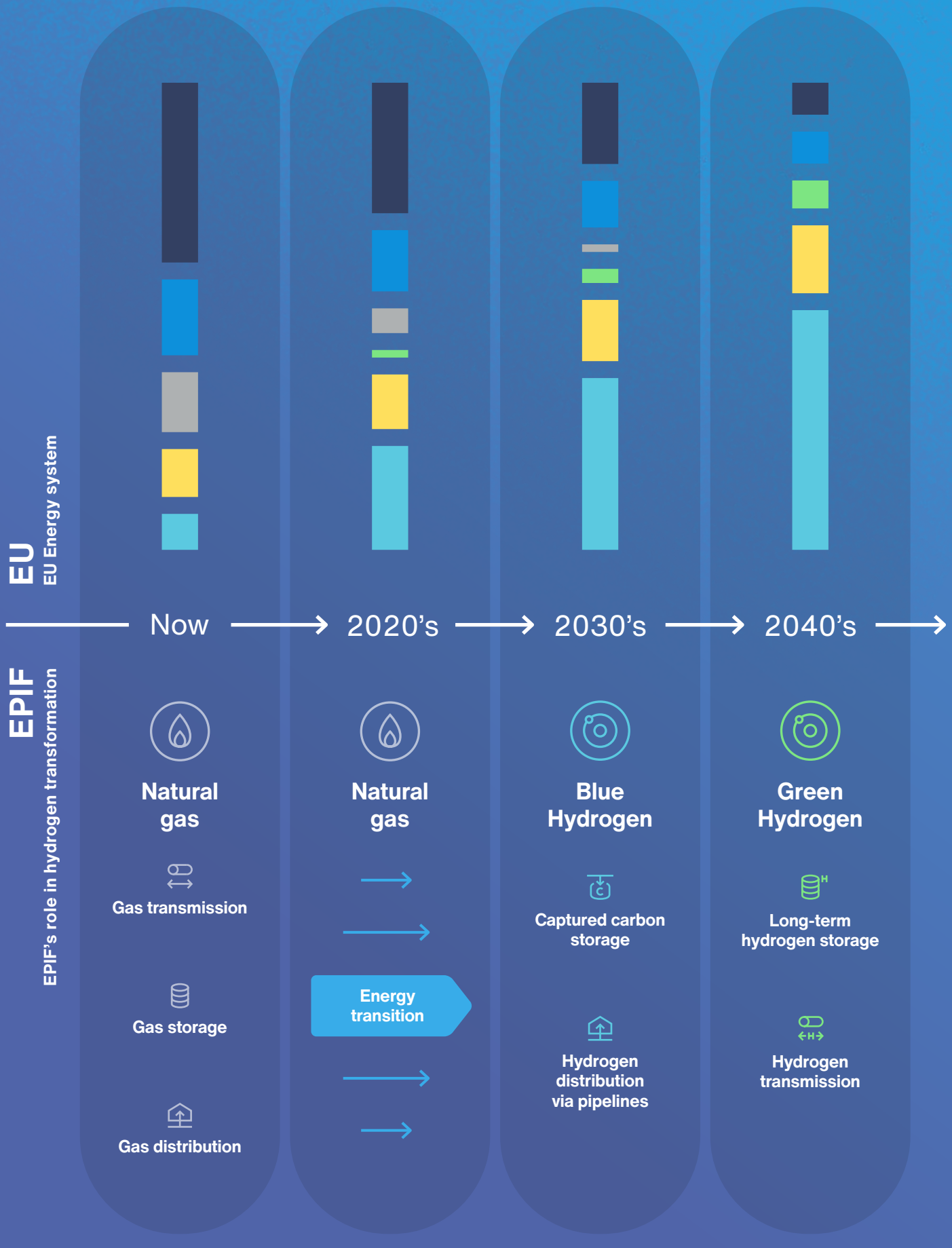


Figure 4: Role of hydrogen in energy transition.[9]

Hydrogen synergies in EPIF

EPIF's ongoing projects aim to enable hydrogen readiness both midstream and downstream. This will facilitate the European transition away from fossil fuels and provide security of supply, which goes hand in hand with EPIF's ambitious decarbonisation goals. Furthermore, complete vertical integration along the gas value chain allows for better demand management of hydrogen.

Gas transmission

Competitive advantage

Hydrogen transmission assets are expected to play an important role in the adoption of hydrogen as a scalable fuel source in Europe, connecting hydrogen supply with demand in a cost-efficient way. Eustream's pipeline system consists of four to five parallel pipelines, making it suitable for potential simultaneous transport of natural gas and pure hydrogen in a dedicated line in the future. The system will also soon be ready to transport a blend of natural gas and hydrogen.

Projects and investments

Eustream works on technological readiness for hydrogen in the gas mix within the transmission system. According to the EU Regulation on renewable and natural gases and hydrogen, all transmission system operators will be required to accept gas flows with a hydrogen content of up to 2% by volume at interconnection points between Union Member States in the natural gas system. EUS aims to be ready for 5% hydrogen blend in the second half of 2025. The adjustments should consist primarily of replacing the metering equipment and other components of the network. In the near future, Slovakia might be ready from a technological standpoint to transport more than 2 bcm of hydrogen per year, putting us in a position that will allow us to accommodate the expected gradual increase in the supply and demand of hydrogen. A pilot project for green hydrogen production will be also launched at the Veľké Kapušany compressor station, where green hydrogen produced on site from solar electricity is planned to be used to drive compressors.

Hydrogen alliances and partnerships

Eustream joined **H2EU+Store**, an international partnership that aims to not only create the necessary capacities for renewable electricity and hydrogen production in Ukraine if not jeopardised by the impacts of the Russian invasion, but also expand storage volumes in Austria and Germany, which will be complemented by adaptations in gas transport to Central Europe.[10]

The Central European Hydrogen Corridor initiative is being promoted by a group of four leading Central European gas transmission infrastructure companies in Ukraine, Slovakia, the Czech Republic, and Germany, working together to create a Central European hydrogen transport infrastructure.[11]

Eustream is also a member of the pan-European alliances that support hydrogen adoption **European Clean Hydrogen Alliance** and **European Hydrogen Backbone**.

10 OGE (2022). H2EU+Store – Green Hydrogen for Europe. https://oge.net/en/press-releases/2021/h2-eu-store-green-hydrogen-for-europe
11 CEHC (2022). Central European Hydrogen Corridor. https://www.cehc.eu/en/home/

Gas & power distribution

Competitive advantage

Gas distribution networks could be used to deliver hydrogen to end consumers, to be consumed much like natural gas is today. EPIF's SPP-D is expected to be ahead of its European peers in hydrogen readiness due to its unique competitive advantages, namely its modern network consisting of a high share of polyethylene pipes and its integration along the gas value chain, allowing for better hydrogen demand management and lowering the cost to convert the existing network for hydrogen distribution. The polyethylene pipes in the network are resistant to low blends of hydrogen, and their permeability and safety characteristics are superior to steel. SPP-D is well positioned to significantly contribute to the reduction of our society's environmental footprint by combining natural gas with hydrogen, biomethane or synthetic gas.

H2PILOT Project of SPP-D

In 2022, SPP-D successfully completed the H2Pilot project where it blended 10 % of H2 into the gas distribution network in a small village in Slovakia and tested interaction of the networks as well as appliances in households and commercial customers (boilers, cookers, etc.). Success of the H2Pilot project could serve as a best practice example for accelerating the hydrogen transformation within the Slovak distribution network.[12]

Gas storage

Storage synergies

The transition towards low-carbon energy increases the demand for large-scale energy storage. Storing hydrogen is technically and economically more feasible than batteries for seasonal energy storage. In the production of green gases such as hydrogen, biogas, synthetic methane, or blended gas (e.g., hydrogen/methane) underground storage facilities can be employed for renewable energy storage. The production of blue hydrogen demands the storage of captured carbon.

Nafta has already participated in several projects focused on storage innovations. Because of its experience in this field, Nafta has been able to commence internal projects focused on assessing the impact of various concentrations of hydrogen on gas storage facilities. Nafta is working on the assessment of hydrogen impact (2 % vol.) on its infrastructure (reservoirs, wells and surface technology). At the national level, Nafta has also been finding success with its **H2-Infrastructure Storage & Distribution** project, which received support as one of the first Important Projects of Common European Interest (IPCEI) in the hydrogen area. The first phase of H2I S&D envisages experts seeking appropriate locations for storing hydrogen mixed with natural gas. The second phase of the project involves constructing a pilot test of the technology to generate hydrogen through water electrolysis to test its interaction with the identified geological formations.

12 https://www.slovgas.sk/aktuality/testovanie-zmesi-zemneho-plynu-s-10-vodika-v-blatnej-na-ostrove-v-ramci-projektu-h2pilot-ma-za-sebou-prvu-uspesnu-polovicu/

EPIF's approach to sustainability

This is the fifth annual Sustainability Report published by EPIF. While the Group continues to align itself with the United Nations 2030 Agenda for Sustainable Development, we are also committed to our decarbonisation and overall GHG emission targets, which aim to guide EPIF to achieving carbon neutrality by 2040.

The aim of this Report is to highlight and address the environmental, social, and governance aspects of our operations. It was written in accordance with the Global Reporting Initiative Standards[13] for the period 1st January 2022–31st December 2022, while aligning with the United Nations Sustainable Development Goals and the 2030 Agenda. A condensed version of the information within this Report can also be found in the Sustainability Report of our parent company, EPH, who has annually been reporting since 2015.

We plan to issue our next Sustainability Report for 2023 in 2024.

13 The GRI Universal Standards are in effect for reporting from 1 January 2023.

Materiality assessment

In 2022, EPIF followed a new materiality assessment process. The assessment methodology is in accordance with GRI 2021 standards and acknowledges the upcoming requirements discussed in the new European Sustainability Reporting Standards (ESRS) drafts.

We conduct regular reviews of our materiality process to stay updated on the most important sustainability matters and to ensure that our sustainability reporting responds to evolving concerns or new trends.
We understand the importance of the role that our stakeholders play in identifying and prioritising sustainability concerns, see “Stakeholder engagement” section of the Annex. The materiality assessment requires approval from the highest governance body within the sustainability agenda in EPIF. In addition to this materiality assessment, EPIF also worked to identify future risks and challenges, as further highlighted in the “Governance” section of this Report.

Different from 2021, the assessment focuses now on the impact assessment where the focus is on how EPIF affects the environment, society, and the economy, using an inside-out perspective. We have updated the structure of our 11 material topics from the previous year and implemented in the new impact assessment. Specific impacts related to the material topics of Risk and crisis management and Stakeholder engagement are not included in the analysis due to their management approach character which is relevant to all topics. The materiality assessment methodology used to identify and evaluate the material impacts and group them into material topics can be found in the Annex of this Report.

Impact Assessment

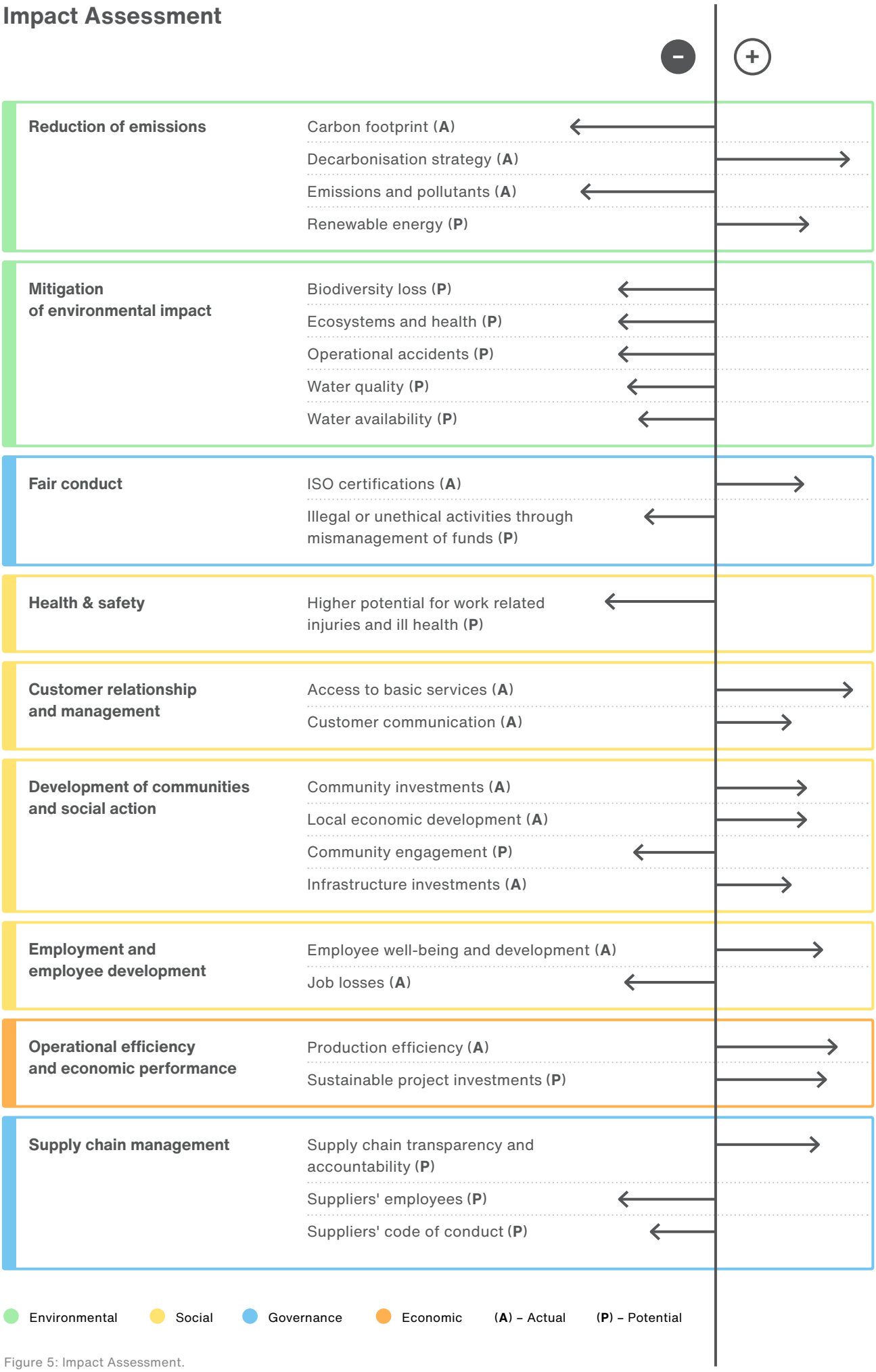


Figure 5: Impact Assessment.

Impact Assessment Results

EPIF is committed to being transparent about both the positive and negative impacts of our operations. We understand the importance of managing our negative impacts and maximising our positive contributions to achieve sustainable growth. Overall, our most significant impact is our carbon footprint, which is due to GHG emissions from the combustion of fossil fuels and methane leakage, contributing to climate change. We recognise the need to reduce this negative impact, and as a result, we have introduced an active decarbonisation strategy. This strategy aims to reduce our CO_2 emissions by 60% and methane emissions by 30% by 2030, achieve carbon neutrality by 2040 and Net Zero operations by 2050. We are investing in sustainable projects and technologies to support this goal.

We recognise the potential for work-related injuries and ill health due to our business activities requiring manual labour. To address this, we have implemented policies to foster healthy environments and promote well-being throughout our Group. We place high importance on the health and safety of our employees and are committed to continuously improving our practices in this area.

Our social contribution is significant in ensuring access to reliable energy and basic services for communities across Europe. We are committed to providing our customers with a stable energy supply and ensuring the security of European energy infrastructure and supplies. Our focus on sustainable projects and investments in renewable energy production promotes the sustainable development of the energy sector.

ESG ratings

EPIF understands that addressing environmental, social and governance matters is vital in being able to achieve overall sound operations. EPIF's commitment to continuously improving its ESG rating has to-date consisted of implementing ESG policies and disclosures, as well as publicly disclosing and committing to a decarbonisation strategy.

In December 2022, EPIF received a strong rating from Sustainalytics following completion of the annual review. The rating was then updated by Sustainalytics in April 2023 to reflect the latest changes in selected benchmarking indicators of the peer universe.

In 2020, we became the first company in Central Europe with a publicly disclosed ESG rating report from S&P Global, which was also updated in 2022. Our current ESG rates are highlighted in the table below.

Agency	ESG rating
SUSTAINALYTICS	17.8 (low risk) a lower score indicates better management of risks; at the time of receiving our score, we held the 4th position out of 94 companies within the multi-utilities sector
S&P Global	63/100 a higher score indicates better ESG performance

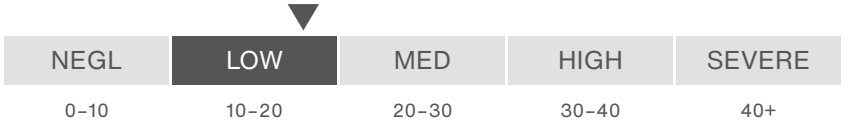


Table 1: Current ESG Group ratings.

Sustainable Development Goals

As part of EPIF's sustainability commitment, we report on our alignment with the United Nations Sustainable Development Goals and the 2030 Agenda. Working across all ESG fields, we strive to contribute to their timely fulfilment. We focus our efforts on strict regulatory compliance, modernisation of our facilities and robust monitoring. With the help of renowned ESG rating agencies and ESG advisors, we will continue to identify every opportunity to further improve our performance.

To fully support our commitment to the 2030 Agenda, we continue to work towards achieving our Decarbonisation Strategy targets and goals, with the aim of reducing our CO_2 emissions substantially by 2030 compared to current levels.

At the core of the 2030 Agenda for Sustainable Development are 17 Sustainable Development Goals (SDGs) that represent a set of globally agreed-upon targets. These targets address the environmental, social, and economic challenges that we face today, and will continue to face in the future.

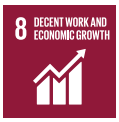
Because of EPIF's energy focus, we have identified several SDGs that are highly relevant to our business and its operations, and which we believe we could significantly contribute to achieving.

SUSTAINABLE DEVELOPMENT GOALS

SDGs of high relevance

Ensure access to affordable, reliable, sustainable and modern energy for all

EPIF actively promotes the transition towards a new energy model, one that is more sustainable and inclusive for the energy and utilities sector. Around 86% of EPIF's Adjusted EBITDA is derived from gas transmission, gas and power distribution, and gas storage activities, which comprised only 11% of EPIF's greenhouse gas emissions in 2022 (more details provided in the Environmental section of this Report). In the heat infrastructure segment, EPIF puts significant effort into accelerating our transition to less emission-intensive sources of energy (e.g. natural gas, biomass, and municipal waste) with the envisaged full decarbonisation of the segment by 2040 as the natural gas is planned to be gradually replaced with renewable gases such as hydrogen. The speed of transition will largely depend on the commercial availability of renewable gases.



Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all

As a major energy provider, EPIF contributes significantly to economic growth and fair employment. We pride ourselves on being able to create jobs for individuals and provide energy to families, companies, and other entities, all of which are crucial for a well-functioning society. Through our services, we promote sustainable and inclusive development and support socio-economic progress.

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

One of EPIF's major societal contributions is its operation of reliable, safe, and high-quality energy infrastructure. Notably, EPIF continues to be a key driver of innovation for sustainable industrialisation among its competitors. Our recent efforts include increased digitalisation of activities and services, and enhanced transparency. Furthermore, we invest in innovative solutions such as hydrogen, enabling future energy systems. We believe hydrogen is more than a low carbon product because it links different energy sectors and thus increases flexibility and resilience of our economies.

Ensure sustainable consumption and production patterns

When providing services, EPIF thinks long-term, which is why we aim to promote energy efficiency. It is imperative to us to ensure quality pipelines, as well as the other parts of our distribution and transmission systems. We proudly employ people who are committed to contributing to the preservation of the environment by maintaining the highest level of infrastructure efficiency. Additionally, we are dedicated to raising customer awareness on responsible energy consumption and savings.

Take urgent action to combat climate change and its impacts

At EPIF, we are strongly committed to focusing our efforts on climate action. This is evident, for example, in our gradual shift towards a lower emission-intensive energy mix and our aim to reach carbon neutrality by 2040 and net zero operations by 2050. We are also committed to continuously gathering data and pursuing strategies that will mitigate the impacts of climate change.

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels

At EPIF, ethics is at the core of our values. It is important for us to have moral principles at the forefront of all our work, so that we can continuously create inclusive opportunities. We do this, for example, by ensuring trust through inclusive governance, fostering collaborative relationships, and addressing social conflict.

EPIF and its business

EPIF is a leading European energy infrastructure and utility group with a large and diverse infrastructure asset base. Our business focuses mainly on gas transmission, gas and power distribution, heat infrastructure, and gas storage, with principal operations in the Czech Republic and Slovakia, while being also present in Germany. Measured by EBITDA, EPIF is among the largest industrial groups based in the Czech Republic.

EPIF has grown through the acquisition of entities in different countries. Because every entity has its own standards, we have worked hard to align sustainability policies and processes across our Group. This has been challenging, but at EPIF, we understand the value of this commitment for the future of our business.

Timeline EPIF

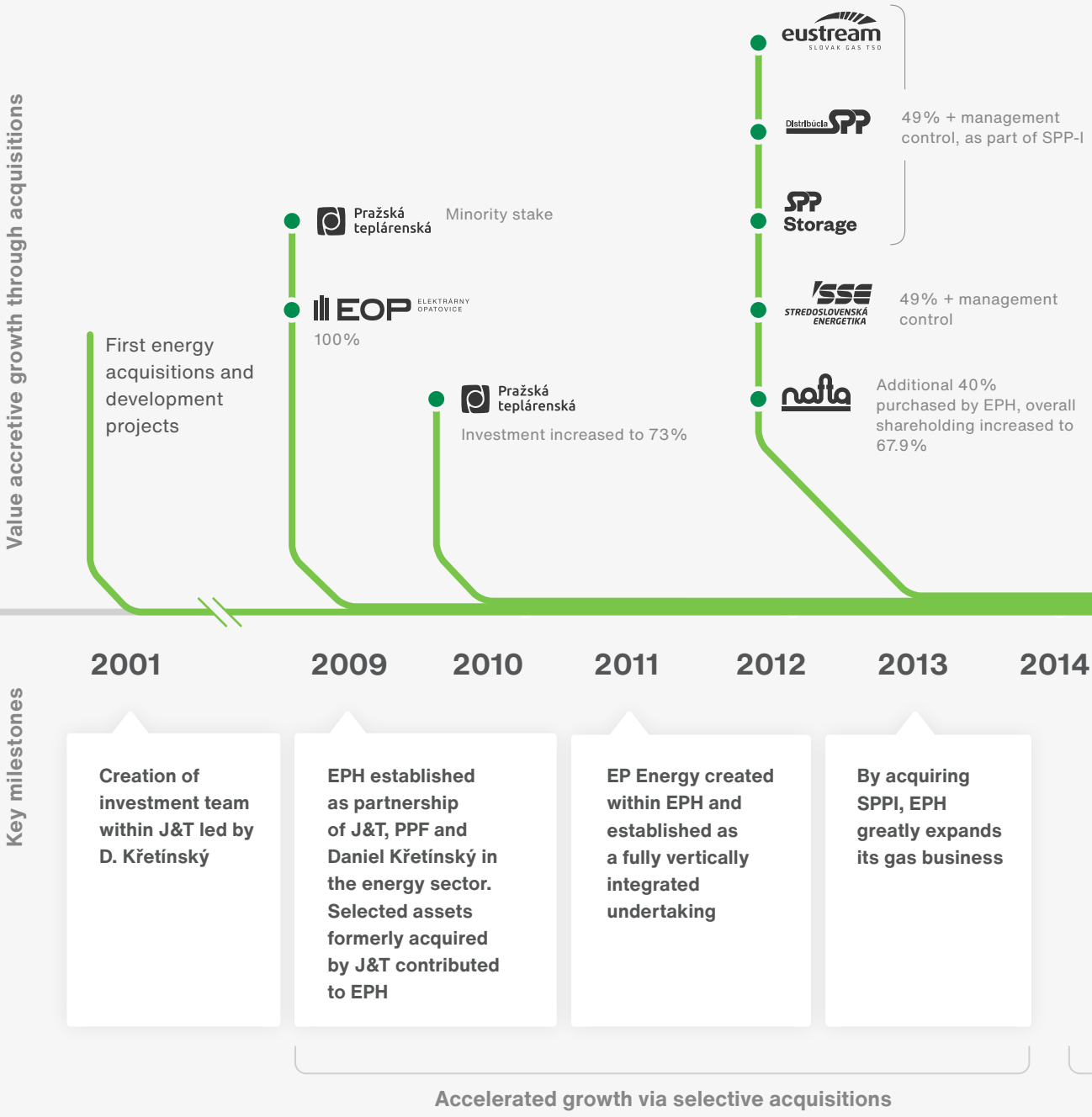
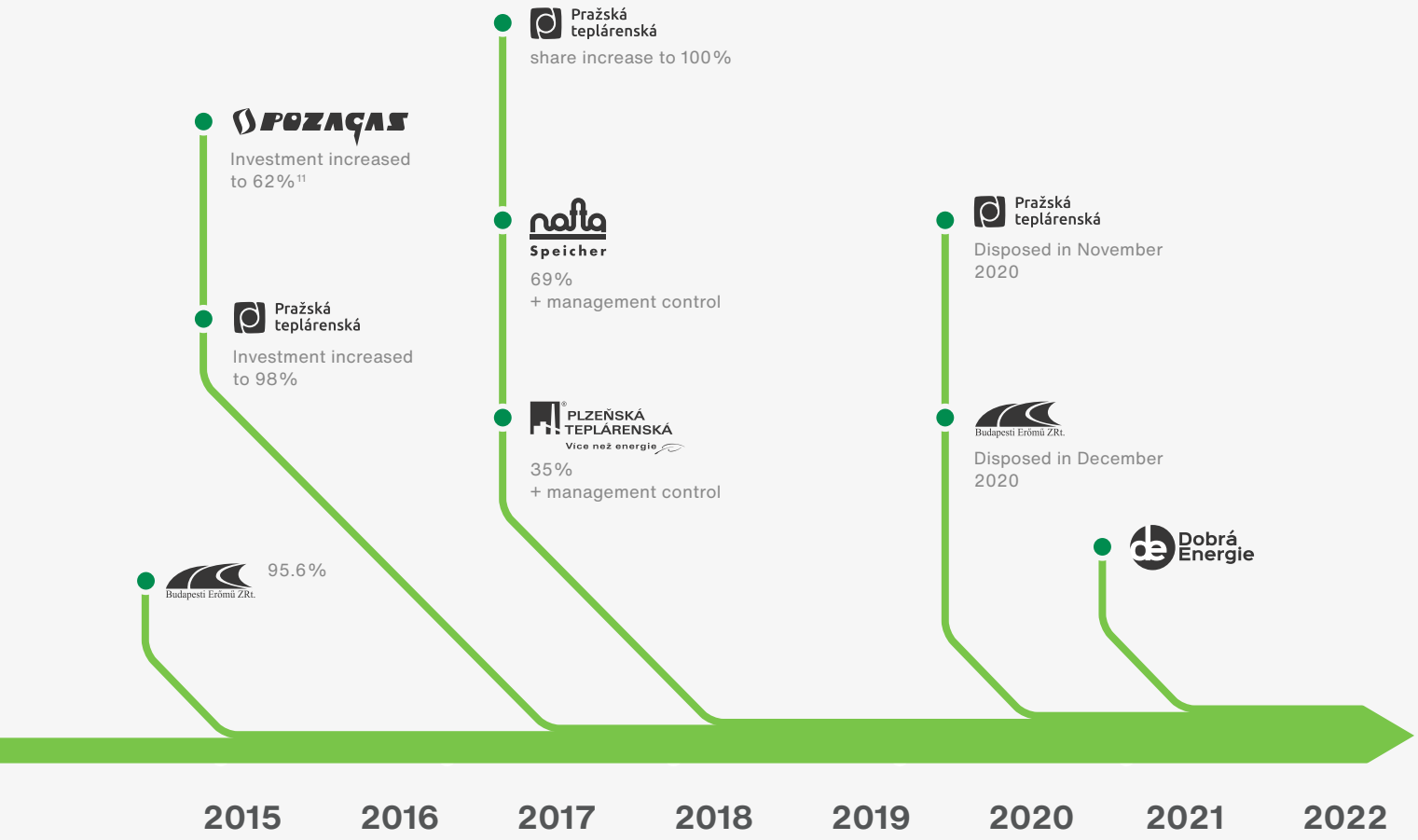


Figure 6: EPIF's timeline of development.

11 EPIF's effective shareholding.

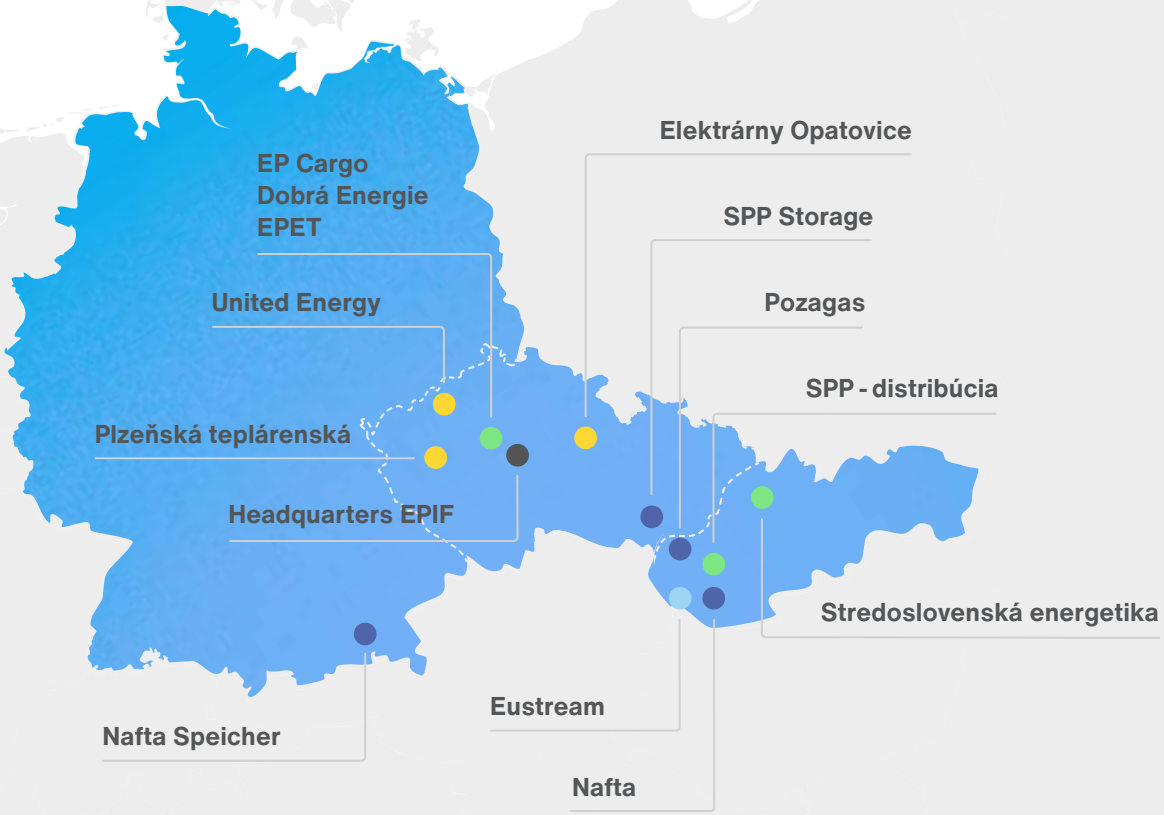


EPIF established as platform for EPH infrastructure assets

Further consolidation of the Group and closing of MIRA's entry into EPIF's shareholder structure

Optimization / smaller add-on transactions

Our geographical presence



Gas **Transmission**

eustream SLOVAK GAS TSO

Gas **Storage**

nafta · nafta Speicher · SPP Storage · POZAGAS

Gas & Power **Distribution**

Distribúcia SPP · SSE HOLDING · epet. · Dobrá Energie

Heat **Infrastructure**

PLZEŇSKÁ TEPLÁRENSKÁ Více než energie · UNITED ENERGY · EP Cargo · EP Sourcing · EOP ELEKTRÁRNY OPATOVICE · EOP DISTRIBUCE · SEVEROČESKÁ TEPLÁRENSKÁ

Business segments overview

Gas transmission

Overview

This business segment is operated through eustream, which is the owner and operator of one of the major European gas pipelines and is the only gas transmission system operator in Slovakia. The corridor is uniquely positioned to supply gas to Central European and Southern European gas markets, irrespective of the gas source and flows pattern (connected to all neighboring countries).

Highlights

We focus on the continual modernisation and upgrade of our infrastructure, reducing environmental impacts.

Our subsidiary operates one of the largest corridors for gas suppliers to Central, Western and Southern Europe.

We are prepared to play a key role in the hydrogen energy transformation.

Companies

eustream SLOVAK GAS TSO

Gas & power distribution

Overview

This business segment consists of the following divisions: gas distribution, power distribution, and their supply. SPP - distribúcia and Stredoslovenská distribučná are the natural gas and power distributors for the Group respectively. The supply of power and natural gas to end-consumers is conducted through EP Energy Trading and Dobrá energie, with supply throughout the Czech Republic and Slovakia, and Stredoslovenská energetika group, with supply throughout Slovakia.

Highlights

We focus on traditional distribution services that reflect modern trends.

Our subsidiaries are industry leaders:

1. SSE is a major supplier of electricity and gas to end consumers in Slovakia and, through its subsidiary SSD, the second largest regional electricity distribution company.
2. SPPD is the leader in Slovak natural gas distribution.
3. EPET and Dobrá Energie are important suppliers of electricity, natural gas, and related services in the Czech Republic and Slovakia.

Companies

SSE HOLDING

Distribúcia SPP

epet.

Dobrá Energie

Business segments overview

Heat Infrastructure

Overview

This business segment focuses on supply and generation facilities relating to heat. Notably, the Group owns and operates heat cogeneration plants including adjacent district heating networks in the Czech Republic. The Group has also become an important power producer and key provider of grid-balancing services in the Czech Republic, with significant contribution to the transmission network's stability.

Highlights

Our subsidiaries are significant heat distributors and producers in the Czech Republic.

We keep prices affordable for all our customers. Despite the inflationary environment and rising commodity prices, EPIF entities kept heat price increases below 5% for 2023.

Our subsidiaries are involved in major modernisation investment projects that will convert the assets away from lignite by 2030 and lead to higher production efficiency and reduced environmental impacts from our operations.

Companies

United Energy
Plzeňská Teplárenská – Více než energie
Severočeská Teplárenská
EP Cargo
EOP Elektrárny Opatovice
EP Sourcing
EOP Distribuce

Gas storage

Overview

This business segment consists of subsidiaries that store natural gas under long-term contracts in underground storage (UGS) facilities.
The Group has become a key player of natural gas storage in the Czech Republic, Slovakia and Austria, with significant shares in the German market.

Highlights

We operate the largest gas storage capacities in Central Europe.

We focus on optimising our processes by investing in operational security, modernising storage technology, enhancing automation and utilising our collected information.

Our subsidiaries are industry leaders:

1. Nafta and Pozagas represent the only storage system operators in Slovakia.
2. Nafta is a leading company in the exploration and production of hydrocarbons.

Companies

nafta
nafta Speicher
SPP Storage
POZAGAS

Renewables

Overview

This business segment is primarily engaged in electricity generation from renewable sources; the Group operates solar, wind and biogas plants. Additionally, Stredoslovenská Energetika (SSE) and Plzeňská teplárenská conduct further activities in this business segment. SSE owns and operates hydropower plants, solar power plants, and a back-up gas power plant. Plzeňská teplárenská uses biomass as a key fuel for heat and power generation, gradually replacing lignite.

Highlights

Our subsidiaries are industry leaders:

1. VTE Pchery operates a wind power facility with one of the highest unit capacities in the Czech Republic.
2. Alternative Energy uses the latest technology in energy exploitation of biodegradable waste.

EPIF also aims to pursue opportunities in the geothermal energy, mainly in Slovakia where it is already engaged in smaller geothermal projects. Harnessing geothermal energy can represent one of several steps to reduce Slovak dependence on fossil fuels.

Companies

VTE Pchery

Triskata

Powersun

Alternative Energy

Arisun

Operational efficiency and economic performance

We provide reliable and affordable energy services that are delivered with efficiency and safety in mind.

EPIF works to ensure that all of the Group's subsidiaries operate in an efficient and failure-free manner. This is important throughout our Group, as our operations directly impact surrounding environments and communities.

Our operational activities are driven not only by our policies and principles, but also by our responsibility to adhere to national energy legislation and local operational regulations, which provide us with further efficiency guidance.

Our contribution to the SDGs:

EPIF strives to provide services that are not only affordable and more environmentally friendly, but that also bring real value and opportunity to people and their communities. We do this through our commitment to providing equal work opportunities, and supporting economic growth, sustainable development, and industry innovation.

Business performance

Our 2022 operational results proved that EPIF continues to be an industry leader. The reliability of our Group's performance has allowed us to continue to steadily grow our business through our customers.

Distribution and transmission

We continue to increase the efficiency of our distribution networks through continued monitoring, renovation, and reconstruction. This, for example, reduces the incidence of leaks in our gas distribution network and ensures a high level of security.

Generation assets

Our plants primarily operate in a highly efficient cogeneration mode, which allows us to simultaneously generate heat and electricity. In addition, as we strive to become less dependent on lignite, we continue to focus on shifting toward less emission-intensive fuels in our conventional power and heat production.

Pipeline protection and safety management

We believe it is imperative that we operate our pipelines and other parts of our transmission and distribution systems, with due diligence and the highest degree of operational excellence. We accomplished this through technical and third-party risk assessments that include, for example, network maintenance and monitoring.

Notably, since 2012, the key indicators measuring network reliability (SAIDI, SAIFI) in the power distribution segment of our business have been well within the requirements of the regulator.

In the gas distribution segment of our business, we have implemented predictive maintenance processes to help identify the most at-risk spots in our network, allowing us to appropriately allocate maintenance.

Renewable energy

We are aware of the significant role renewables have in the decarbonisation of our industry. That is why we are focused on further utilising renewables within our business operations.

2022 **Highlights**

€ 80 mil.

In 2022, the total capital expenditures in our Gas and Power Distribution services exceeded EUR 80 million, similarly to 2021.

64 MW

EPIF's installed electric capacity in renewable power sources in 2022 was 64 MW, the same as in 2021.

21%

In 2022, EPIF consumed 21% more biomass within its operations compared to last year, partly replacing lignite. The boiler refurbishments to increase biomass utilisation save more than 300 kt of CO_2 annually.

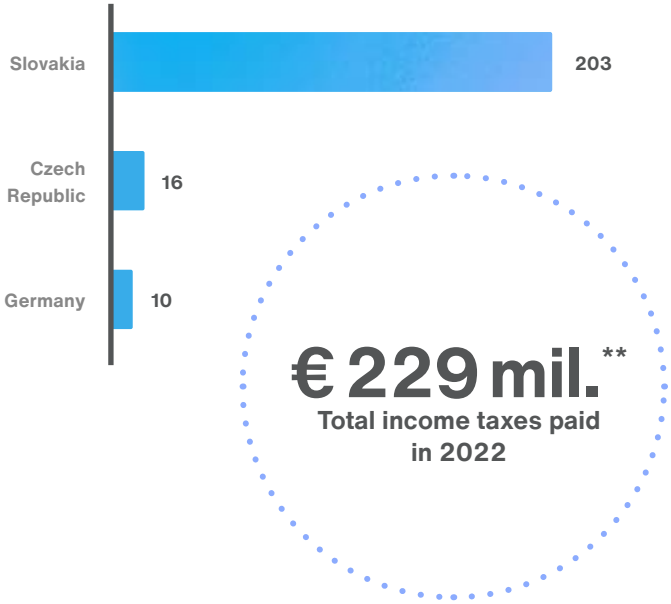
EPIF's 2022 Business performance

Adjusted EBITDA are earnings before interest, taxes, depreciation and amortisation. It is an important indicator to track because not only does it provide information on our operational profitability, but unlike revenues, standardised EBITDA can also allow for greater data analysis amongst our peers and competitors.

In 2022, EPIF recorded total Adjusted EBITDA and revenues at EUR 1,455 and 4,004 million[20] respectively, which are further broken down in the charts below.

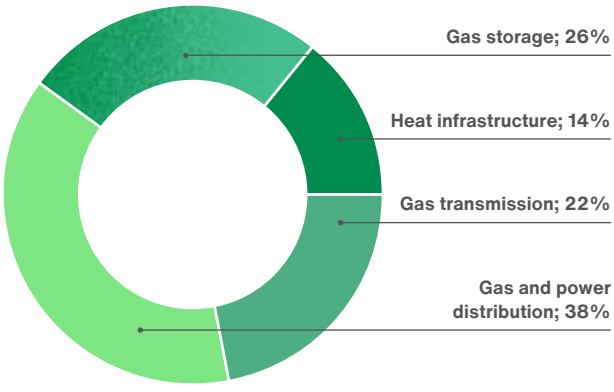
It should be noted that the Adj. EBITDA and revenues charts depicted do not include holding entities and intersegment-eliminations, but rather focus on our main areas of business: gas transmission, gas and power distribution, gas storage, and heat infrastructure.

2022 Taxes paid: country share [EUR million]



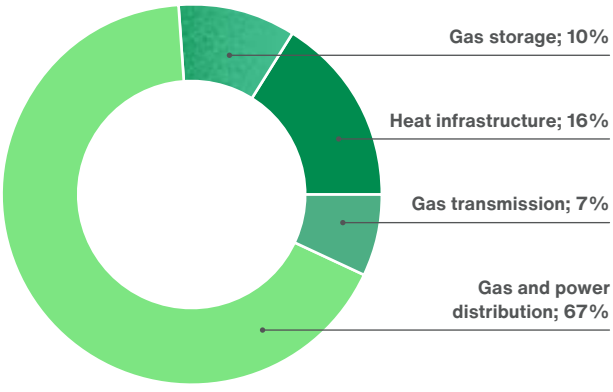
Graph 5: Taxes paid in 2022.

2022 Adjusted EBITDA: business segment share



€ 1.5 billion
Total Adjusted EBITDA in 2022

2022 Revenues: business segment share



€ 4.0 billion**
Total revenues in 2022

Graph 6: 2022 financial results from the Group's main business segments.

20 Amounts after IC eliminations. When calculating indicators, we use Adjusted EBITDA without considering intercompany transactions.

** This data was verified by the independent auditing firm KPMG.

Distribution and transmission: Closer look

From 2015 to 2022, gas transmission, and gas and power distribution saw average volumes of 54.3 bcm, 52.2 TWh and 6.1 TWh respectively. Both gas and power distribution networks in Slovakia distributed lower volumes compared to 2021. Namely, the drop in the volume of gas distribution was due to the saving measures implemented in connection to gas supply changes in Slovakia. On the other hand, the volume of gas transmitted declined substantially following the Russian invasion of Ukraine.

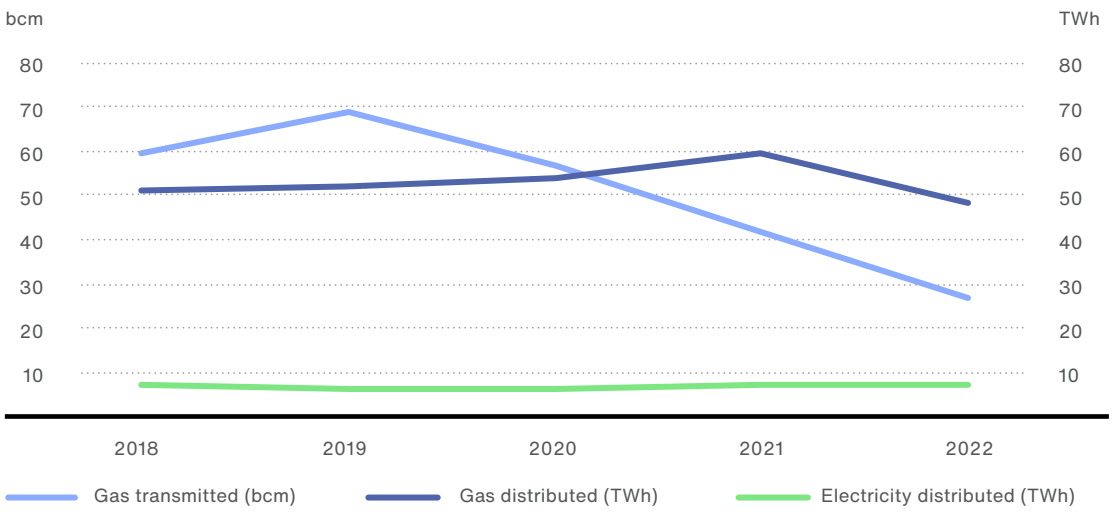
Electricity distribution losses

As one of the key electricity distributors in Slovakia, through our subsidiary Stredoslovenská distribučná ("SSD"), EPIF is conscious of the indirect environmental impact of technical losses caused by network inefficiencies, as these need to be covered by additional electricity generation. Electricity purchased by SSD to cover its network losses comes primarily from zero-emission generation sources which dominate the fuel mix in Slovakia (mainly nuclear and hydro). Furthermore, SSD launched several initiatives to reduce their technical losses. As an example, they identified existing inefficient transformers and replaced them with modern transformers or installed smart metering systems to enable better voltage management. As a result, their combined average loss rate saw a reduction from 6.1% in 2016 to 4.5% in 2022.

SSD		2016	2017	2018	2019	2020	2021	2022
ELECTRICITY INFLOWS	GWh	7,951	7,935	7,751	7,758	7,542	7,991	7,769
LOSSES	GWh	482	429	425	414	421	442	351
LOSSES IN %	%	6.1%	5.4%	5.5%	5.3%	5.6%	5.5%	4.5%

Table 2: Distribution losses.

Distribution and transmission



Graph 7: Distribution and transmission.

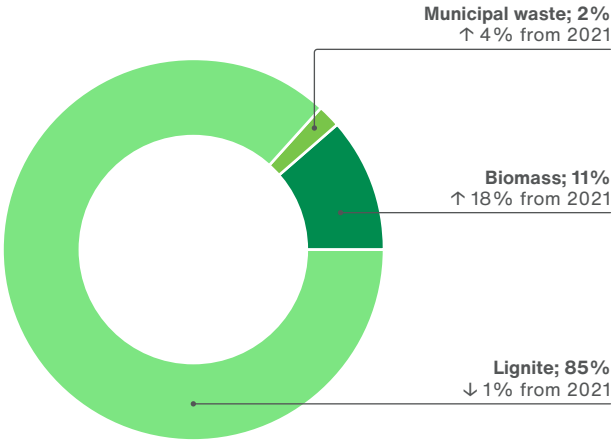
Generation assets: Closer look

Production

In 2022, EPIF experienced a decrease in its heat production, with heat generation seeing a decrease of 10% compared to last year due to warmer weather coupled with customer savings in response to generally high inflation impacting household budgets. Power generation was broadly at stable level compared to prior year as the lignite heating plants served as an important stabilisation factor in the unprecedented energy crisis triggered by the Russian invasion of Ukraine, causing lower availability and high price of natural gas in Europe. We find it important to highlight our production from these specific sources, as the Group continues to move away from the use of lignite towards less emission intensive sources and the higher levels of production from lignite in 2021 and 2022 are considered temporary.

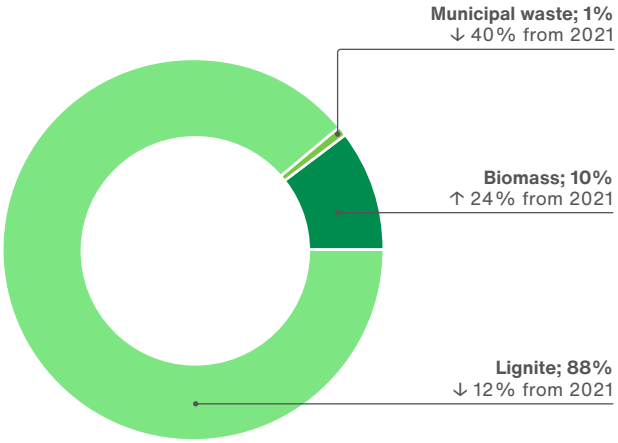
With regards to our renewable energy sources, EPIF experienced an increase this year in its power and heat production from almost every source, with biomass seeing the largest increase at 18% and 24% respectively. This highlights the Group's efforts towards relying more on production from cleaner energy sources. In 2021, we scaled up our use of biomass at Plzeňská teplárenská and refurbished a lignite boiler at United Energy to 100% biomass.

Power production 2022:
energy share



2,578 GWh
Total power production

Heat production 2022:
energy share



2,463 GWh
Total heat production

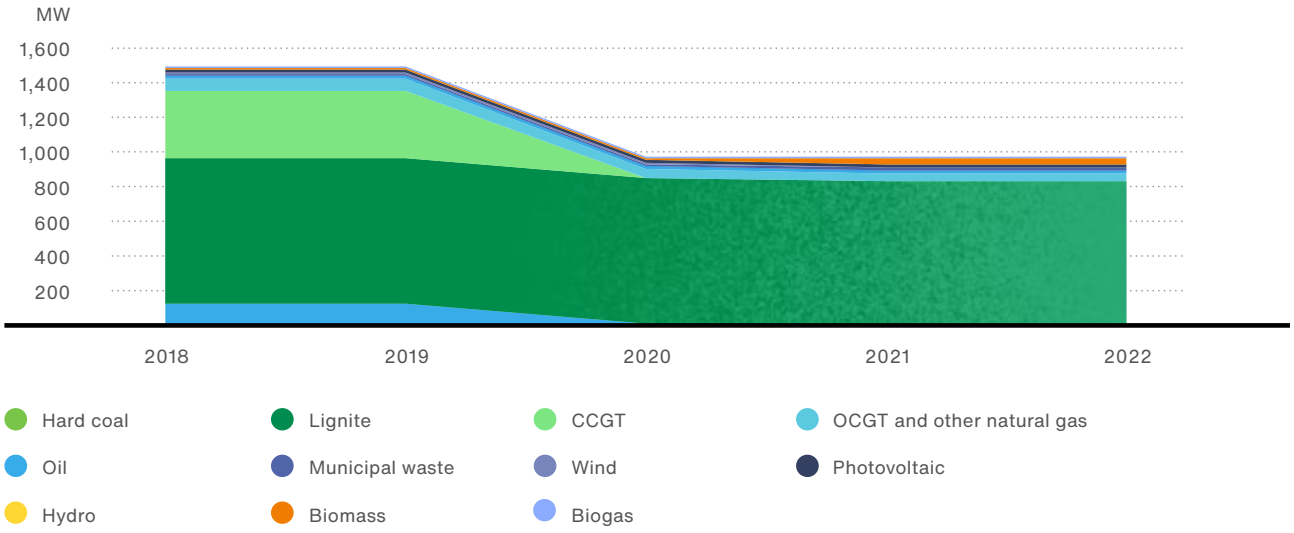
Graph 8: Power and heat production by energy source.

Installed capacity

In comparison to the 2018, in 2022 we significantly decreased the Group's installed power and heat capacity, by 38% and 47% respectively. This was mainly due to the disposal of two of our entities at the end of the year 2020, Pražská teplárenská and Budapesti Erömü, which were part of the heat infrastructure segment of our Group. Both entities are industry leaders within their respective countries, making their disposal significant to our 2022 capacities, even though Pražská teplárenská primarily sourced heat externally. In 2022, EPIF did not acquire any new heat or power generation entities.

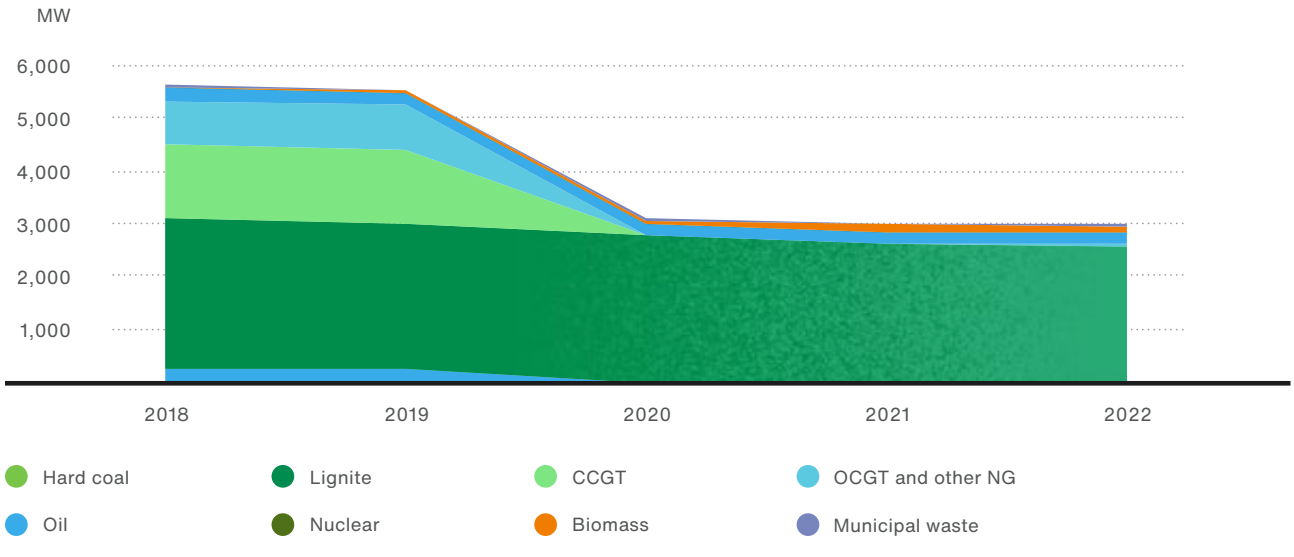
With regards to our renewable sources, there was an increase in capacities in 2022 compared to 2020, following refurbishments of former lignite boilers during 2021 to enable partial or full biomass combustion.

Net installed capacity: power



Graph 9: Net installed power capacity.

Net installed capacity: heat[21]



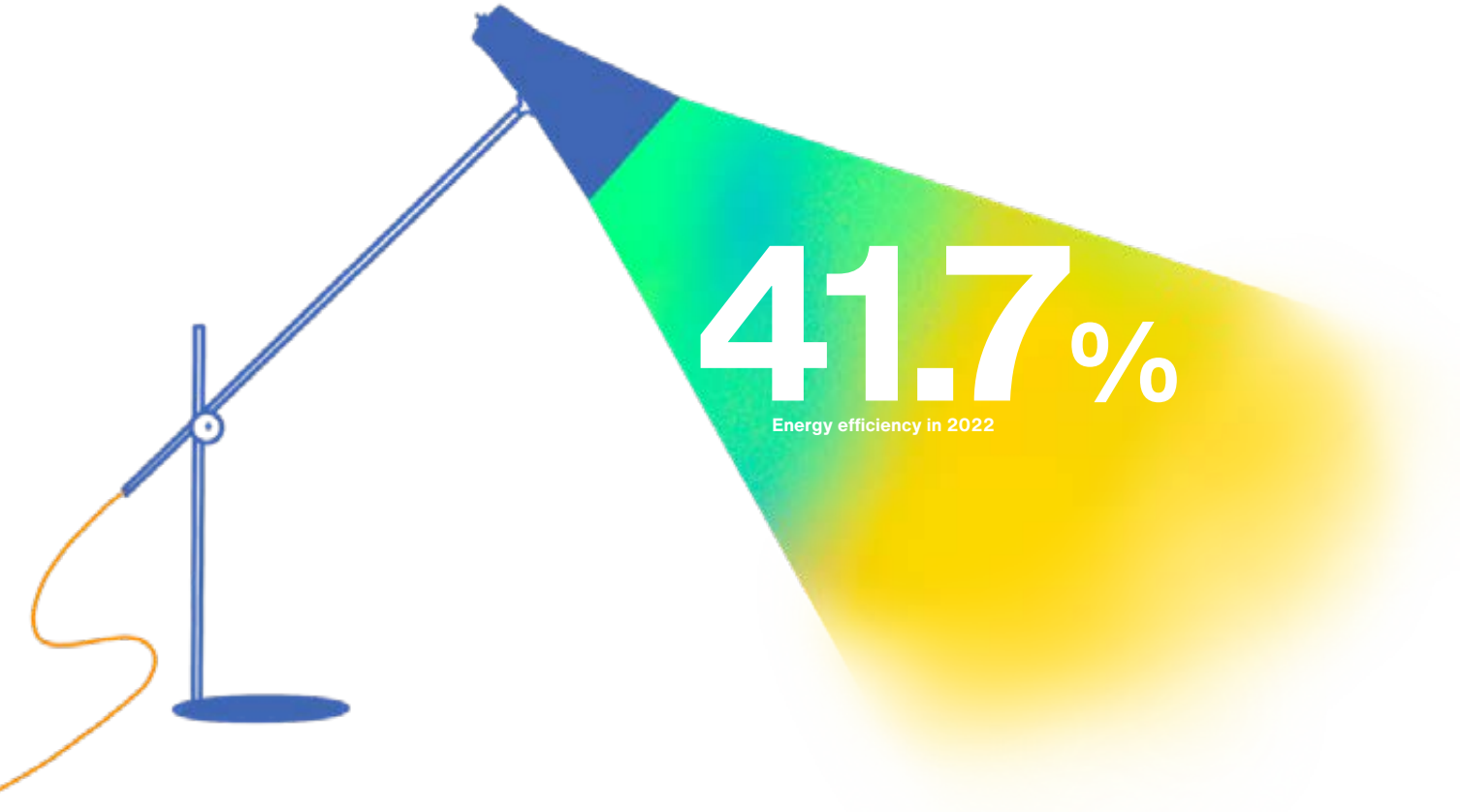
Graph 10: Net installed heat capacity.

21 Represents thermal capacity of boilers.

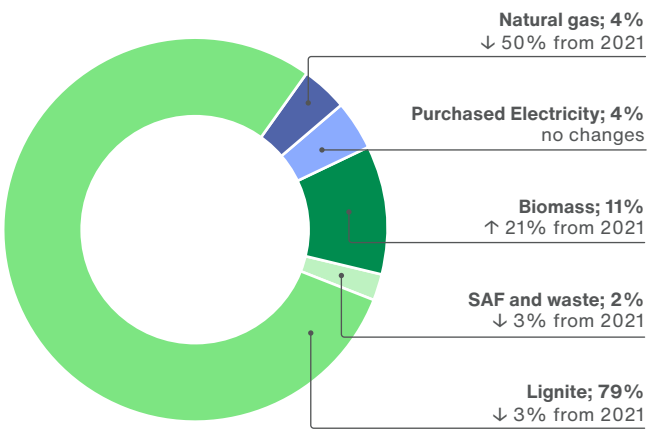
Energy consumption and efficiency: Closer look

In 2022, EPIF's total energy consumption decreased by 2% compared to the last year. On average from 2018 to 2022, we produced 6,711 GWh of heat and power energy from a fuel equivalent of 14,911 GWh. EPIF also reported a solid energy efficiency of 41.7% in 2022 as a significant portion of energy is produced in cogeneration mode.

Notably, this year, 21% more biomass was consumed compared to last year in line with our long-term goal of gradual lignite replacement. We experienced a 50% decline in natural gas use as eustream utilised electric compressors rather than gas compressors in the light of elevated gas prices and potential gas shortages. In 2022, energy consumption from lignite accounted for 10,043 GWh, 79% of our overall fuel mix, reflecting the overall trend in Europe with low availability and high price of natural gas which positioned coal and lignite favorably in the power generation merit order. Coupled with lower heat offtake, this led to a higher portion of power being produced in the less efficient condensation mode, increasing our overall emission intensity. However, we are aware of the importance our business plays in the future of decarbonisation, especially since most of our assets fall into the traditional energy segments. Therefore, we are committed to continually aiming to accelerate our shift towards cleaner energy. The conversion projects at all heating plants are already in advanced preparatory phase with tenders running and first subsidy applications submitted.



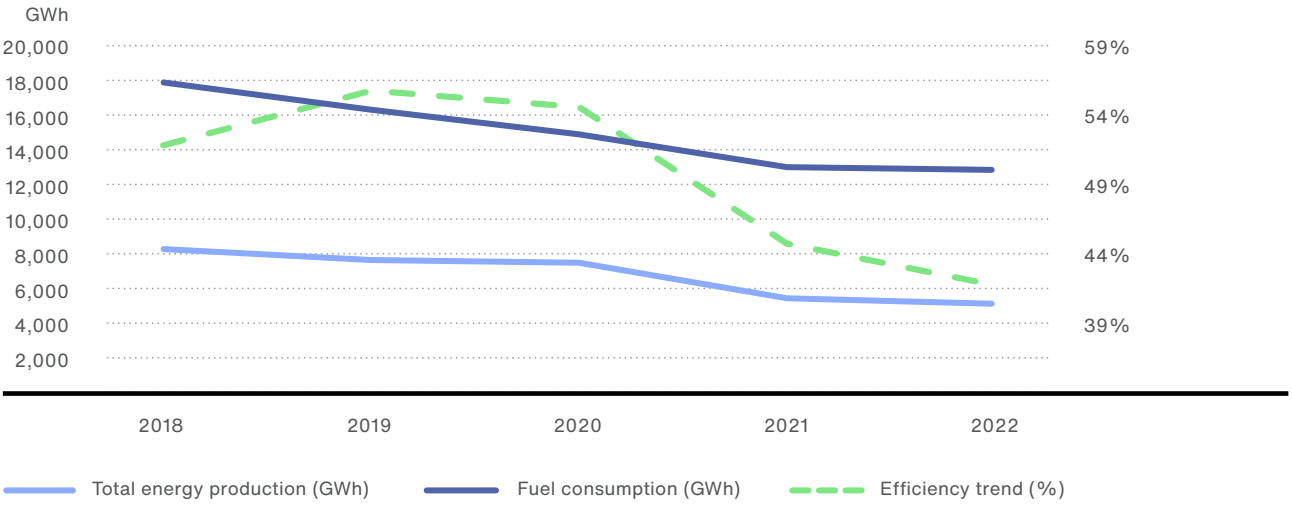
Energy consumption 2022: fuel share



12,726 GWh
Total power production

Graph 11: Energy consumption by fuel share.

Energy efficiency



Graph 12: Energy efficiency trend.

Environment

EPIF is committed to conducting its business activities in an environmentally safe and responsible manner. Our aim is to continually monitor, identify and address any negative impacts our business may have on the environment.

EPIF understands the importance of managing our environmental risks, as the long-term success of our Group depends on the responsible and efficient use of natural resources. We are aware that historically our business sector has been labelled as an energy intensive industry with high carbon emissions. This is why we believe it is important to provide a comprehensive overview of our operations and to focus our efforts on changing the industry standards.

Reduction of emissions

EPIF recognises that we have an important role to play in reducing emissions within our industry. We have focused our efforts on internal policies, programs, and energy efficiency within the operations of our Group.

EPIF understands the extent to which climate change threatens the well-being of people and the environment. The reality of climate change and its impacts have been the leading drivers of our increasingly intense efforts to reduce emissions and increase operational efficiencies across the Group. Overall, EPIF puts a strong emphasis on internal policies and programs that aim to address the Group's GHG emission reductions.

The Group follows the global trends relating to climate change, noting that there has been increasing focus on methane emissions and their reduction strategies. Notably, at the 2022 United Nations Climate Change Conference (COP27), Parties agreed that limiting global warming to 1.5 °C requires rapid, deep, and sustained reductions in global greenhouse gas emissions, reducing them by 43% by 2030 relative to the 2019 level. EPIF fully supports the goal of the initiative and is actively working on measures across its segments to achieve substantial reduction in its carbon footprint.

Our contribution to the SDGs:

EPIF is committed to continually track the consequences of climate change, especially when it is associated with harmful emissions. We believe it is important to work together to reverse the climate crisis, as it not only affects our well-being, but also that of our planet.

Climate change and common goals

We recognise the urgency to address climate change and as a result, commit the Group to participating in the joint efforts of lowering global temperatures through our decarbonisation strategy.

GHG emissions

We aim to fully understand the direct and indirect impact that our business has on GHG emissions. Through our continual monitoring and modernisation of our operations, EPIF aims to align the Group with the European decarbonisation goals and GHG emission reduction targets.

Carbon intensity and efficiency

We continually monitor the carbon intensity of our generation assets. Our focus has been on optimising our operational processes, thereby improving the efficiency of our Group's business segments.

Other air pollutants

We carefully monitor the air pollutants associated with our operations and are committed to decreasing these emissions. Our management approach focuses on the continual improvement, modernisation and optimisation of our business processes.

2022 **Highlights**

13 %

Since 2015, EPIF has reduced its direct GHG emission intensity by 13%. The pace of emissions reduction has been affected by the overall unfavourable situation in the energy market in 2022, but our decarbonisation strategy remains valid.

-8 %

In 2022, we reduced our dust emissions 8% compared to last year. Additionally, since 2015, we have reduced our SO_2 and dust emissions by 62% and 54% respectively.

GHG emissions externally verified

This is the first year that GHG emissions classified under EPIF's Scope 1 and 2 were externally verified.

11 %

In 2022, EPIF's most significant business segments, those that contribute to a total of 86% of our Adjusted EBITDA, only contributed to about 11% of our GHG emissions.

85 %

In 2022, gas transmission saw a significant decrease in CO_2-eq. emissions compared to last year by 85%. It was driven by lower volume of transmitted gas and our increased reliance on electric compressors.

Climate change and common goals

The annual United Nations Conference on Climate Change brings focus to the international urgency in having a global commitment that addresses climate change. Notably, in 2015, the Paris Agreement, adopted at the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21), jointly committed participating parties to lowering the global temperature increase to well below 2 degrees Celsius, compared to the pre-industrial levels.

EPIF embraces the Paris Agreement and fully supports its goal, as a broad international consensus is the only way to bring about genuine structural change at a global level and establish a more sustainable economic model. In 2023, we further formalised our decarbonisation efforts by announcing robust long-term and medium-term targets which shall guide all our assets away from coal by 2030, set us on a path to carbon neutrality by 2040 and Net Zero operations by 2050. At the same time, we assess the readiness of our infrastructure for transport, distribution, and storage of green gases, which we view as a prerequisite for a future world powered predominantly by renewable energy.

We believe that the transition needs to happen gradually, so as to minimise unnecessary risks that would hinder economic development or cause other unpredictable problems that could impact society as a whole (e.g. a long black-out period). We believe that:

1. while historically the environmentally friendly sources were primarily built on the back of huge state subsidies, development of renewables will accelerate owing to a continuous decline in construction costs,
2. deployment of intermittent renewable sources on a mass scale needs to be supported by dispatchable low-carbon conventional sources (e.g. highly flexible gas units which will increasingly rely on renewable gases) and energy storage technologies such as power-to-gas; and
3. other important investments associated with infrastructure will be necessary to support this new system.

Carbon neutrality: EU Goals

In 2021, climate neutrality became a legally binding commitment by 2050 within the European Union. Furthermore, the European Commission presented the Fit for 55 package which encompasses concrete legislation that will allow the EU to reach the intermediate targets of the Green Deal. The EU committed to cutting down GHG emissions by at least 55% by 2030. Further measures have been announced as part of the REPowerEU Plan in response to the Russian invasion of Ukraine to reduce EU's reliance on fossil fuels. This will allow European countries to work on other goals, such as circular economy and creating sustainable food systems[22]. Moreover, part of the EU carbon neutrality strategy includes a heavy focus on auctioning emissions, instead of free allowances, with a focus of decreasing free allocation each year. Notably, since 2014, existing power plants within the Czech Republic and other newly joined EU member states in that year, received a free, but continually decreasing, amount of allowances for a transitional period until 2019[23].

As such, a fully-fledged transition towards purely renewable and carbon free energy sources, that will be able to provide security of supply in reliable base load operations, will be a long and financially intensive process. However, EPIF is prepared to take an active part in this process in our markets of operation.

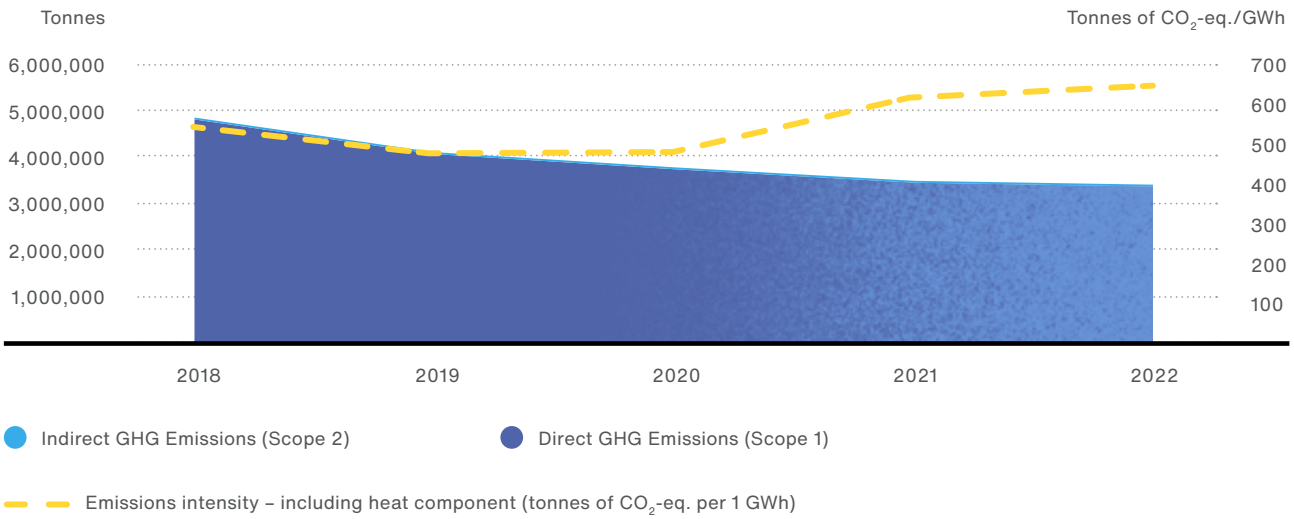
22 European Parliament (2022). EU responses to climate change. https://www.europarl.europa.eu/news/en/headlines/society/20180703STO07129/eu-responses-to-climate-change
23 European Commission (2022). Free allocation for the modernisation of the energy sector. https://ec.europa.eu/clima/policies/ets/allowances/electricity_en

GHG emissions

EPIF recognises that across its business segments, it emits greenhouse gases and other air emissions. EPIF is committed to tracking and reducing its emissions as outlined in our Decarbonisation strategy. This will align us with the targets set out by the European decarbonisation goals and GHG emission targets, as well as overall reduce our carbon footprint. These goals are highlighted within our internal documents, such as our *Environmental Policy*, and through the modernisation of our operations for achieving greater efficiency.

In 2022, EPIF produced 3,351* thousand tonnes of direct CO_2 emissions. Additionally, for the second year, we address our methane emissions, which represent an additional 232* thousand tonnes of CO_2-eq. of our 2022 direct GHG emissions. We also produce an amount of indirect GHG emissions, which is represented by a total of 63 thousand tonnes of CO_2-eq. in 2022. The breakdown of our primary GHG emissions is further elaborated upon in the "EPIF's Focus on reducing GHG emissions" section of this Report.

Direct and indirect GHG emissions



3.4* mil. tonnes
Total direct CO_2 emissions

63* thsnd. tonnes
Total indirect CO_2 emissions

3.1 mil. tonnes
Total procured emission allowances

162 thsnd. tonnes
Total granted emission allowances

646 tonnes of CO_2-eq./GWh
Direct CO_2 emission intensity, including heat component

23 tonnes of CO_2-eq./GWh
Indirect emission CO_2 intensity, including heat component

Graph 13: Scope 1 and 2 emissions.

* This data was verified by the independent auditing firm KPMG.

GHG emissions

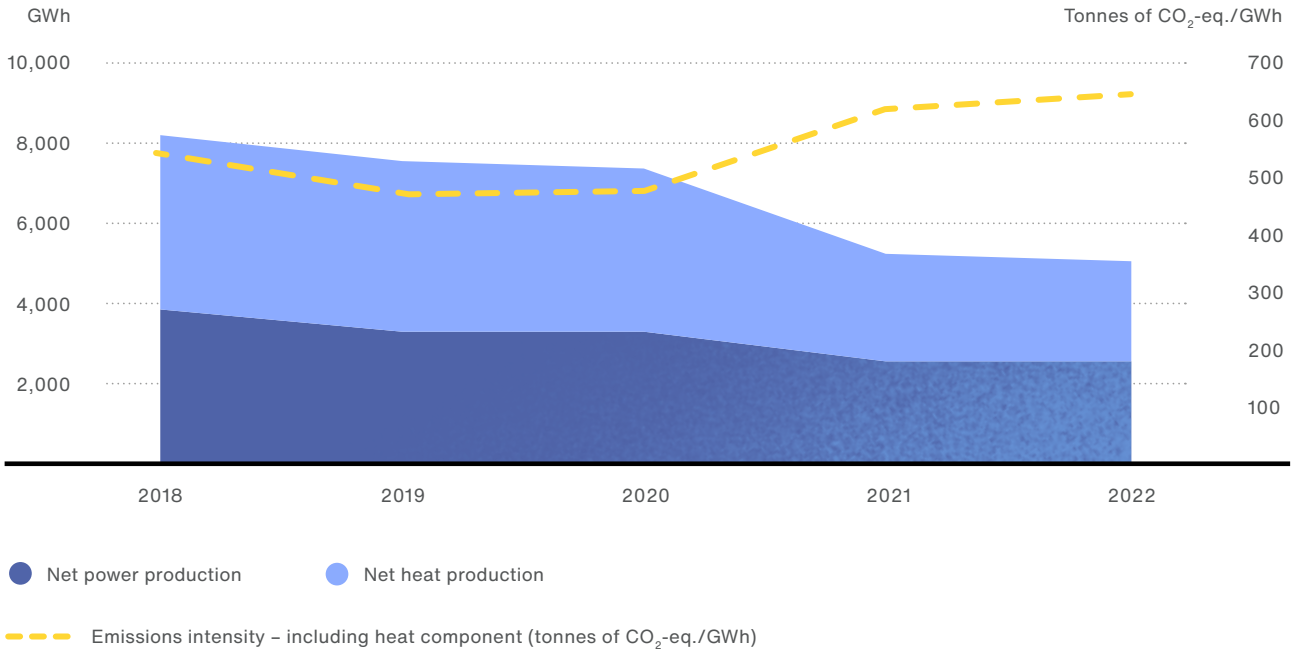
Carbon intensity and efficiency

Due to their improved energy efficiency, cogeneration plants, those that simultaneously produce power and heat, are widely supported by the European Commission. EPIF has focused on centralised cogeneration systems within the Group because we understand the significant environmental advantage that they provide over regular systems, which is notably accomplished without compromising our ability to meet customer demands.

Overall, EPIF experienced a 4% increase across the Group with respect to its direct GHG emission intensity (Scope 1 emissions) compared to last year due to lower share of more efficient cogeneration production which was reduced in response to reduced offtake of heat by end consumers.

Moreover, EPIF aims to continue to invest in CCGT units, that have lower emission intensity in general. Overall, CCGT units allow for heat and electricity to be produced simultaneously, resulting in greater efficiencies (70–85%) compared to even the most efficient gas fired units (50–60%). All our heating plants will undergo refurbishments to transition away from lignite as a primary fuel and increase their production efficiency. This is further highlighted with "EPIF's Decarbonisation roadmap" of this Report.

Net production and its emission intensity



2,578 GWh
Net power production

2,463 GWh
Net heat production

646 tonnes of CO_2-eq.
Total emission intensity

Graph 14: Emission intensity based on energy production.[24]

24 Emission intensity only includes generating companies.

Case Study

District heating assets in the Czech Republic: Conversion projects

EPIF operates a portfolio of heating plants including adjacent district heating networks, supplying heat to more than 150 thousand consumers in major regional cities. District heating in the Czech Republic has historically relied on lignite as a dominant fuel. EPIF is currently in advanced preparatory stage of the conversion projects which will guide all heating plants away from lignite to a balanced mix of CCGT units, biomass unit, and waste incinerator plants. The technologies summarised below shall constitute the building blocks of the EPIF district heating assets which will be diversified across more fuel sources.

CCGT units

Combined cycle technology represents a highly flexible power generation source which will be needed to support grid stability and security of supply during the ramp-up of intermittent renewable generation sources.

Natural gas is perceived as a transitional fuel in the EPIF's decarbonization strategy with envisaged combustion of renewable gases such as hydrogen or biomethane in the long term.

EPIF plans to install the following technologies:

- 3× CCGT units at Elektrárny Opatovice
- 2× CCGT units at United Energy
- 1× CCGT unit at facility "Teplárna" and 1× CCGT units at facility "Energetika" operated by PLTEP

Biomass units

Biomass represents a suitable complement for lignite. EPIF entities combine a sole biomass combustion in dedicated units as well as co-firing of biomass with lignite.

EPIF is able to source sufficient volumes of biomass locally with limited transport distance implying low indirect carbon footprint. EPIF entities recently secured biomass certifications recognized by the voluntary schemes issued by the EU.

The following technologies are currently operated by EPIF:

- PLTEP operates a dedicated biomass unit, as well as co-fires biomass along with lignite
- UE combusts biomass in a former lignite boiler which was refurbished in 2021

Waste incinerator plants

Municipal waste in sufficient quantities is produced without further utilization which currently ends up in landfills. There are only 4 waste incinerator plants in the Czech Republic which is significantly below average of other EU countries

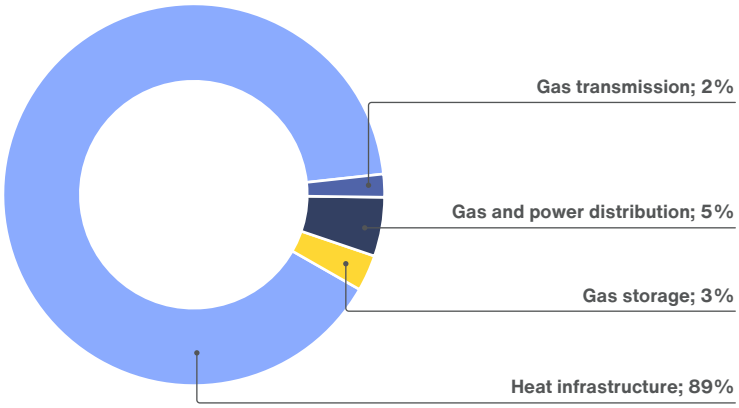
EPIF is aware of the potential of waste incinerator plants in the regions where it operates and will continue discussions with local authorities to achieve a successful realization

EPIF envisages the following roles for waste incinerator plants:

- PLTEP has operated a waste incinerator plant since 2016
- UE and EOP aim to develop a waste incinerator plant in their respective regions of operation by 2030

GHG emissions

EPIF CO_2-eq. emissions: business segment share



3.6* mil. tonnes
Total direct GHG emissions

Graph 15: CO_2 emissions by the Group's main business segments.

Our most significant business segments based on Adjusted EBITDA, consisting of gas transmission, gas storage, and gas and power distribution (contributing to 86% of Adjusted EBITDA and 84% of revenues), only emitted about 11% of EPIF's total emissions.

Compared to last year, EPIF saw an overall slight drop in the amount of CO_2-eq. emissions within its business segments, by 3%. Notably, in 2022 as in the previous year, gas transmission saw a significant decrease in its CO_2-eq. emissions compared to last year by 85% due to lower volumes and increased utilisation of electric compressors in response to higher price and potential shortages of natural gas. In heat infrastructure segment the total emissions were reduced by 1% compared to last year.

* This data was verified by the independent auditing firm KPMG.

EPIF's focus on biomass as a sustainable source of renewable energy

Further advancing towards the Group's commitment of carbon neutrality by 2040, various decommissioning, refurbishment and new projects are being implemented and planned. This includes those focused on increasing the Group's share of biomass used for energy production. Therefore, the Group has decided to address more formally what makes biomass a renewable and sustainable energy source in our operations.

At EPIF, we define biomass as a renewable source of energy, where we refer to Directive 2009/28/EC "on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC." It is in this directive that biomass is clearly defined as a renewable energy source, with a more detailed explanation of it being a "biodegradable fraction of products, waste and residues from biological origin from agriculture (including vegetal and animal substances), forestry and related industries including fisheries and aquaculture, as well as the biodegradable fraction of industrial and municipal waste."[25]

However, even if biomass is defined as a renewable source of energy, we must also consider whether it is a sustainable source of energy. The answer, however, is not quite straightforward and depends on several factors. These may include the proximity of the biomass to its end use (with regards to distance and type of transportation required), and the source of supply and its management (e.g. forestry management). As a result, throughout the Group, we pay special attention to all these aspects to ensure that we handle our biomass in the most sustainable manner that is possible within our operations.

The EU Commission is aware of the importance of being able to classify sustainably sourced biomass. This has resulted in the implementation of voluntary schemes under the revised Renewable Energy Directive. The Commission has so far formally recognised 15 voluntary and national certification schemes. Overall, this could influence the future of biomass sourcing, where, for example biomass may not be made available on the market for large combustion, or alternatively, it may be specifically cultivated for this purpose.

25 In Directive 2009/28/EC, renewable energy is further explained, where "energy from renewable sources means energy from renewable non-fossil sources, namely wind, solar, aerothermal, geothermal, hydrothermal and ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas and biogases."

Case Study
Biomass implementation in the Group

United Energy

In 2021, United Energy refurbished one of the lignite boilers at our North Bohemian heating plant to 100% biomass combustion. In 2022, other minor design modifications were implemented to ensure better fuel path control, enabling a more fluent transport of biomass directly to the boiler. These modifications are planned to save up to 200 thousand tonnes of CO_2 and 150 tonnes of SO_2 emission annually.

Overall, United Energy uses biomass that meets the requirements of sustainable sourcing, the approved certification by the European Commisison, namely the KZR INiG system, was obtained in March 2023. The table below further highlights the characteristics of biomass used in our operations.

Biomass at United Energy

Origin	Biomass supply for Komořany comes from the Krušné Mountains, the Doupovské Mountains, and bordering areas.
Source	Biomass is sourced from wood chips, agricultural waste, and the woodworking industry.
Distance of transport	Biomass is transported along a 150 km circle.
Certificates	The certificate was completed and implemented in March 2023.

Table 3: Main characteristics of the biomass used at United Energy.

Plzeňská teplárenská

PLTEP obtained approved biomass certification of KZR INiG system in 2022, this means that 100% of EPIF's biomass consumed is certified.

In 2021, we invested a total of EUR 4.8 million to refurbish the K6 fluid boiler at Plzeňská teplárenská. This successfully increased the share of biomass that can be combusted in this boiler to 80%, with the potential for a future transition to burning 100% biomass. This substantially decreases the consumption of coal by 95 thousand tonnes per year and the production of CO_2 by 108 thousand tonnes per year.

Furthermore, to achieve a decrease in supply chain emissions, Plzeňská teplárenská aims to gradually increase the share of rail transport on which it relies. This is especially important as the newly retrofitted boiler requires additional biomass, increasing the demand for the transportation of material.

In 2021 and 2022, share of the total volume of purchased biomass transported by rail was 10–20%. Due to the increased demand for transportation, we took into consideration the methods for biomass transportation in the tenders for our biomass suppliers.

Biomass at Plzeňská teplárenská

Origin	Majority of biomass is sourced within the Pilsen region ("Plzensky kraj").
Source	Biomass is sourced from wood chips, agricultural waste, and the woodworking industry.
Distance of transport	Biomass is transported along a 200 km circle.
Certificates	The first certificate was obtained in 2022, with the full coverage of all suppliers completed in the first half of 2023.

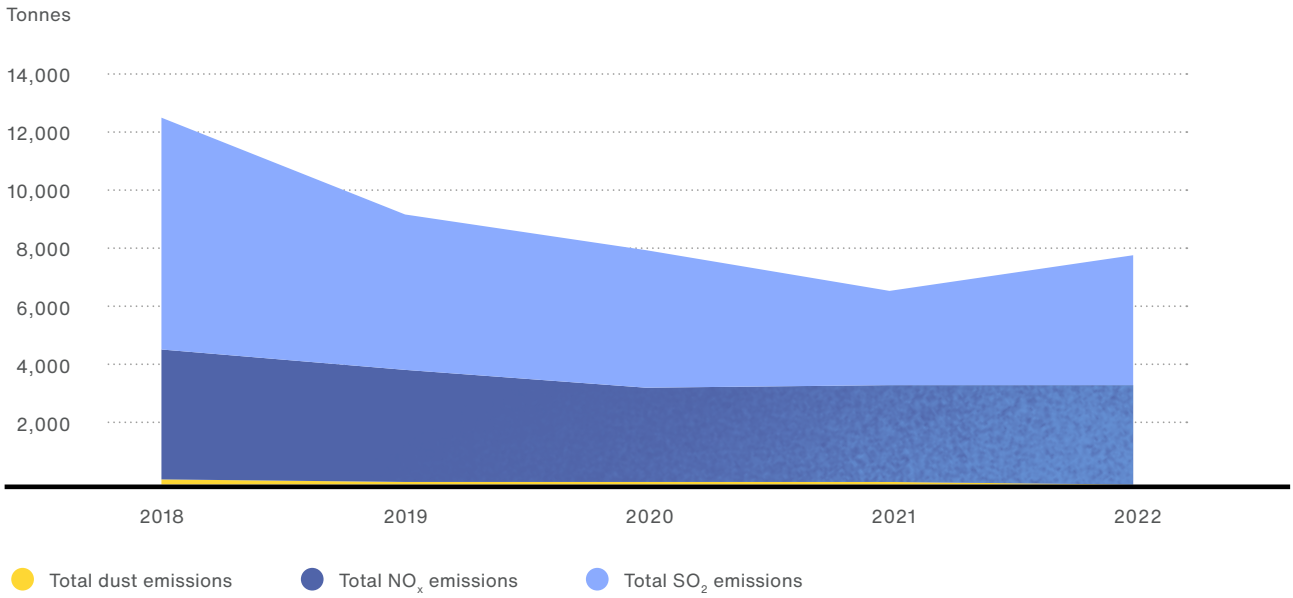
Table 4: Main characteristics of the biomass used at Plzeňská teplárenská.

Other air pollutants

Air pollution emissions

The most significant atmospheric pollutants associated with our activities are sulphur dioxide (SO_2), nitrogen oxides (NO_x) and dust. In 2022, sulphur dioxide emissions increased by 35% compared to last year, while still being 62% down compared to 2015 levels. The increase in 2022 was driven by a higher share of more sulphurous types of lignite sourced from our suppliers, which was a consequence of increased overall demand for coal in Europe following the Russian invasion of Ukraine. However, EPIF managed to reduce dust emissions from the last year by 8%. Figures for nitrogen oxides emissions saw no material change to the last year. Table 2 highlights EPIF's approach to achieving emission reductions.

Total air emissions



Graph 16: Air emissions.

Investments in desulphurisation and denitrification technology

All of our heat and power plants are investing in refurbishments in order to reduce not only CO_2 but also other air emissions.

PLTEP Energetika

almost EUR 15 million investments made between 2019 and 2020 in desulphurisation and denitrification technology.

EOP

almost EUR 100 million investments made between 2014 and 2016 in desulphurisation and denitrification technology.

UE

refurbishment of a former lignite boiler to enable 100% biomass combustion in 2021, which resulted in the reduction of CO2, sulphur dioxide and dust emissions.

PLTEP Teplárna

in 2021, increased the share of biomass in its energy mix, which resulted in the reduction of CO2, sulphur dioxide and dust emissions.

Emission source	% 2015–2022 change	% 2021–2022 change	EPIF's management approach
SO_2 emissions	62 % ↓	35 % ↑	The combustion of sulphurous coal is the primary source of our SO_2 emissions. EPIF addresses SO_2 emissions through the improved desulphurisation of our equipment. We are also focusing our efforts on reducing the proportion of coal in our energy mix in favor of biomass or municipal solid waste.
NO_x emissions	2 % ↑	4 % ↑	Nitrogen oxide (NO_x) is mainly generated by the combustion of nitrogen contained in the air at high temperatures. EPIF addresses these emissions through the continued monitoring and analyses of stacks in our large power plants. We ensure the same type of commitment to stacks in our small plants, but on a more periodic basis, as we also rely on statistical parameters for analyses.
Dust emissions	54 % ↓	8 % ↓	Dust particles are primarily emitted through our coal-fired power plants. EPIF manages these emissions through highly sophisticated filters.

Table 5: The Group's approach to managing air emissions.

Mitigation of environmental impact

EPIF continually monitors its impact on the natural environment and targets its efforts accordingly. Within the core of our business, we focus on reducing the discharge of water pollutants, disposing of our waste responsibly, thoroughly cleaning any of our contaminated sites, and supporting the biodiversity surrounding our operations.

EPIF works to understand the direct and indirect impact that its activities have on the natural environment surrounding its business operations. This is important, as the majority of our impacts can be proactively addressed and managed.

Our environmental focus is not only guided by relevant legislation and regulations, but also by our internal policies. Notably, the *Environmental Policy* (introduced in 2020) and the *Biodiversity Policy* and the *Asset Integrity Management Policy* (introduced in 2021). We believe it is important to go beyond the local and national requirements, as this allows us to look past the standard thresholds and truly understand the potential our Group has in mitigating its environmental impact.

Our contribution to the SDGs:

EPIF works to promote and protect the environment through sustainable production patterns. Overall, our aim is to protect and restore our surrounding environment, rather than hinder its existence.

Water

We view water efficiency as a top priority across all of our operations, as we understand the increasing concern for water scarcity. Our aim is to continually find processes and systems by which we can consume less water, while reliably meeting our demand. Most notably, we ensure to discharge water at the same or better quality compared to when it was withdrawn.

Effluents and waste

The main principle underlying our approach to waste management can be summarised as 'avoidance, recovery and disposal'. Where we work to avoid excessive waste creation, recover waste with further purpose, and responsibly dispose of any remaining waste, with a focus on recycling when possible.

Biodiversity and reclamation

EPIF focuses on protecting local ecosystems and biodiversity surrounding our operations by monitoring and addressing the impacts of our activities. Our aim is to actively engage in projects that support and restore our surrounding environment.

Environmental management and monitoring

Our environmental management system is strategically developed to ensure that all of our entities across the Group protect the environment by proactively identifying potential risks and meeting legal requirements. EPIF is committed to maintaining standards equal to those at international levels.

2022 Highlights

18 %

In 2022, EPIF significantly decreased its non-hazardous waste production by 18% and hazardous waste production by 22%.

18 %

In 2022, EPIF decreased its total waste production by 18% compared to last year.

197 million EUR

In 2022, EPIF reported provisions of EUR 197 million to reclamation and decommissioning projects.

LIFE project

In 2022, EPIF's subsidiary SSD participated in the LIFE project titled "Restoration of Wetlands and Protection of Birds in Protected Bird Areas in Slovakia." This showcases our continued support for biodiversity protection initiatives throughout the Group.

75 %

In 2022, EPIF managed to significantly increase the share of non-hazardous waste recycled from 46% to 75%, while ensuring that the majority of hazardous waste was properly disposed of through expert third parties.

Water

EPIF recognises the vital role that access to clean water plays in our environment and society, whether on a global or local scale. Therefore, we have recognised that there is a significant importance in protecting aquatic habitats and other ecosystems when supplying our thermal power plants with cooling water, which is an important aspect to our business.

Ultimately, the efficient use of water is a top priority for all of EPIF's operations. Our aim is to optimise our water consumption throughout our business, as we recognise that climate change will continue to pose a serious threat to water scarcity.

The majority of water that EPIF withdraws is from surface water, with minimal amounts sourced from groundwater. Since water is extensively used in the cooling process of our closed flow-based plants, the water withdrawal and discharge from our operations follow the same trend. This year, we experienced a significant increase in our total water withdrawal and discharge, by 130% and 158% respectively compared to last year. This was related to reduced utilisation of cooling towers to reduce electricity consumption at times of extraordinary electricity prices and rely more on flow-based cooling from the rivers. This resulted in an increase in water intensity in 2022 by 141% as the plants operated required more cooling water per unit of energy produced.

EPIF water stress analysis

To analyse water stress in our most water intensive sources we used newly World Resources Institute's Aqueduct Water Risk Atlas[26] where detailed data for 2019 are available. The Aqueduct Water Risk Atlas uses open-source, peer reviewed data to map and analyse current and future water risks such as floods, droughts, and stress across locations.

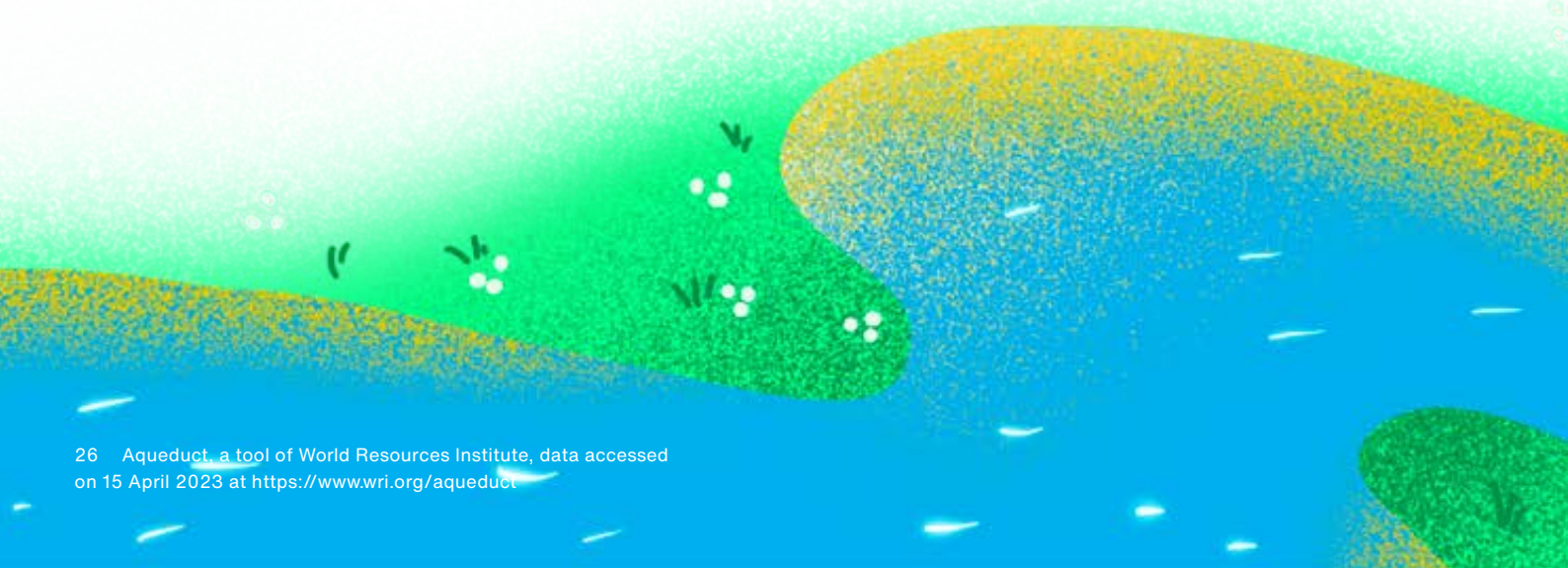
We have conducted the analyses and found that most of water withdrawal was in low water stress areas based on Aqueduct Water Risk Atlas. We have analysed the most water intensive sources which are our heat and power cogeneration sources. These plants withdrew 94 mil. m^3, which amounts to almost 100% of total water withdrawal. Out of this volume, 88 mil. m^3 was discharged back to water bodies.

Our water management

EPIF has focused its efforts on reusing and recycling the water that we withdraw, with the ultimate goal of reducing our water footprint. Examples of these efforts include the use of collected rainwater and the reuse of water that already passed through our operations. Additionally, EPIF has an internal wastewater treatment and continuous monitoring system that ensures the quality of the water, thereby eliminating any possibility for contamination.

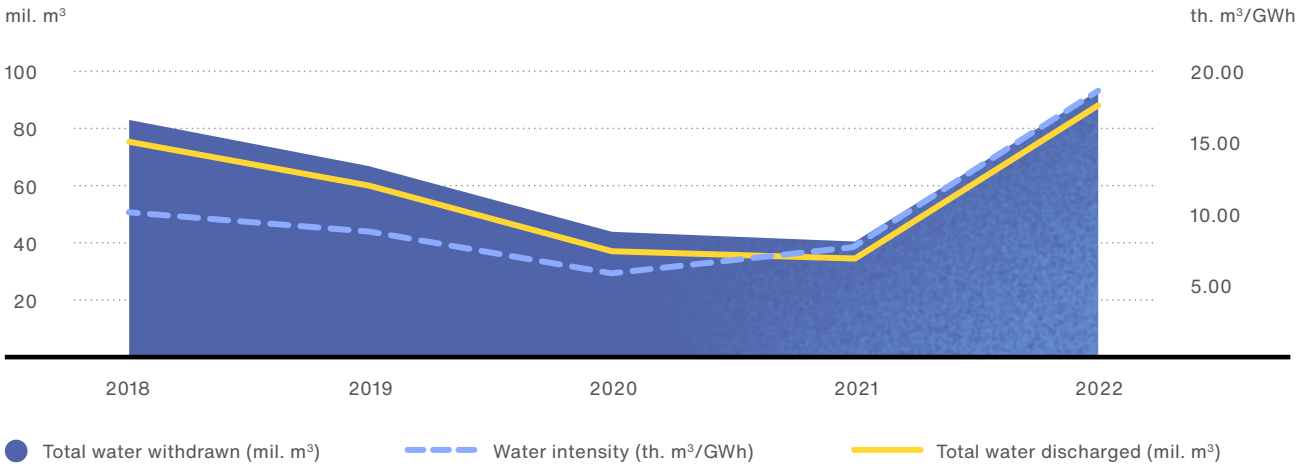
The amount of water discharged from our plants is not materially different from the amount of water withdrawn, i.e. vast majority of water is returned back to the sources. The cooling flow-based systems in the cogeneration heating plants represent closed systems, whereby the water discharged is of the same or better quality and similar temperature, at which it was withdrawn from the source.

At EPIF, we ensure that untreated water does not get disposed of into any body of water. We provide verifiable compliance with the statutory threshold values, thereby eliminating any potential for adverse impacts on the local environment and communities.

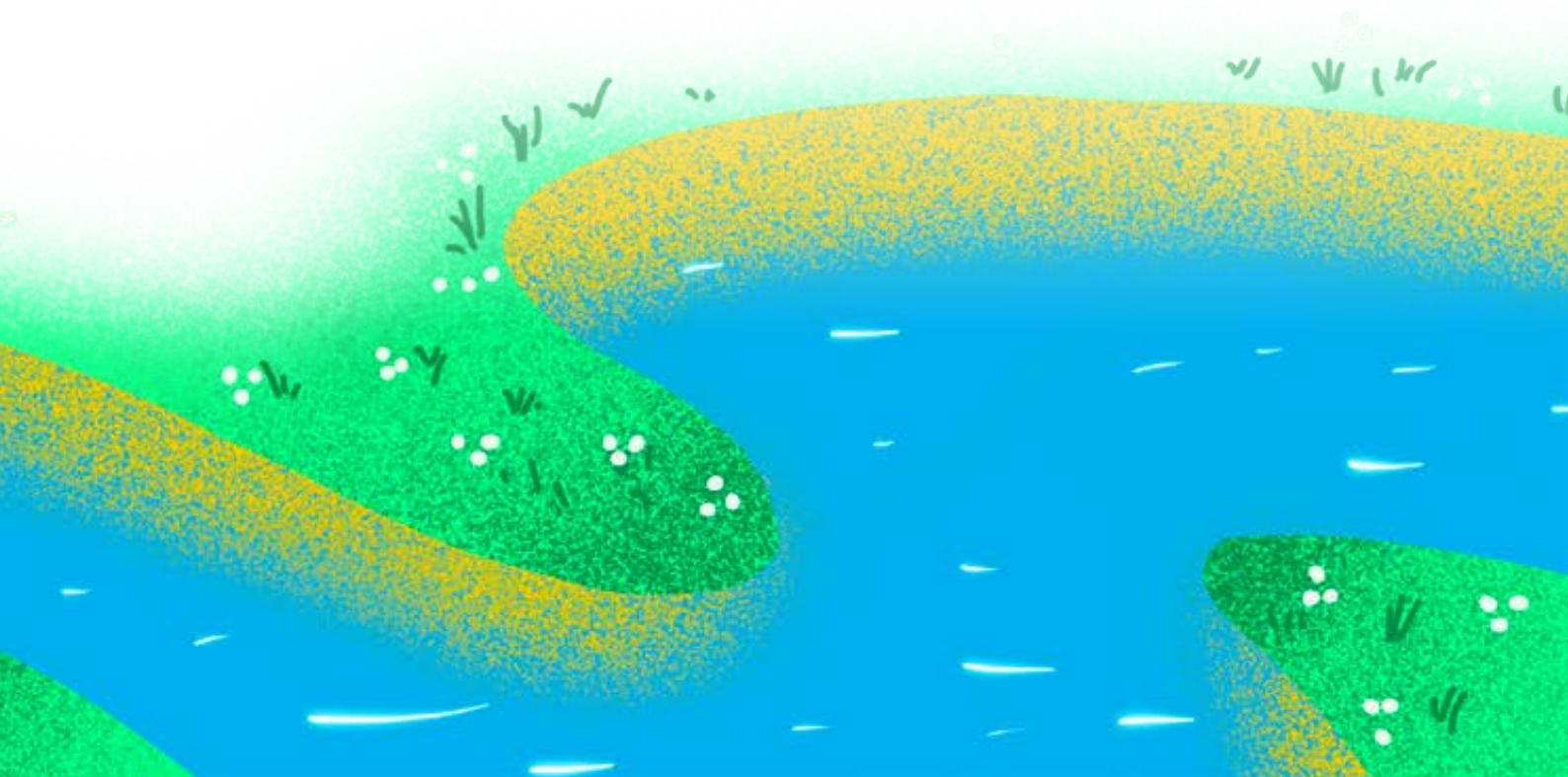


26 Aqueduct, a tool of World Resources Institute, data accessed on 15 April 2023 at https://www.wri.org/aqueduct

Water withdrawal and discharge



Graph 17: Water withdrawal and discharge.



Case Study
Water efficiency

Water withdrawn by EPIF Group companies is primarily represented by the cooling water used in our heating plants, accounting for 97% of the total water withdrawn in 2022. Therefore, our water efficiency programmes are concentrated in the Heat Infrastructure segment of our business.

Water basin	Total water withdrawn [thsnd. m³]
Elbe River	88,367
Mže River	2,621
Ohře River	2,613
Others	42

Table 6: Total water withdrawn in 2022 by water basin.

Plzeňská teplárenská

Both heating plants operated by PLTEP fully rely on circular cooling through cooling towers, where water is sourced from the Mže River. Offtake is only required to compensate for the loss of water through evaporation within the circular cooling system and is therefore limited. The key measure to reducing offtake of surface water is further utilisation of discarded concentrated water from the circular system, as a cooling medium in other technological processes, rather than direct disposal. Concentrated water that is disposed of is cleaned and discharged back into the river, where there is constant control and appropriate parameterisation of the processes associated with the treatment and use of water.

United Energy

Similarly to PLTEP, cooling in the heating plant Komořany is ensured through a set of cooling towers, which is regularly replenished from the Ohře River. United Energy continuously works towards managing water more efficiently throughout its operational processes, which additionally helps to address the increasing cost of water withdrawal and charges for wastewater discharge. Because technology and consumption are already defined within our processes, further improvement is expected through the planned decarbonisation of United Energy's facilities.

Effluents and waste

EPIF aims to generate the least amount of waste possible, while still meeting our business needs. As a result, we have been focusing our efforts more on recovering our waste and appropriately disposing of it based on its composition. It should be noted that we do not disclose by-products as part of our generated waste because the majority of our by-products have a lifecycle beyond our operations.

In 2022, EPIF decreased its total waste production by 18% compared to last year. This decrease in total generated waste corresponds to maintenance of the gas distribution network where the replacements largely occurred outside of built-up areas where the volume of construction waste is limited as all soil is returned back to the excavation. At EPIF, we continue to focus on improving our efforts and subsequently reducing our generated waste.

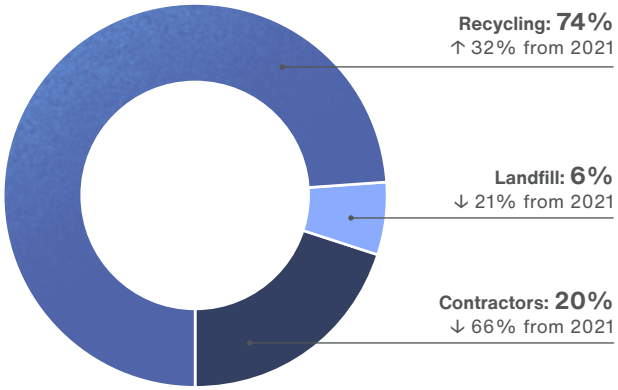
Our waste management

In 2022, EPIF continued to focus its efforts on limiting the amount of waste produced and properly disposing of inevitable waste. Overall, we try to mainly focus our efforts on recycling waste before sending it to landfill. This is a more attainable task when handling non-hazardous waste, which is why EPIF managed to increase share of recycled non-hazardous waste from compared 46% to 74% compared to last year. The hazardous waste is more difficult to dispose of properly, EPIF uses third parties who have the required expertise to properly dispose it. This portion of our waste disposal share is identified as “contractors” in the respective graphs below as EPIF has limited means to precisely track the final destination or further use of this waste. Overall, EPIF always tries to opt for the most appropriate means of waste disposal and we are committed to continually finding better methods for disposing of our produced waste.

As an example, SSD uses recycling facilities for their construction waste, ferrous and non-ferrous metals, cables, and discarded equipment, such as electrometers, batteries and oils. This approach to recycling is implemented across the Group where possible.

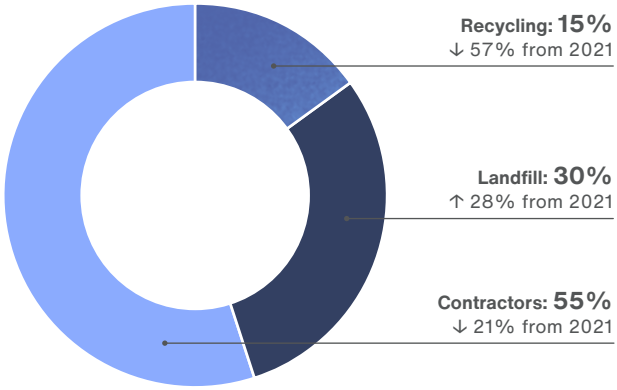
Notably, all residual waste is disposed of in compliance with respective regulations in which our Group operates.

Waste disposal 2022: non-hazardous share



38,811 tonnes
Total non-hazardous waste

Waste disposal 2022: hazardous share



889 tonnes
Total hazardous waste

Graph 18: Disposal method share of total waste produced in 2022.

Case Study
Waste management

Plzeňská teplárenská

At Plzeňská teplárenská, we invest in metal separation, having increased the volume of separated iron from slag by 25% compared to 2021. This investment also supports the continual research for being able to separate non-ferrous metal in the future (e.g. copper and aluminium).

The proposed ferromagnetic materials separation occurs in two stages. The first stage separates the coarse metal waste and in the second stage, the remaining slag passes through a permanent magnet, where finer metal particles are separated.

SPP - distribúcia

As the largest contributor of waste produced by the EPIF Group (39% in 2022), SPP-D implements measures to not only reduce its waste, but to also maximise the share of waste that gets reused or recycled. The waste is mainly linked to the extension and modernisation of the gas distribution network, and it primarily consists of stone and soil. As we further develop our network, thereby work to ensure a reliable supply for all, construction waste will be unavoidable. Therefore, SPP-D concentrates its efforts on maximising the reusing and recycling of waste. As most of SPP-D's construction waste is disposed of by its suppliers, who provide the construction services to of the network, SPP-D includes a binding condition in its supplier contracts. It emphasises a supplier's duty to always follow EPIF's waste disposal hierarchy and, whenever feasible, to first dispose of waste through methods of reusing and recycling over landfilling.

A successful certification audit in December 2021 confirmed that SPP - distribúcia met the requirements of ISO 9001, ISO 14001, and ISO 45001 standards.

ZEVO: Elektrárny Opatovice & United Energy

At our heating plants in Opatovice nad Labem and Komořany, we are preparing for the development of projects that will replace the current coal fuel base with other sources. One of the planned alternatives is to partially replace coal with waste as the energy required for power and heat production.

In connection with the European Union's so-called circular economy package, the Czech legislation has adopted changes in waste management led by the new Waste Act No. 541/2020 Coll. Going forward, approximately 65% of waste is planned to be recycled, while up to 25% of the remaining waste will be used as a renewable energy source.

United Energy

Waste collection companies in the Ústí nad Labem region support United Energy with our waste management. They do not own end facilities, such as landfills, therefore they are dependent on other entities for the management of our waste. As a result, United Energy's ability to influence who handles its waste, and how it is handled, is quite limited. However, principles of circular economy and sustainability are becoming increasingly relevant, which will have a major impact on all areas of our industry, and others in the years to come. European legislation is adapting to this very quickly, where the aim is to make the most economical use of limited European resources, and thus reduce dependence on imported resources. However, the gaps are large. For example, in construction projects, there should be more pressure on suppliers to use recyclates and other materials from waste. At the same time, it is proposed to develop a sophisticated waste management system, especially if there will be a ZEVO facility (waste-to-energy) in the Czech Republic. An important step for United Energy is to actively engage in the use of waste, for example, in its internal reuse or even actively participating on portals designed for their trading.

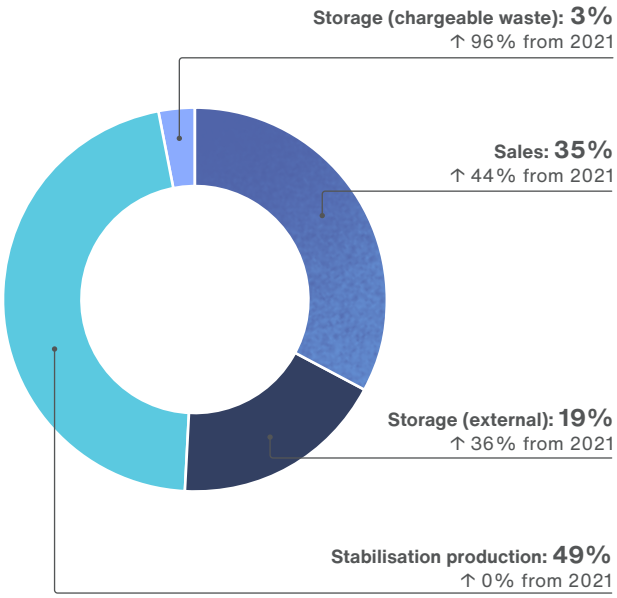
By-products

At EPIF, by-products are an inevitable part of our business operations, which is why we availably sell them for further commercial use. This allows us to reduce the by-product waste that we would have otherwise sent to the landfill. Furthermore, it allows us to provide an option for purchasing these products outside of their direct extraction. This not only eases the process for our stakeholders, but it provides them with further value. We have found that most of our by-products are sought out by the construction industry, but ultimately, they can be used by various other business segments. As an example, gypsum can be used as a fertiliser, but it can also be used as a retarder in cement. Overall, in 2022 EPIF's by-product generation increased by 6%.

By-product management

EPIF's by-products are all subject to regular certification and third-party authorisation. This is important in ensuring that our by-products do not contain dangerous elements, such as heavy metals. As a result, we have historically complied with the market requirements relating to the sale of our by-products. Notably, 97% of our by-products are further utilised.

By-products 2022: means of disposal share



1,370 thsnd. tonnes
Total by-products

Graph 19: Disposal method share of total by-product production 2022.

Utilisation of secondary energy products

Our heat and power generation assets generate fly ash, slag and gypsum from the combustion of lignite as secondary energy products, which are further used towards reclamation and the adjustment of terrains or it is sold particularly for construction purposes. This is a common practice amongst our companies in the Heat Infra segment.

In addition to ash, slag and gypsum, EPIF's by-products also include additised granulate formed by combining several by-products and other additional material (hydrated lime and water). In 2022, EPIF generated 1,370 thousand tonnes of by-products. Our companies ensure that all secondary energy products are certified before they continue to explore other options for their use.

Ash

used mainly by construction companies for production of concrete, cement or bricks. Utilisation of coal ash in the construction industry saves the primary materials which would be used instead (limestone, clay, sand). The major customers sourcing ash from our companies include concrete plants and cement plants. The ash from pure biomass combustion by PLTEP is also used by farmers as a fertiliser.

Slag

primarily used for production of bricks and underlayment of roads. Slag is used as a substitute for gravel which would have to be extracted instead. Key customers comprise of brick plants and road construction companies.

Gypsum

used to produce plasterboards or as a gypsum agricultural fertiliser (reduces gypsum volumes which need to be mined).

Biodiversity and reclamation

EPIF is well aware of the importance of protecting biodiversity, as we understand the value of ecosystems and the environmental benefits that they provide. Therefore, the direct and indirect impact of our activities on local ecosystems and biodiversity is monitored and evaluated. This process is complemented by expert consultations, allowing us to proactively identify and address the potential risks we pose. In addition to minimising our negative impacts on biodiversity, EPIF aims to actively support and protect ecosystems and endangered species. These commitments are highlighted in EPIF's *Environmental Policy* and newly implemented *Biodiversity Policy*.

EPIF considers reclamation at all stages of its operations, from drilling to a power plant's decommissioning, we ensure to restore sites to their original state. As a result, EPIF created specific reclamation measures that are applied across the Group; all entities must have updated plans and contingencies for site closures and other rehabilitation activities.

Activities within the Group's reclamation process might potentially include:

1. dismantling and removing structures;
2. dismantling operating facilities;
3. closing plant and waste sites; and
4. restoring affected areas.

Within the Group, reclamation primarily affects the following entities, who booked provisions in the respective amounts

[EUR million]

Graph 20: Reclamation and decommissioning provisions.

Case Study
Biodiversity programmes and initiatives

SSD

With regards to nature conservation, SSD has had a positive impact for many years. SSD supports important European LIFE projects aimed at biodiversity protection, where in 2021, the LIFE Energy project won the LIFE Award within the nature protection project category (SSD is an unofficial partner of the project). In 2022, SSD participated in the LIFE15 NAT/SK/000861 project "Restoration of Wetlands and Protection of Birds in Protected Bird Areas in Slovakia," which is supported by the European Commission and the Ministry of the Environment of the Slovak Republic. Through this project, SSD helped to eliminate bird mortality by installing various technical elements within our distribution network, thereby reducing exposure to high-voltage power lines.

Every year, SSD treats several kilometers of sections that can potentially pose a risk to birds. As part of the LIFE Energy project, systematic monitoring (from 2014–2016) was carried out on a range of 6,235 km on distribution lines of 22 kV and 110 kV.

Additionally, in cooperation with the State Nature Conservation of the Slovak Republic, SSD regularly takes part in activities that help assess and prevent serious bird injuries that often occur along distribution networks. Moreover, in cooperation with both the State Nature Conservation and municipal authorities, SSD is able to safely relocate stork nests out of our distribution network, but still within the area of the respective municipality.

Every year, SSD updates the boundaries of our power lines that cross protected areas in the Slovak Republic. The data obtained is used to further plan and design the distribution network, especially where it meets protected areas. In line with EPIF's Group policy, SSD has established binding technical standards for the elements used to eliminate environmental risks posed by our distribution network.

In 2022, the following security features were installed in our distribution network:

Picture 1: Relocation of a stork nest.

Electric equipment protectors

829 pieces

Flight diverters

268 pieces

Nesting barrier

16 pieces

Nesting barrier

12 pieces

Picture 2: Security features.

Plzeňská teplárenská

Supporting the bee population

Plzeňská teplárenská has taken a proactive role in supporting the rapidly and continually declining bee population. In 2021, the company placed two beehives on the roof of the ZEVO Plzeň incinerator as a way of creating an environment in which the bees can thrive, and as a result boost their surrounding ecosystems.

In the course of 2022, 40 kg of honey was collected from these hives. Overall, the honey is not only healthy, but from the quality tests conducted, it can be compared to honey of the highest quality. Beekeeper Pavel Mach states that the “tests show that honey from the roof of the incinerator is no different than honey from other locations. According to the results, the honey does not deviate from any tested values. It contains all the beneficial vitamins and substances.”

Our bees are continuously monitored using several cameras that are located on the roof, as well as inside the hives. If you would like to take a closer look at our bees, please visit the PLTEP website.

Picture 3: Honey sourced from the beehives on the roof of the ZEVO Plzeň incinerator.

Supporting the nesting of peregrine falcons

The peregrine falcon has regularly chosen to nest on the chimney of the Pilsen heating plant. This time, a pair of falcons nested on the chimney of the Energetika plant (premises of the former Škoda factory in Bory) to hatch chicks.

This is a critically endangered bird species that a few decades ago became extinct across Europe. However, thanks to nature protection and conservation, these falcons are gradually returning to their historical nesting sites. At Plzeňská teplárenská, we have supported this conservation through our cooperation with the Nature Conservation of Pilsen. As a result of this cooperation, nesting boxes were placed on the chimneys of the Bory and Doubravka heating plants. “Presently, approximately twenty-day-old falcons are thriving in one of our nesting boxes that, with the financial support of Plzeňská teplárenská, we had installed,” stated David Melichar, a representative for Pilsen ornithologists, in the summer 2022. This booth, at a height of about 100 meters, became the home of a peregrine falcon family.

Václav Pašek, CEO of Plzeňská teplárenská, expressed his joy for this year’s young falcons, stating that “we are very pleased that the chimney of our heating plant has proved to be a suitable place for nesting peregrine falcons, which have successfully been hatching young in our country for several years. At the same time, we are delighted that Plzeňská teplárenská can thus contribute to the rescue of a critically endangered species.”

Environmental management and monitoring

At EPIF, environmental management is governed by our Environmental policy, Biodiversity policy and our principles.

Certifications and standards depend on the scope of each business segment; however, ISO 14001 is the main certification used across the Group. As an example, the trading and supply companies EPET and EP sourcing have no physical operations, therefore they do not require any environmental certifications. Overall, in 2022, 88% and 81% of EPIF's EBITDA and revenues were covered by ISO 14001 respectively. In the area of quality management, 76% and 82% of EPIF's EBITDA and revenues were covered by ISO 9001 respectively, highlighting the emphasis placed on delivery of quality services to our customers.

In 2022, all entities in the Group were fully compliant with current legislation and regulations in their respective countries of operation. Additionally, compliance with all licensing regulations was ensured across our operations. Our entities also comply with our energy management systems and energy audits.

Certifications overview [27]

Certification Standards (environmental and safety)	EPIF Group companies
ISO 14001	eustream, SSE HOLDING, EOP, Distribúcia SPP, Plzeňská teplárenská, POZAÇAS, nafta
ISO 50001	eustream
ISO 3834-2	eustream
ISO 9001	eustream, epet., Distribúcia SPP, Plzeňská teplárenská, POZAÇAS, nafta, SSE Stredoslovenská energetika
ISO 45001	eustream, SSE HOLDING, EOP, Distribúcia SPP, POZAÇAS, nafta

Table 7: Overview of the Group's certifications in 2022.

27 Despite not currently having the ISO 45001 certification, Plzeňská teplárenská defended the prestigious "Safe Enterprise" designation, which is guaranteed by the State Labor Inspection Office. Under this program, the company is under close supervision of the occupational safety inspectors.

Governance

Our well-established corporate policies and governance bring greater focus to ESG matters at the EPIF Group level.

Governance is a crucial pillar for corporate sustainability, as a result, we are committed to continuously assessing and improving our internal governance processes. By developing business principles that are aligned with our long-term strategy and supported by our internal policies, we are able to effortlessly transpose our strategy with our everyday business activities.

Corporate governance structure

EPIF management

EPIF's governance is based on a two-tier management structure consisting of the Board of Directors and the Supervisory Board.

The Board of Directors represents EPIF in all matters and is responsible for our day-to-day business management. The Supervisory Board is responsible for overseeing the Group's activities and the management provided by the Board of Directors, as well as addressing matters defined in the Czech Corporations Act and the Articles of Association. Under the Czech Corporations Act, the Supervisory Board may not make management decisions.

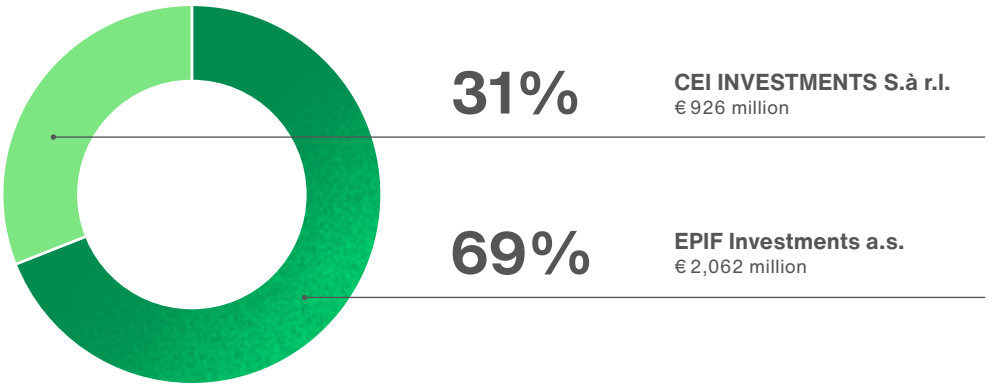
In August 2021, Gary Mazzotti was appointed as CEO of EPIF, replacing Daniel Křetínský who remains Chairman of the Board of Directors. This reflects (i) limited role of Mr. Křetínský in day-to-day management of the Group and (ii) EPIF's commitment to play a key role in the energy transition and ESG agenda as Gary simultaneously holds a position of ESG officer and represents a key person in implementation of our ESG targets and advancing decarbonisation and hydrogen transition efforts across the Group.

Shareholder structure

EPIF is a sub-holding of EPH that was created as a result of reorganisation measures in 2016. In 2017, all the legal reorganisation steps within EPIF were completed. A separate layer of statutory bodies and executive management was established in 2017 and 2018.

On February 24th, 2017, EPH completed the sale of a 31% stake in EPIF, which was agreed upon with a consortium of global institutional investors led by MIRA. The remaining 69% of EPIF remains with EPH, which holds management control over EPIF. Robust corporate governance is reinforced by MIRA's strong minority shareholder rights in the Shareholder's Agreement. MIRA's infrastructure experience complements the regional industry expertise of EPH.

Interest in share capital and voting rights



Graph 21: Shareholder structure.

Governance

EPIF **Board of Directors**

Daniel Křetínský
Chairman of the Board of Directors

Gary Mazzotti
Vice Chairman of the Board of Directors

Stéphane Brimont
Vice Chairman of the Board of Directors

William David George Price
Member of the Board of Directors

Pavel Horský
Member of the Board of Directors

Milan Jalový
Member of the Board of Directors

Marek Spurný
Member of the Board of Directors

EPIF **Senior Management**

Gary Mazzotti
Chief Executive Officer

Daniel Křetínský
Chairman of the Board of Directors

Tomáš Mareček
Director of Gas Transmission

Václav Paleček
Finance Director

Martin Bartošovič
Director of Gas Storage

David Onderek
Director of Heat Infrastructure

Tomáš Miřacký
Director of Financing and Treasury

František Čupr
Director of Gas and Power Distribution

EPIF **Supervisory Board**

Jan Špringl
Chairman of the Supervisory Board

Jan Stříteský
Member of the Supervisory Board

Petr Sekanina
Member of the Supervisory Board

Martin Gebauer
Vice Chairman of the Supervisory Board

Rosa Maria Villalobos Rodriguez
Member of the Supervisory Board

Jiří Feist
Member of the Supervisory Board

Figure 7: 2022 Governance structure.

Governance

EPIF **Board of Directors**

- Has seven members.
- Directs operations and acts on its behalf, represents EPIF in all matters related to daily business management.
- Approves EPIF's sustainability commitment, top ESG challenges and annual sustainability reports.
- Approves sustainability policies, corporate strategy and monitors progress to achieving targets.

EPIF **Senior Management**

- Responsible for day-to-day operations as well as key business decisions.
- Drives sustainability commitment, ensuring that it is embedded at every level of the business.
- Monitors the ESG indicators and analyses the state of EPIF's progress towards its goals and targets through the Health, Safety and Environmental Committee.

Investment Committee
EPIF level

- Oversees and monitors the role over local (subsidiary level) investment committees, who are assessing material investments.
- Decisions are driven by environmental requirements and long-term expectations of the Group. They are always carried out by subsidiary boards in the presence of an EPIF member.

Health, Safety and Environmental Committee
EPIF level

- Headed by František Čupr, the Committee reviews relevant policies, provides guidance, and makes recommendations regarding key safety, health, environment and security decisions; provides quarterly updates to the EPIF BoD and monitors targets.
- Has five members appointed by the EPIF BoD for an indefinite period of time and it meets around five times a year.
- Is responsible for gathering and investigating complaints related to unethical and damaging behaviour.

Figure 7: 2022 Governance structure (continues).

EPIF **Supervisory Board**

- Has six members elected by the General Meeting of Shareholders.
- Responsible for revising the activities of the Group and of the Board of Directors in its management of the Group.
- Has the power to inquire into all documents concerning financial matters and reviews year-end financial statements, including profit allocation proposals.

Compliance Committee
EPH level

- Focuses on ensuring compliance with new legislation, especially the GDPR and the Market Abuse Regulation.
- Reviews existing Group policies and identifies new areas that should be covered by those policies (tax governance policy, discussing how to further advance whistleblower protection on the Group level etc.).
- Addresses several issues of non-compliance reported by the Group's operational companies and providing support regarding these incidents.

Audit Committee
EPIF level

- The Committee has three members appointed by the General Meeting of Shareholders of EPIF for an indefinite period of time and meets as necessary.
- Oversees the external audit processes, the effectiveness of internal controls and informs the supervisory body.

Risk Committee
EPIF level

- Headed by Pavel Horský, the Committee oversees that the executive team has identified and assessed all the risks that the organisation faces.
- Defines risk review activities regarding the initiatives and risk exposures, discusses the Group's major risk exposures with the management, and reviews the steps management has taken to monitor and control such exposures.
- This risk assessment, as well as the mitigation measures, are subject to regular reviews and are continuously refined and improved.

Key people

EPIF **Board of Directors**

Daniel Křetínský

Chairman of the Board of Directors

Daniel Křetínský's professional career is closely tied to Energetický a průmyslový holding, a.s. (EPH): he is majority shareholder and Chairman of the Board of Directors (executive position). He is responsible for strategy, key human resources topics, and negotiation processes for EPH, including top M&A transactions.

He represents the companies in several statutory and supervisory boards.

Mr. Křetínský also holds a majority stake in Vesa Equity Investment. Vesa's portfolio includes stakes in J. Sainsbury, Royal Mail, PostNL, French retailer Casino, and U.S. retailer Foot Locker, among others. EPH subsidiary EP Global Commerce is the largest shareholder in German wholesaler Metro AG.

Mr. Křetínský is also Chairman of the Board of Directors of Czech Media Invest a.s., a holding company that focuses on acquisitions and management of media assets in Central and Western Europe. He is a significant shareholder and Chairman of the Board of the football club AC Sparta Prague and holds a stake in English club West Ham United F.C.

Until 2009, Mr. Křetínský worked for Czechoslovak investment group J&T (former shareholder of EPH), where he joined as a lawyer in 1999. He soon took over responsibility for projects in asset management and became head lawyer of the corporate finance department. In 2003, he became a partner of J&T Group responsible for the corporate finance department in the Czech Republic and energy sector in general.

Mr. Křetínský graduated in 1998 from the Faculty of Law of Masaryk University in Brno, where he also obtained a doctorate in 1999. In 1997, he earned a bachelor's degree in political science from the Faculty of Philosophy of Masaryk University in Brno. Mr. Křetínský participated in several study programs and training courses abroad, including one semester at the Faculty of Law of the Université de Bourgogne, France.

Gary Mazzotti

Vice Chairman of the Board of Directors, Chief Executive Officer and ESG Officer

Gary Mazzotti is CEO and Vice Chairman of the Board of Directors of EP Infrastructure a.s. He also holds positions throughout the group, namely Vice Chairman of the Supervisory Boards of Nafta and SSD, member of the Supervisory Board of SPP-D, and member of the Board of EOP, UE, EPC, EP Power Europe, and Czech Grid Holding. He is also a trustee of the International School of Prague.

Gary Mazzotti has more than 30 years of experience in finance and operations. Before joining EPIF, Mr. Mazzotti was a member of the board of Vienna Insurance Group, CFO of Kooperativa and Česká podnikatelská pojišťovna, and was responsible for VIG Group's operations in Ukraine. He previously held the positions of Senior Investment Director and CFO of PPF Private Equity Division. Mr. Mazzotti graduated in economics from the University of Reading in the United Kingdom and is a member of the Institute of Chartered Accountants (ACA).

Stéphane Brimont

Vice Chairman of the Board of Directors

Stéphane Brimont is a representative of CEI Investments S.à r.l., a consortium managed by Macquarie Infrastructure and Real Assets (MIRA), which owns a 31% stake in EPIF.

Mr. Brimont has been a member of the Board of Directors since February 2017. After a short break in 2020 and 2021, he was reappointed as a Vice Chairman in November 2021. Mr. Brimont is the head of MIRA's French and Benelux operations, and is a Director of Autoroutes Paris-Rhin Rhône (APRR). He is also a Director of the Brussels Airport and Chairman of the Supervisory Board of MacqPisto. He began his career with the French government where he spent a total of eight years. In 2004, he joined Gaz de France as Chief Strategy Officer and in 2007, he became their Chief Financial Officer. Following the integration of Gaz de France and Suez, Mr. Brimont moved into a general management role.

Mr. Brimont graduated from Ecole Polytechnique and the Ecole Nationale des Ponts et Chaussées.

EPIF **Board of Directors**

William David George Price

Member of the Board of Directors

William Price is a representative of CEI Investments S.à r.l., a consortium managed by Macquarie Infrastructure and Real Assets (MIRA), which owns a 31% stake in EPIF. Mr. Price has more than 10 years of experience in infrastructure investment and management, primarily in the utilities and energy sector, which he gained across the UK, Germany, and Central Europe. He also holds non-executive board positions at various MIRA-managed investments.

Mr. Price holds a bachelor's degree in economics and politics from the University of Bristol and a Master of Finance from INSEAD Business School.

Pavel Horský

Member of the Board of Directors

Mr. Horský has been working for EPH since 2009. As Chief Financial Officer of the Group, his main responsibilities are in the areas of financing, treasury, tax, risk management, and the coordination and management of Group companies. Mr. Horský is also a member of the Management Board of Energetický a průmyslový holding, a.s., EP Infrastructure, a.s., and EP Power Europe, a.s. as well as several subsidiaries of the Group. Prior to joining EPH, Mr. Horský held a market risks advisory position at RBS. Mr Horský is a member of the Board of Directors of English football club West Ham United.

Mr. Horský holds a master's degree in mathematics and physics from Masaryk University in Brno.

Marek Spurný

Member of the Board of Directors

Mr. Spurný has been working for EPH Group and its legal predecessors since 2004. He has a legal background and now holds the position of Chief Legal Counsel for the Group. His main responsibilities include transaction execution, negotiations and implementation of merger and acquisition transactions, restructurings, and legal support in general. He also chairs the EPH compliance committee. Mr. Spurný is a member of the boards of directors of EPH and EP Energy the supervisory board of EPIF. Before joining the Group, Mr. Spurný worked for five years for the Czech Securities Commission, the former capital markets regulatory authority in the Czech Republic.

Mr. Spurný holds a law degree from Palacky University in Olomouc.

Milan Jalový

Member of the Board of Directors

Milan Jalový is the Controlling Director and head of the Analytical Team at EPH. He has been working within the Group since its establishment. He is also a member of the Supervisory Board of Lausitz Energie Bergbau AG and Lausitz Energie Kraftwerke AG.

Mr. Jalový holds a master's degree from the University of Economics in Prague, as well as a CEMS MIM degree.

Key people

EPIF **Senior Management**

Václav Paleček

Finance Director

Mr. Paleček has been the Finance Director since 1 June 2020 and has been employed in the EPH group since 2014. Currently, Mr. Paleček also serves on the EPIF's risk committee and SSE and SPPI audit committee. In his previous role in the EPH group, Mr. Paleček served as the Head of Group Controlling and Financial Reporting in EP Power Europe, a.s.

Before joining EPH, Mr. Paleček spent five years at KPMG, where he held various positions focused on audit and financial reporting under IFRS, US GAAP or Czech accounting standards. His portfolio of clients comprised namely energy, utility, telco and automotive segments.

Mr. Paleček holds a master's degree in economics from the University of Economics in Prague, is a fellow of Association of Chartered Certified Accountants (FCCA) and holds an Advanced Diploma in Accounting and Business.

Tomáš Mařický

Director of Financing and Treasury

Mr. Mařický has been with the EPH Group since November 2012. In 2017, he took on his current role as Director of Financing and Treasury. He is also Executive Finance Director of EPH and holds other positions outside of the Group.

Mr. Mařický also serves on EPIF's Risk Committee. Prior to joining the Group, Mr. Mařický worked for more than eight years in different positions at the Royal Bank of Scotland (previously ABN AMRO Bank).

Mr. Mařický holds a master's degree in law from Masaryk University in Brno and a bachelor's degree in business administration from the University of New York in Prague.

Tomáš Mareček

Director of Gas Transmission

Mr. Mareček is the Chairman of the Board of Directors of Eustream. In his previous roles, Mr. Mareček was a senior Mergers and Acquisitions analyst at J&T and held the position of Chief Financial Officer at Kablo Elektro.

Mr. Mareček holds a master's degree from the Faculty of Finance of the University of Economics in Prague.

František Čupr

Director of Gas and Power Distribution

Mr. Čupr is the Chairman of the Board of Directors of SPP Infrastructure, SPP - distribúcia and Stredoslovenská distribučná. He was previously a member of the Supervisory Boards of Pražská energetika and Pražská teplárenská, and focused on energy sector projects at J&T, especially energy trading, supply, and renewables. He also serves on the EPIF's risk committee and leads the EPIF's health and safety committee. He also holds positions outside of the EPIF Group, such as chairman of the board of directors of AC Sparta Praha fotbal, a.s.

Mr. Čupr holds a master's degree in economics from the Faculty of Business and Economics of Mendel University in Brno and an M.B.A. from Nottingham Trent University.

EPIF **Senior Management**

David Onderek

Director of Heat Infrastructure

Mr. Onderek has been the Director of the Heat Infrastructure Segment since May 2016. Since March 2013, Mr. Onderek has also served as the Director of the Heat and Cogeneration Division and the head of the Investment Committee of EPE.

Mr. Onderek is the Chairman of the Board of Directors of UE, EVO – Komořany, a.s., Severočeská teplárenská, a.s., United Energy Invest, a.s., and PT měření, a.s., and serves on the Boards of Directors of several other companies.

Prior to joining the Group, Mr. Onderek worked as the head of Portfolio Development at ČEZ a.s., a leading Czech energy company.

Mr. Onderek holds a M.Sc. degree in management of power generation and distribution from the Faculty of Electrical Engineering of the Czech Technical University in Prague and a master of business administration degree from the University of Pittsburgh.

Martin Bartošovič

Director of Gas Storage

Mr. Bartošovič serves as CEO of Nafta, a member of the Board of Directors of Pozagas, and Managing Director of SPP Storage. Prior to joining EPIF, Mr. Bartošovič was a member of the Board of Directors of SPP - distribúcia, Senior Executive Director of SPP, Chairman of the Supervisory Board of the SPP Foundation, and Chairman of the Board of Directors of SLOVGEOTERM. He previously worked for A.T. Kearney and ING Barings.

Mr. Bartošovič holds a master's degree from the Faculty of Economics and Management of the Slovak University of Agriculture in Nitra. During his university studies he was awarded scholarships at West Virginia University and took part in Cornell University's Institute of Economic Studies programme.

Fair conduct

We have built our business on moral principles and values, and we continue to ensure that they are effectively promoted throughout the Group. It is imperative that we unify our business approach across the Group, which is why we support it by a shared culture, internal policies and strong governance.

EPIF's approach to fair conduct encompasses the implementation of strong principles and values, transparency throughout our business activities, and compliance with local laws and regulations. We have ensured to support these approaches with preventative mechanisms, internal governance and policies.

We embed these high standards of business behaviour into the day-to-day activities of all our employees, as they create the foundation on which the Group's performance and reputation are built. We have found this to be key in successfully implementing fair conduct throughout the Group.

Our contribution to the SDGs:

EPIF works to enhance its commitment to ethics through various mechanisms, such as effective governance, specialised committees and internal policies. The aim is to promote strong institutions throughout our Group by means of inclusivity, accountability and justice.

Compliance

We always ensure that we act in accordance with the local legislation in which we operate, as well as readily cooperate with regulators. However, we believe it is important to go beyond mere compliance. This is why we have created and largely implemented internal Group policies, thereby ensuring responsible business and activities throughout EPIF.

Principles and business ethics

We are committed to upholding the highest standards of business ethics, set out by our principles, throughout the Group. We take our commitment very seriously, as it not only ensures good business practices, but also good standing relationships with all of our stakeholders.

ESG governance

In 2022, EPIF completed the implementation of all approved policies across the Group. We ensure compliance with these policies through various committees, specifically by our HSE Committee. The implementation is ultimately overseen by the ESG Officer, Gary Mazzotti.

Lobbying and political engagement

We ensure that our funding is transparently managed, that it does not support any illegal or unethical activities, and that it is aligned with our sustainability commitments. We consider ourselves responsible investors, as we do not support political parties, neither directly or through the funding of other groups' activities. We also actively participate in discussions with governments and organisations regarding the development of proposed legislation and regulations that affect our business.

Investigations, litigations and sanctions

To our knowledge, all companies are fully compliant with the current legislation and regulation in their respective countries of operation. Currently, there are no open material cases of investigation, litigation or sanction. For further details, please refer to the EPIF Annual Report 2022.

2022 **Highlights**

At EPIF, we ensure compliance with all licensing regulations across our Group's operations. As a result of our commitment to oversee our subsidiaries' legal requirements, in 2022, our subsidiaries did not face any material incidents or fines.

As we continue to further develop our sustainability commitment, in 2022, EPIF completed the implementation of the new set of policies that were introduced in 2020 and 2021.

Assets integrity management policy

Whistle-blower policy

Biodiversity policy

IT Cybersecurity policy

Diversity policy

Our principles and business ethics

The Group is committed to conducting business activities in a transparent and operationally excellent manner. To continue developing and improving our internal and external interactions, we commit to following our principles and values, which are the foundation on which we build relationships with our partners, employees and society.

EPIF is committed to managing behavioural standards within our day-to-day business. These standards set employee expectations, which are naturally reflected in the performance and reputation of the Group, while also ensuring a good standing relationship with all our stakeholders.

High ethical standards are maintained throughout the Group. We do not tolerate corruption or inappropriate behaviour of any sort, as ethical breaches can lead to major and serious reputational damage. We therefore perform regular bribery and corruption risk assessments, which are overseen by the HSE Committee.

ESG governance

EPIF CEO, Gary Mazzotti, holds the role of ESG Officer within the Group, further highlighting the importance of our ESG commitment. In this role, he oversees the sustainability responsibilities of EPIF and the Group's overall ESG agenda. The HSE Committee, alongside Garry Mazzotti, supervise compliance with the values and principles laid out in all EPIF policies. We ensure that principles embedded in our policies are regularly shared with employees across the Group.

All of our subsidiaries have their own Code of Conducts in place, which are provided in their local languages. Therefore, EPIF's *ESG Master Policy* and *Code of Conduct* are not designed to replace these, but rather to bring general concepts to the Group level. This also ensures that this information is easily accessible on one platform and also available in English.

In 2022, the EPIF Group completed the implementation process of the Group-wide set of policies which are now fully integrated into EPIF's operations.

Our principles

Environment

Environmental protection

Mitigating climate change

Quality standards and certifications

Sustainable operations and products

Efficient use of resources

Environmental education

Society

Value creation

Respecting human rights

Economic and social development

Access to basic services

Stakeholder dialogue

Sustainable development principles

Equal opportunities

Transparent communication and accountability

Health and safety

Governance

Promoting ethics

Economic sustainability

Risk management

Progress on goals and commitments

Responsible finance

Responsible funding

Regulatory compliance

Efficient management

Figure 8: Group principles.

Compliance with sanctions against Russia

EPIF Group believes that it has maintained strict compliance with all sanctions imposed by the EU, the UK, or the US against Russia in response to the military invasion of Ukraine. EPIF is continuously monitoring the latest developments in respect of potential new sanctions and is committed to ensuring compliance promptly.

↗ Figure 9: Group ESG policies.

Policy	Policy description
ESG Master policy	The document sets out a comprehensive policy framework and basic guidelines for the EPIF Group as well as defining the core principles for sustainability related policies within the EPIF Group and its subsidiaries. Specific policies described below act as add-ins to this Master policy.
Environmental policy	The policy describes basic principles we follow in terms of the climate change and carbon footprint reduction, protection of biodiversity, Environmental Management System, environmental impacts of the product portfolio, customer efficiency, regulatory compliance, renewable and clean energy promotion, resource and energy efficiency, waste management and end cycle management.
Biodiversity policy	Protecting biodiversity in the areas where the EPIF Group operates is among the top goals of the EPIF Group. The purpose of the policy is to provide a comprehensive and consistent framework of commitments and underlying principles in the area of biodiversity.
Operational policy	The policy covers the basic principles we follow in matters of the access to basic services, health and safety management, environmentally safe operation of facilities, social impacts of our products, innovation and modernisation, emergency management, stakeholder engagement and responsible marketing.
Procurement policy	The policy is focused especially on the monitoring of our supply chain and encouraging that our suppliers, as well as our customers, are compliant with local regulations and with our internal policies related to human rights, employees, and environmental matters.
IT Cyber security policy	The EPIF Group companies follow as minimum the key group cybersecurity principles (security governance, access control management, malware protection, network security, cyber resilience, ICS, remote workplace, etc.) and are responsible for a selection and implementation of specific security measures to meet these principles.
Code of Conduct	The EPIF Group Code of Conduct contains standards of behavior to be upheld by all employees and is designed to ensure good relationships with all stakeholders.
Tax Governance policy	The purpose of the policy is to ensure compliance with tax rules in various countries and territories in which the Group operates, prevention and reduction of significant tax risks and strengthening of the relationships with tax authorities.
KYC Directive	The directive outlines the process that seeks to verify and validate the business partner's identity and suitability in order to support EPH's actionable decisions to mitigate against financial, regulatory and reputational risk and ensure regulatory compliance.
Equality, diversity and inclusion policy	The purpose of this policy is to provide equality, fairness and respect for all in our employment and to oppose and avoid all forms of unlawful discrimination.
Whistleblower policy	The purpose of this policy is to provide EPIF employees with the means of reporting compliance concerns and compliance violations without fear of retaliation or retribution.
Asset integrity management policy	The policy outlines the principles and practices that govern decisions on asset management at EPIF to ensure that EPIF responsibly manages asset integrity risks across all facilities that we design, construct or operate.
Anti-corruption and anti-bribery policy	Acceptance of gifts and donations including charitable donations is regulated. Receipt or payment of bribes including facilitation payments is strictly prohibited.
Anti-money laundering policy	The so called four-eyes principle is applicable for business transactions, and cash payments above a predefined cash limit.
Sanctions policy	We do not establish or maintain business relations with persons, entities or countries that are subject to economic or financial sanctions, trade embargoes or other restrictive measures imposed by the European Union, the United Nations, the United States of America, or the United Kingdom.
Anti-trust policy	All employees and directors are obliged to observe anti-trust laws and are aware of serious consequences that any infringement of anti-trust laws may have.

Supply chain management

We are continuously reflecting on our long-term targets so that we may create and maintain meaningful partnerships within our supply chain. We have determined that regular monitoring and close management of our end-to-end processes will only benefit our business value.

EPIF's procurement goals consider the social and environmental aspects of our individual subsidiaries, specifically how decisions at a Group level can affect business practices.

EPIF has a centralised procurement function managed by **EPH Group Procurement**. The key role of EPH Group Procurement is to develop and apply best practices across the supply chain of the entire Group. Their aim is to minimise the total cost of ownership of external purchases within our individual subsidiaries, thereby allowing for strategic procurement.

Our contribution to the SDGs:

EPIF promotes sustainable and inclusive economic growth while also ensuring access to basic services. We accomplish this by managing the equality, justice and ethical conduct of our Group's supply chain, thereby creating inclusive institutions.

Procurement practices

To improve our previous procurement practices and processes, EPIF implemented a *Procurement Policy* and *KYC Directive*, both of which are applied on the Group level. As a result, we are in a position that helps us better understand and manage risks associated with our supply chain, as well as help guide our business partners.

We thoroughly screen our potential suppliers in an effort to understand how we can become fully aligned in our business approaches. Screening includes our commitments to laws and regulations, ethical business conduct, human rights and working conditions, health and safety, and environmental protection.

2022 **Highlights**

In 2022, EPIF continued to adhere to its Group wide KYC Directive, which outlines the process by which business partners' identity and suitability are verified and validated. The aim is to mitigate financial and reputational risk, as well as ensure regulatory compliance.

What do we expect from our suppliers?

In 2022, there were no significant changes to EPIF's supply chain. Additionally, there were no reported environmental incidents this year.

EPIF's focus on protecting information and cybersecurity

EPIF Group is committed to conducting its business activities with a strong focus on protecting information, technology, and digital services to respond to new security threats and regulatory requirements.

As EPIF's companies and subsidiaries become more digital and adopt new technologies, it brings new efficiencies, but also new risks. The growing size and complexity of information technology (IT) makes companies vulnerable to constantly evolving cyber-threats, data breaches, and information system disruptions that may result in accidents, shutdowns, or service interruptions.

Companies in the Group have a significant number of assets and systems that are critical for the national infrastructure of several countries. Major incidents, such as cyber-attacks, can result in widespread supply outages with severe consequences. These companies follow requirements defined by individual national legislations (originating from EU NIS Directive 2016/1148) and are audited by National Security Bureaus.

IT Security Coordinator

Each EPIF company is fully responsible for managing cybersecurity risk, but a Group approach is crucial. As a result, the role of a Group IT Security Coordinator was established to facilitate a coherent security vision and strategy across the EPIF Group. EPIF management has an overview of the IT security maturity of individual companies within the Group and understands their actual resilience and potential business risk. Repeated security maturity assessments conducted at key EPIF companies show a positive trend in strengthening their security. The Group also helps individual companies with monitoring of security trends, identifying relevant threats, and vulnerabilities.

EPIF's Cybersecurity Principles

In January 2021, EPIF issued the "Group Cybersecurity Principles" as guidance for individual EPIF companies. They implement these principles into their own policies, standards and procedures in a way that is appropriate for each company's specific business functions, physical and IT environment, and specific regulatory obligations. The EPIF companies follow as minimum these key group cybersecurity principles when selecting and implementing specific security measures. The principles also encourage the use of security knowledge and experience from other EPIF companies whenever possible.

EPIF has not yet experienced significant data security breaches or cyber-attacks with information system disruptions.

The focus and environment of many EPIF companies requires specific security processes and measures for Industrial Control Systems (ICS) that address the complex and diverse nature of ICS and differences in comparison with the conventional Information and Communication Technologies (ICT) world.

Based on our experience with the most common security threats, the Group organises regular simulated cyber-attacks to increase the awareness of employees and their practical readiness to recognise suspicious features of fraudulent e-mails. Recently, the focus has been on strengthening security in the context of the war in Ukraine.

EPIF's main steps to ensuring resilience against cyber threats

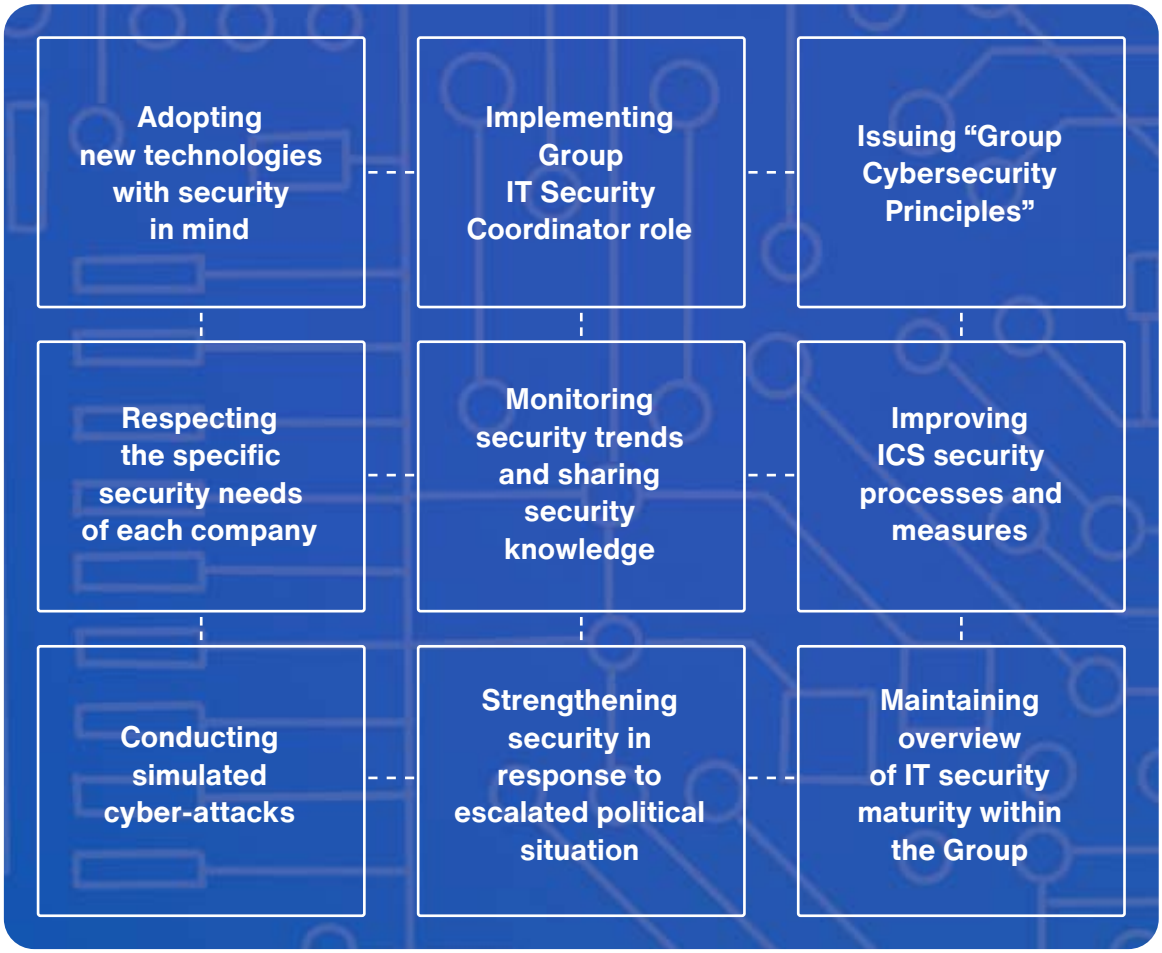


Figure 10: Steps to ensuring resilience against cyber threats.

Risk and crisis management

Strong mechanisms for evaluating risks and coordinating an effective response helps to enhance the resilience of business activities communities, and create a foundation for sustainable development. Effective risk and crisis management practices are expected by Group's investors, as well as local communities and municipalities.

EPIF takes risks associated with its operation very seriously. Apart from our activities in reducing environmental impacts and subsequent risks, we analyse and mitigate financial, operational and strategic risks.

Response to the military invasion of Ukraine

In February 2022, following the military invasion of Ukraine, EPIF Group promptly implemented measures to support the EPIF's liquidity position. EPIF also continuously assessed all sanctions imposed on Russian Federation to ensure compliance while conducting transactions with our counterparties.

Our contribution to the SDGs:

Enhancing the resilience of business activities and communities, and creating a standard for sustainable development through strong risk evaluation and response mechanisms.

Risk Committee

The Committee helps to develop a culture of the enterprise risk, integrate risk management into the organisation's goals and create a corporate culture such that people at all levels manage risks rather than reflexively avoid or heedlessly take them.

Financial risks

The most important types of financial risks to which the Group is exposed are credit risk, liquidity risk, interest rate risk, commodity price risk, foreign exchange risk and concentration risk. To minimise this exposure, the Group enters into derivatives contracts to mitigate or manage the risks associated with individual transactions and overall exposures, using instruments available on the market.

Operational risks

Operational risk is the risk of loss arising from fraud, unauthorised activities, error, omission, inefficiency or system failure. It arises from all activities and is faced by all business organisations. Operational risk also includes legal risk.

Strategic risks

The Group's business is exposed to various risks arising from political, economic and social developments in countries where it operates. We monitor and evaluate risks associated with employees and customers and do our best to ensure ongoing competitiveness.

Climate change related risks

We identified two types of climate related risks, physical and transitional risk. Physical risk arises from extreme weather events, which may lead to health supply interruptions. Transition risk poses a threat of increasing operating costs if not being ready for the new energy system to come.

2022 Highlights

Strategies

From various perspectives, EPIF's senior management analyses possible risks, assesses possible development scenarios, and prepares contingency strategies and plans.

Information

We understand it is our obligation to provide information to our stakeholders regarding the safety risks of our power plants and industrial sites, emergency plans, gas safety of network operations, and electrical safety.

Group culture

EPIF's Committees work to develop a group culture in which all of the risks we face are fully integrated into the management of our business. The goal is to ensure that we manage our risks rather than avoid them.

On-going monitoring

Strategic risks

Socio-economic and political risk

Concentration risk

Reputational risk

Competition risk

Employment related risk

Financial risks

Liquidity risk

Credit risk

Commodity risk

Risk Committee

Pavel Horský
Chairman

Michal Buřil
Head of Group Risk

Václav Paleček
Member

Tomáš Mařický
Member

František Čupr
Member

Gary Mazzotti
Member

Szilárd Kása
Member

Climate change related risks

Physical risks

Transitional risk

Operational risks

Regulatory risk

Cyber risk and system failure

Failures, breakdowns, outages, and natural disasters

Figure 11: Risk matrix.

Financial risks	Management approach to risk mitigation
Credit risk The primary exposure to credit risk arises from conducting business with unreliable counterparts.	▪ The Group has established a *Credit policy*. ▪ Each new customer requesting products/services over a certain limit (which is based on the size and nature of the particular business) is analysed individually for creditworthiness. ▪ The Group uses credit databases for analysis of creditworthiness of new customers, who are also subject to Risk Committee approval.
Liquidity risk Lack of liquid financial resources poses great risk on everyday activities of the Group, including the ability to pay suppliers and employees.	▪ The Group's management focuses on methods used by financial institutions, e.g. diversification of sources of funds. ▪ This diversification makes the Group flexible and limits our dependency on one financing source. ▪ Various methods of managing liquidity risk are used by individual companies in the Group.
Commodity risk The Group's primary exposure to commodity price risk arises from the nature of its physical assets, namely power plants.	▪ In the case of favourable power prices, the Group manages the natural commodity risk connected with its electricity generation by selling the power it expects to produce in the cogeneration power plants and in ancillary services on an up to two-year forward basis. ▪ In the case of low power prices, instead of entering into forward contracts, the Group uses the flexibility of its own power generating capacities to react to current power prices. The aim is to achieve a more favourable average selling price.

Operational risks	Management approach to risk mitigation
Failures, breakdowns, outages and natural disasters Delays or interruptions in our supply can increase capital expenditures, negatively impact the Group's business and reputation, or cause significant harm to the environment.	▪ Predictive maintenance processes are in place, allowing us to proactively identify and respond to vulnerable areas of our networks. ▪ In the case of a network breakdown, we have emergency plans in place to ensure the continuity of supplies. ▪ We ensure that our key infrastructure is adequately insured.
Cyber risk and system failure As part of our critical infrastructure, information systems must have proper security measures in place that are aligned with regulation, while maintaining the highest degree of industry standards.	▪ The Group's cyber security is adopted with regular reviews of risks and selection of corresponding measures for the most effective protection. ▪ The Group's companies follow the requirements of several information security standards and frameworks, as well as laws, e.g. the GDPR (General Data Protection Regulation) or EU NIS Regulations (Network and Information Systems Regulations 2018). ▪ EPIF's security of 'critical infrastructure assets' is managed according to relevant legislation and regulation. This prevents damage or destruction caused by natural disasters, and threats posed by terrorism and criminal activities that may result in nationwide consequences.
Regulatory risk Apart from the regulated tariffs, risks also arise from the changes in the European energy legislation, which affects the scope and market price of the European Emission Allowance and Green Deal package.	▪ Trusted and open relationships with regulatory bodies. ▪ Active participation in dialogues with regulators regarding tariff structure. ▪ Geographic focus on countries with stable and established regulatory regimes.

Table 8: Overview of the Group's risk management.

Strategic risks	Management approach to risk mitigation
Socio-economic and political risk The Group's business is exposed to political, economic and social developments in Slovakia, Czech Republic, Central and Eastern Europe regions, and elsewhere.	▪ Open dialogue with local communities and authorities, with timely communication of our business intentions.
Concentration risk A large part of our gas transmission, gas and power distribution, and gas storage revenues, are concentrated to a small number of customers.	▪ Strict control of counterparty credit risk. ▪ We have a *KYC Directive* in place to ensure that all potential business partners are thoroughly checked prior to committing to a business relationship or transaction.
Reputational risk Reputational damage may arise from miscommunication, or lack thereof, and low transparency with stakeholders.	▪ We only present information about our business that is based on facts, and we do so in a clear and reliable manner. ▪ We constantly monitor public media so that we may be able to timely warn our stakeholders about any false information related to EPIF and the Group that was released. ▪ We promote a responsible marketing approach, making all information regarding our business, such as our services and their possible risks, available and factual.
Competition risk Many of the markets in which the Group's business operates are increasingly competitive and as such, the Group is exposed to the risk of not being able to compete effectively on an on-going basis.	▪ Focus on transmission, distribution and storage of key commodities where the existing infrastructure cannot be easily replicated by competitors. ▪ Within the heat infrastructure segment of our business, we keep prices of heat affordable to attract and retain customers. At the same time, we emphasise environmental benefits of district heating compared to decentralised local boilers.
Employment related risk The Group's ability to maintain its competitive position and to implement its business strategy is largely dependent on its ability to attract and retain qualified personnel, such as managers and senior executives.	▪ Regular dialogue with employees and union representatives (94% of our employees are covered by collective bargaining agreements). ▪ We ensure to delegate main responsibilities across multiple executives to reduce the amount of risk managed by one position. ▪ Engagement with schools, universities and talent recruitment programmes at our subsidiaries and with our union representatives.

Table 8: Overview of the Group's risk management (continue).

Climate change related risks	Management approach to risk mitigation
Physical risks More frequent and extreme weather events are a risk as they can cause damage to our infrastructure assets, leading to interruptions in the supply of vital commodities. In some of our operating regions, the offtake of cooling water may be reduced, which could affect our heat and power generation capacities.	▪ Guided by our *Asset Integrity Policy*, we ensure that the decisions we make consider all life-cycle stages of our assets, thereby recognising the interconnectedness of the systems. ▪ Our short-term investment decisions are always based on the rigorous analysis of long-term projections of investment needs. ▪ There are predictive maintenance processes in place to identify spots in our network where maintenance should be preferentially performed. ▪ We adequately insure key infrastructure. ▪ We continuously monitor the water offtake at our individual sites and consult with local water authorities. ▪ We continuously implement measures to reduce our water offtake and limit our reliance on flow-based cooling.
Transition risks Growing operating costs due to pricing pressures on emission allowances. Substitution of existing products and technologies with lower emission alternatives.	▪ We continuously work to reduce the overall carbon footprint and emission intensity of our business activities, such as through our gradual shift in energy mix towards biomass and municipal waste. ▪ We aim to focus pilot projects on testing the compatibility of our infrastructure with green gases (gas transmission, distribution and storage) to support integration of new renewable capacities. ▪ Regular update and public announcements relating to our plant conversion plans.

Table 8: Overview of the Group's risk management (continue).

Social

We recognise the value in all of our relationships, with great emphasis on those which we hold with our employees, customers and communities. Our social goal is to continue to build strong relations so that we may not only contribute to the transformation of the energy market, but to sustainable development as a whole.

The Group focuses on protecting its employees' rights by maintaining a good standing relationship with its trade and labour unions. Additionally, we accentuate our respect to employees' human rights through the implementation of non-discriminatory guidelines. Overall, EPIF not only commits itself to creating a work environment that is friendly, but one that is also safe and promotes the well-being of our employees. This is achieved through the quality of our health and safety management. We also ensure to play an active role in supporting and developing the communities in which we operate by providing access to basic services, and by creating and implementing impactful social initiatives.

Health & safety

We make the health and safety of our stakeholders top priority by constantly learning, sharing and improving our approach to embedding a “health and safety first” culture throughout the Group.

EPIF understands that safety can only be achieved if well-being is firstly addressed. That is why we have strong commitments for both the well-being and safety of our stakeholders, which include providing training, and ensuring that regular improvements are made to our governance and internal policies.

We continuously work to improve and monitor the health and safety mechanisms within our Group, as we understand the risk associated with their mismanagement. As a result, we are highly focused on identifying, mitigating and preventing such risks.

Our contribution to the SDGs:

EPIF ensures that the health, safety and well-being of all of our stakeholders is at the core of the Group’s business activities.

Health & safety management

We have implemented high standards for the health and safety management of our stakeholders, as we are constantly looking to improve the attention to well-being and level of safety within the Group. We also understand the possible risks associated with mismanagement, such as those arising from poorly managed equipment or avoidable human errors.

We are continuously working towards improving our management of H&S. Our largest focus within EPIF’s operations remains on our plants and the power distribution network, as they pose a much greater risk to our stakeholders’ health and safety.

We ensure that our employees are provided with the training required to meet the expectations of our H&S policies and governance. Therefore, we strive to implement management that is complemented by appropriate and guiding measures.

Health & safety certifications

The Group is compliant with the certification standards and legislative requirements for health and safety within the countries that we operate. These requirements may differ amongst the Group’s entities, but our commitment to meet best practices and legal expectations is consistent throughout.

We ensure that our employees are properly informed about the laws and regulations relating to the H&S of their business activities. This ensures alignment in meeting legal requirements, even though they vary across the entities of our Group.

Overall, we are committed to creating and maintaining healthy and safe working conditions that go beyond mere regulation.

2022 **Highlights**

ISO 45001 certification highlights the health and safety management systems in place within the Group. In 2022, 81% of EPIF's employees worked in companies that held the certification[28].

EPIF ensures to continuously uphold a safe working environment. This is accomplished by ensuring all personnel have a clear understanding of the Group's policies and undergo the internal trainings related to occupational health and safety.

2022: Employees covered by ISO 45001

4,721	5,837	81%
Total employees covered	Total FTE	Covered employees

Injuries overview[29]

2022	Employees	Contractors
Total worked hours	**9 mil.** 3% decrease from 2021	**17 thsnd.** 26% increase from 2021
Registered injuries	**30** increased by 3 from 2021 (absolute value)	**0** decreased by 3 from 2021 (absolute value)
Fatal injuries	**1** increased by 1 from 2021	**0** no change from 2021
Injury freq. rate	**3.33** 0.53 point increase from 2021	**0.00** 0.22 point decrease from 2021

Figure 12: Injury data within the Group for employees and contractors.

28 This is not an indication of unsafe and unhealthy environments at our other locations.
29 Injury frequency rate for own employees is calculated per million hours worked. Frequency rate for contractors is calculated per thousand hours worked.

Health and safety management at EPIF

Each year, EPIF further strives and commits to maintaining a "**zero harm**" environment throughout all of our business activities. Because of the extensive scope of our Group, this is not an easy feat, but we are committed to ensuring a safe environment in which all aspects of our business are conducted – for all of our stakeholders.

The health of our employees is as important to us as their safety. This is why we are committed to implementing proper policies pertaining to healthy environments, promoting their well-being throughout our Group, and at some of our entities, even offering medical examinations.

These commitments are embedded within our *Code of Conduct*, thereby further aligning us with our ultimate H&S goals. We also continue to support our entities, such as through the reinforcement of strong governance, effective H&S protocols, sharing of best practices, and eliminating unsafe and unhealthy work behaviour.

At EPIF, we pride ourselves on the fact that our top priority is the health and safety of our employees. Regrettably, in April 2022, a fatal injury occurred at SSE involving own employee who was hit by an electric shock during maintenance works at the distribution network. In response to the incident, SSE hired an external consultant to perform a thorough assessment of the health & safety policies and procedures in the company as described further below.

8 Pillars of health & safety management

Commitment from top management	We take the reporting on H&S issues very seriously; top management is actively involved in H&S issues and ensures that they are carefully considered in every decision-making process. This level of commitment is expected from all of our entities. Additionally, semi-annual and annual reports on H&S are presented directly to the Board of Directors. As an example, SSE has weekly updates on its H&S indicators, which are discussed at management meetings.
H&S integration into our remuneration system	We integrate H&S into our incentive schemes, such as within our employee performance assessments. We believe that this allows for greater insight on employee approaches to maintaining a safe and healthy working environment. It also allows us to identify any gaps within our H&S training or even policies.
Prevention	We aim to not only reduce the number of accidents within our Group, but also prevent them from ever occurring. As a result, several of our entities focus their preventive based approaches on keeping detailed recounts of all accidents and "near-misses," and defining the remedial actions taken to prevent similar reoccurrences. We also focus on reducing near-misses and incidents through monitoring and analyses processes, as we believe that reduction will ultimately lead to the prevention of severe and even fatal accidents.

Table 9: Pillars of health and safety management within the Group.

Risk control and reduction

At EPIF, H&S management requires regular on-site risk assessments and inspections.

As an example, SPP - distribúcia receives third-party safety inspections relating to the H&S of its projects and technological processes.

Focus on behaviour

Studies show that 80–90% of accidents are caused by human error (Heinrich et al, 1980). At the same time, changing unsafe behaviours is one of the most difficult challenges a company can face when trying to achieve a goal of "zero harm." Behaviour Based Safety (BBS) can reinforce corrective action that should be taken by an organisation's management to address unsafe work behaviour.

BBS aims to understand the root causes of unsafe behaviour and apply corrective measures accordingly.

Training and communication

At EPIF, H&S training, as well as communication, are recognised as important channels for distributing relevant knowledge, awareness and expectations amongst our employees and contractors; we ensure to facilitate periodical retraining.

The EPIF Group also provides general training programmes on employee safety. When selecting or assessing potential suppliers, the Group also takes into account their approach and attitude towards safety issues.

Emergency response and fire protection procedures

EPIF's entities have dedicated fire protection and emergency response plans. We continuously work to improve our preparation for these situations, such as through regular drills and training sessions.

As an example, Eustream and Nafta regularly perform controlled emergency drills through their HSEQ department. These drills are conducted in collaboration with the dispatch department and fire safety brigades.

Health protection

EPIF's entities have various initiatives that aim to promote the health and well-being of its employees while at work.

As an example, SPP - distribúcia regularly provides medical examinations for its employees.

Case Study
Stredoslovenská distribučná:
Safety assessment

SSD

The safety of our employees and contractors is our top priority across the Group. At certain entities, operating activities inherently involve increased risk to the health and safety and therefore greater frequency of incidents. At SSD, this is mainly linked to the higher proportion of technical field work required, as well as work involving high voltage facilities. SSD is aware of the possible dangers associated with performing such work, which is why SSD places great emphasis on monitoring and analysing work-related incidents.

Regrettably, despite all the safety measures in place, SSD reported a fatal accident in April 2022, where one of our employees suffered an electric shock when performing network maintenance. In response to the accident, SSD engaged an external consultant to perform an extensive independent review of the organisation's health and safety management.
The assessment confirmed the existence of high-quality procedures, standards, and rules within the company. On the other hand, the consultant recommended certain enhancements to reinforce an independent safety culture through defining a vision and strategy for safety and building the foundation for a risk-based mindset across SSD. As one of the first practical measures, the company aims to further enhance supervision during maintenance of the high voltage installations.

Employment and employee development

EPIF believes that diversity within our talent makes our work stronger. We recognise that our people are at the core of what we do. We encourage openness and honesty amongst our employees, so that we may understand how to better support them in reaching their full potential within the Group.

At EPIF, we approach employment practices and procedures with inclusion and equal opportunity in mind. It is important that we not only hire the best talent, but also the right talent, regardless of personal differences and backgrounds.

We understand that a healthy work environment is essential for the development of talent, increased productivity, and the overall sustainable growth of human capital. That is why we work hard to create an environment in which our employees feel supported in their continuous professional growth and development.

Our contribution to the SDGs:

EPIF commits to inclusive and fair employment, coupled with unparalleled learning opportunities for all. We ensure our employment decisions and behaviour towards employees is fair and just across the entire Group.

Our employees

We believe that effective management of employees is essential to the successful operation of our Group. EPIF promotes meaningful employee engagement at an entity level, but ensures that it is adequately supported by corporate policies. This is important to maintaining the same level of standard of business behaviour that we expect across our Group.

As a result, EPIF's human resources are decentralised at an entity level. This is essential, as our operations differ quite substantially, especially when it comes to the location, size and needs of our talent.

Training and development

We are aware of the ever-growing competition for top talent across the markets in which we operate. It is therefore important that EPIF places great importance on creating and maintaining an attractive working environment, one where all our employees can develop and grow, in the most appropriate roles, across the organisation.

EPIF recognises its employees as the Group's top asset, and as a result, we place great emphasis on their development. Our hope is to highlight the importance our Group places on our most precious asset – our people.

2022 Highlights

180 persons

EPIF does not discriminate within its employment process, and as a result, we proudly employed 180 persons with various disabilities in 2022, 9% more than last year. We commit to fully understanding their working needs so that we may provide the most appropriate support for their day-to-day activities.

94 %

94% of our employees were covered by various collective bargaining agreements in 2022.

5,837 professionals

In 2022, EPIF employed 5,837 professionals across 4 countries, 8% of which held top or middle management positions.

186,000 hours

In 2022, EPIF supported its employees by providing over 186 thsnd. hours of training. It means almost 32 hours per employee, an 11% increase compared to last year.

EPIF employment and employee standards

EPIF committed to upholding fair employment and treatment of its employees through the implementation of the Equality, Diversity, and Inclusion Policy. Its implementation throughout the entire Group was completed in 2021.

We offer equal and fair employment and ensure to treat all of our employees with respect and inclusion. EPIF's commitments are highlighted in our *Code of Conduct* and *Equality, Diversity and Inclusion Policy*, and echo the expectations set out by the International Labour Organisation's *Declaration on Fundamental Principles and Rights at Work*. These commitments include avoiding unlawful discrimination based on age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex, and sexual orientation.

In addition to our internal policies, EPIF aligns itself with relevant labour codes and legal regulations when conducting employment processes. This ensures that we promote employment, recruit and treat talent on the sole basis of their qualifications, thereby avoiding discrimination of any kind. Our employment practices and procedures are reviewed at least once a year, thereby ensuring that any internal changes, or those imposed by new legislation, are appropriately updated within the policy.

Headcount by country [30]

- **Slovakia**
  4,311 employees
- **Czech Republic**
  1,461 employees
- **Germany**
  62 employees
- **Netherlands**
  2 employees

Figure 13: Headcount by country.

30 The figures represent average full-time equivalent employees in 2022.

Employee data by gender [31]

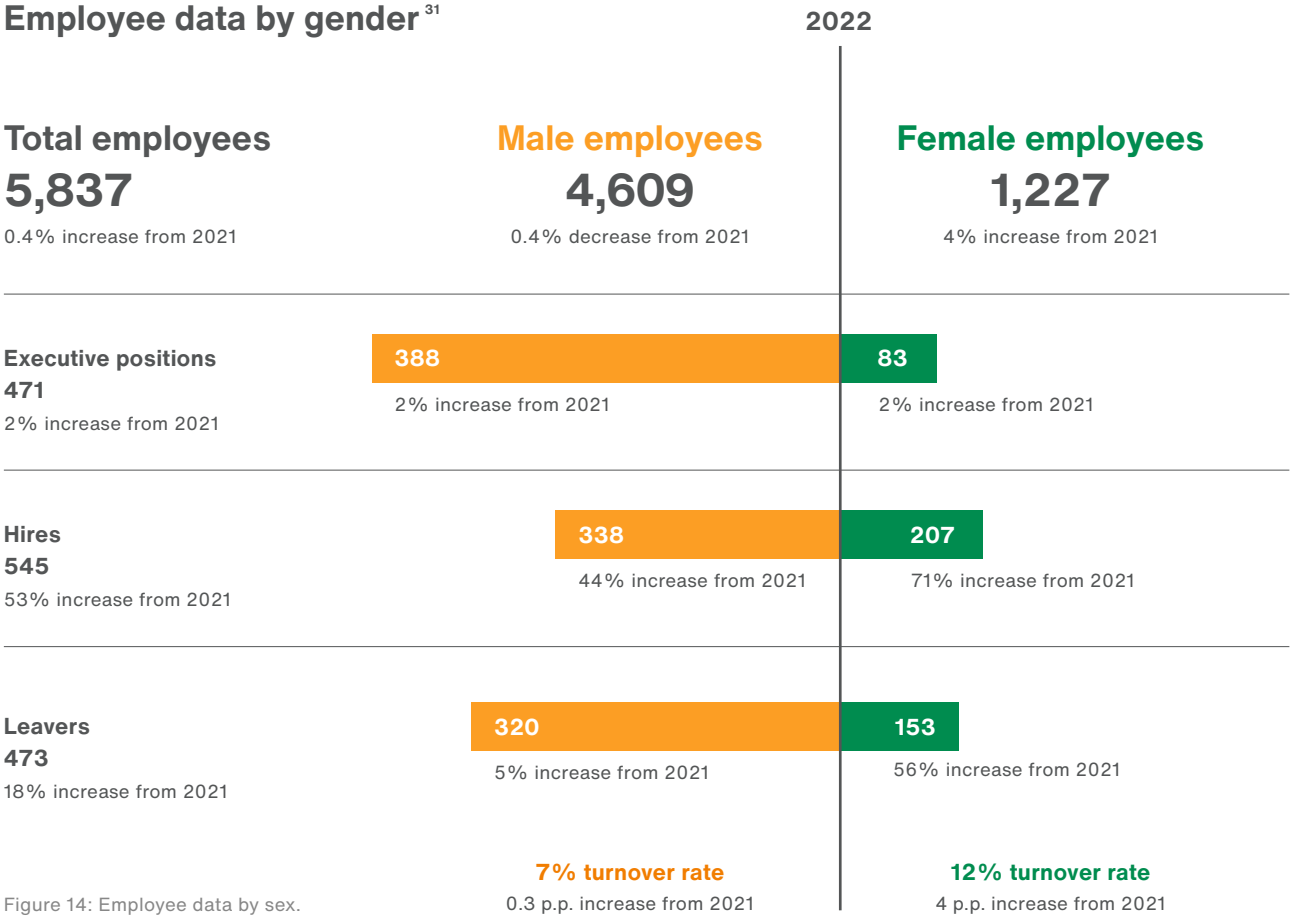


Figure 14: Employee data by sex.

2022 Total employees by age group

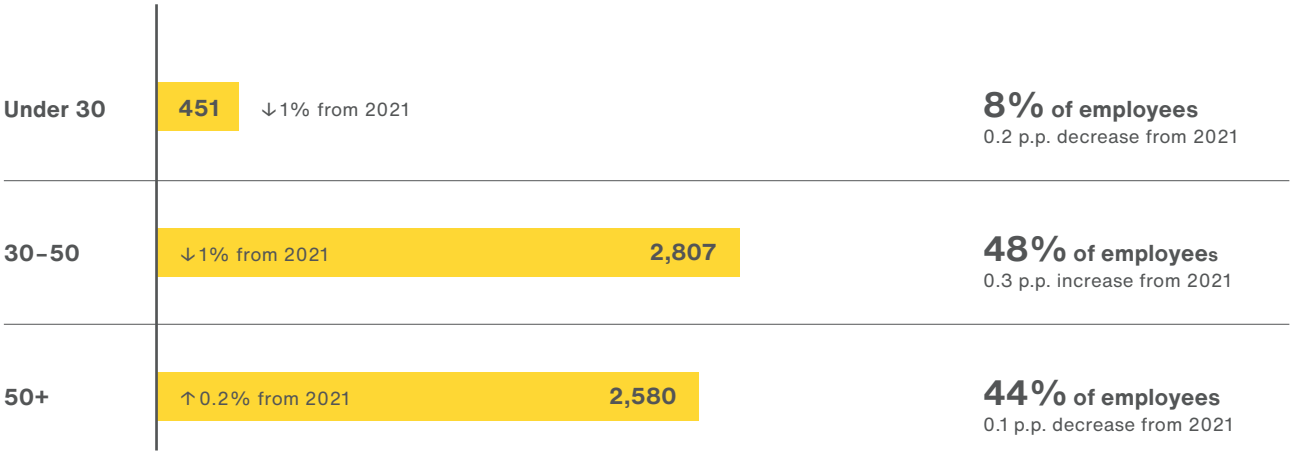


Figure 15: Employee data by age groups.

31 Executive positions refer to workers in top or middle management.

Employee development

At EPIF, we also support freedom of association throughout the Group. This is not only due to our compliance with European and national regulations, but it is also due to the value we see in allowing employees to coordinate and negotiate with their employers. The Group respects its employees' rights to participate and engage with trade unions, and we do not tolerate any type of retaliation or hostile action towards employees that choose to do so.

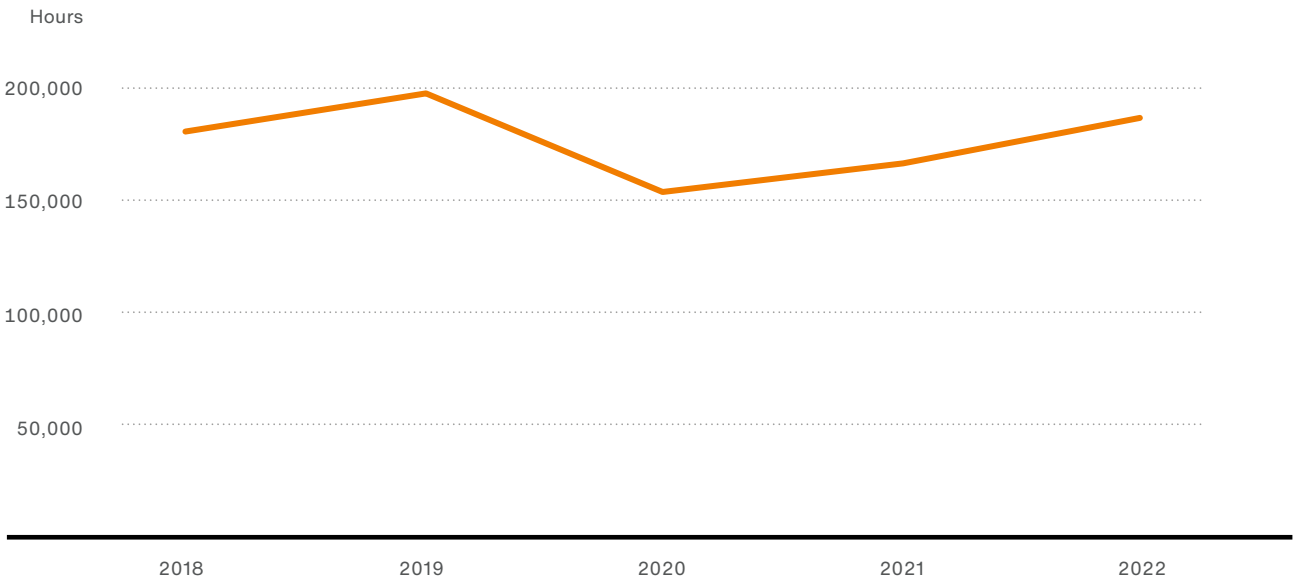
We are committed to providing our employees with the right tools and an environment in which they can professionally grow and develop. In an effort to better understand the strengths of our employees, we provide them with regular work assessments and evaluations. This not only allows us to better allocate their talents within the Group, but it allows us to understand where our employees could benefit from further support.

In 2022, we saw a slight increase of 11% in the total amount of employee training hours when compared to last year. This increasing trend can be attributed to the easing up of COVID-19 restrictions. Even though most of our training sessions were transferred to online platforms during the pandemic, the majority of the technical trainings could not be provided without physical attendance.

186 thsnd. hrs.
of employee training
↑ 12% from 2021

31.9
training hrs. / employee
↑ 11% from 2021

Total employee training



Graph 22: Employee training hours within the Group.

Case Study
Employee and employment programmes

Stredoslovenská distribučná (SSE subsidiary)

In 2022, we continued to support the professional development of our employees through internal trainings, including:

1. Vocational training focused on safe work procedures for employees working with electrical equipment or within maintenance, such as electricians, maintenance technicians and foremen.
2. Training focused on working under electricity voltage for employees that operate or perform maintenance of electrical equipment or those involved in construction assembly activities.
3. Online GDPR training called "News in GDPR," which was designed for employees who work with personnel data.
4. E-learning training on cyber security for employees working on assigned personal laptops or desktop computers.

The following initiatives are used to fill vacancies in the company:

1. Trainee programme recruitment of university students to selected positions with subsequent recruitment of the student to the workplace. There is a contract between SSD, a.s. and the University of Žilina on cooperation and promotion within the framework of filling jobs with students of Electrical Engineering.
2. Cooperation with apprenticeships – programme of recruiting students of electrical engineering apprenticeships for professional practice with subsequent coverage of the company's needs in electrical engineering positions. SSD, a.s. cooperates with 6 apprenticeships on the basis of a Cooperation Agreement.
3. Dispatcher Training Program – a program to recruit electrical engineering high school students to cover the company's needs in the Dispatching section.

In 2022, the following programmes have been prepared to meet the shortfall in manpower due to impending retirements:

1. Preparation of a workforce renewal concept for the increasing number of retiring employees, which will need to be replaced with internal employees and external candidates in all divisions in SSD.
2. Preparation of a dual training programme.
3. Preparation of training programmes for specific positions of the company.
4. Preparation and continuation of the implementation of the New Manager programme.

Case Study
Employee and employment programmes

SPP - distribúcia

At SPP-D, we have been focusing on the education and development of our employees, as well as students. In March 2022, SPP-D launched a series of development programmes.

Another year of the Full Gas career programme commenced, where the programme aims to further develop key employees in managerial and expert positions and maintain valuable specific know-how in the company. SPP-D also launched a new Gas Academy programme, which aims to create a staff reserve to fill the positions of foremen or technicians. Both programmes started with two-day teambuilding activities in Terchová.

Additionally, at SPP-D, we continuously look to strengthen our teams with young professionals through the Young Gasworker and Graduate Development programmes. The Young Gasworker programme occurs in cooperation with high schools. This programme is for students who participate in the project as part of their studies, where after successfully graduating, they can join our company. The Graduate Development programme is dedicated to university graduates. Those that fulfil the conditions of the programme can participate in rotational work within SPP-D. This is beneficial to the personal development of graduates, as they are exposed to a wider know-how of our key business activities.

Plzeňská teplárenská

In November 2022, PLTEP and the Secondary Vocational School of Electrical Engineering in Pilsen signed a Memorandum of Cooperation. By signing the Memorandum, both parties agreed to create favourable conditions in which students could practically implement and practice their studies.

The Director of Production of Plzeňská teplárenská, Jan Skřivánek, specified that "we will begin tailoring the education of our experts, especially in the field of Mechanics for plumbing and electrotechnical equipment, Electromechanics for equipment and devices, and Electricians for high current." The Director further explains that "for the next school year we are preparing to open a new training centre for students in these fields, where the centre will be created by modifying the existing heat exchanger station on Komenského street."

Fully equipped facilities will be built for the students in the existing heat exchanger station, which will include a classroom, workshops, and a locker room. Additionally, it is planned to install a fully functional model of the heat exchanger station and for the roof of the building to be fitted with photovoltaics. Additionally, the installation of a charging electric station is being considered.

PLTEP plans to host interesting student lectures that are planned to be led by heating experts. The aim is to provide practical information to students in relevant fields of study. Excursions at Plzeňská teplárenská should also commence for the students and teachers of the secondary vocational school.

Plzeňská teplárenská has thus reaffirmed its position as a stable employer in the city of Pilsen.

Picture 4: From left to right, Director of the Secondary Vocational School of Electrical Engineering in Pilsen, Ing. Jaroslav Černý, and CEO of PLTEP, Ing. Václav Pašek, PhD.

Diversity in the workplace

As much as we ensure to equally employ our talent, we still see a disproportionate number of women to men in our Group. As in most energy focused fields, this is currently the norm, where most positions held in this particular industry are typically occupied by men.

This is further represented in the rates experienced by our peers,[32] with roughly 27% and 18% of women in non-executive, and top and middle management respectively. In 2022, this was represented by a 21% and 18% breakdown within EPIF, with an overall approximate ratio of 4:1 of men to women within the Group. At EPIF, we continually encourage our female employees to take on leadership roles while supporting their personal and professional growth.

Compliance with internal and external policies

In our internal Equality, Diversity, and Inclusion Policy, we primarily highlight the fact that people are different, have different talents, abilities, and skills. In EP Infrastructure, we encourage having diversified teams, because we believe that diversification is a key to synergistic results and happiness in the workplace. We strongly fight discrimination, each of our existing or even potential employees is always evaluated based on their skills, creativity, ideas, and special individual talents. We also strongly condemn actions or discriminatory decisions based on age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, color, nationality, ethnic or national origin, religion or belief, sex, and sexual orientation.

In addition to our internal policy, we also comply with all principles of ILO convention No. 111 on discrimination and International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

Our initiatives and projects

Our current priority is to focus on encouraging more women to work in energy industry, therefore we came up with state-of the-art projects concerning mainly helping women with children to work and therefore actively develop their skills and full potential. In 2023, we will launch a new pilot project called EP kids, a kindergarten for the children of EPH Group employees. The kindergarten offers many activities. Children will regularly practice yoga, develop their senses with the help of aromatherapy and regular massages, they will be taught English daily, and thanks to many various assignments, their creative thinking and mindfulness will be encouraged. We believe that this project will help busy parents and especially women that did not have enough time to work because they were taking care of their beloved children. On top of that, as a part of the EP kids, regular suburban camps will be organized during the summer season.

32 Based on the analysis of 5 main comparable energy groups in Europe (based on 2021 report analyses).

Significant women of EPIF

We appreciate all women working for EP Infrastructure, whether they occupy the highest positions, middle management, or rank-and-file workers.

We highly value each woman that works for us, each one is unique and offers individual talents that together with everyone else create what EP Infrastructure is today. In order to reflect our gratitude, we have decided to publish in this year's sustainability report a personal vignette of three most significant women we are thrilled to have as a part of our entity.

Ms. Romana Zadrobílková

Ms. Zadrobílková is the first woman holding a position of executive director in the history of Elektrárny Opatovice, a significant heating plant operator in the Pardubice and Hradec Králové regions. Ms. Zadrobílková joined Elektrárny Opatovice as a lawyer while still studying at the Faculty of Law in Prague, after graduation she worked as the head of the entire legal department, after obtaining another degree at the Faculty of Economics and Administration at the University of Pardubice she gradually worked her way up to the position of Executive Director and member of the Board of Directors of Elektrárny Opatovice. Thanks to her competence and past experiences, she is therefore familiar with the day-to-day operation of the plant.

Ms. Rosa Maria Villalobos Rodriguez

Ms. Villalobos Rodriguez has been a member of the Supervisory Board since February 2017. Currently, Ms. Rodriguez leads the Macquarie Luxembourg office. She is, among other things, responsible for coordinating the strategy of the office, managing all Macquarie Luxembourg entities, and ensuring that Luxembourg entities comply with legal and tax requirements under Luxembourg company law. Among other worth mentioning duties of hers comprise responsibilities for managing specific transactions such as restructuring, refinancing and reorganization.

Ms. Hana Vojtová

Ms. Vojtová currently holds a position of managing director for Czech and Slovak renewable resources. She is an experienced manager with knowledge of the environment, therefore, we are honoured to have her onboard since the very beginning, when EPH was founded. Her responsibilities include ensuring seamless continuity of project initiation through development and operations, monitoring of legislative changes and environmental law.

Customer relationship management

We understand our leading role in the supply and distribution of power, gas, and heat. That is why we work hard to ensure that we reliably meet our customers' demands with quality products and services.

EPIF not only ensures compliance with regulatory standards, but we also aim to go beyond the imposed expectations. We do this by taking the time to understand our customers' demands and provide affordable access to basic services accordingly.

The Group is committed to regularly implementing and improving our products and services. Our goal is to be a business that can be a viable option for all.

Our contribution to the SDGs:

EPIF strives to ensure affordable access to modern energy, uphold sustainable consumption patterns and promote inclusive societies. This is accomplished through our continuous interactions with customers.

Customer and product approach

Energy is essential for a country's economic and social development, as well as for facilitating and enriching people's daily lives in the modern world. We have focused on the use of new technologies and developing projects specifically targeted towards creating shared value, so that we can provide access to basic services to all the communities which we operate in.

Even though our business is regulated by the state in which we operate, we always ensure to offer our customers reasonable prices. Notably, we offer better prices to vulnerable and disadvantaged customers in Slovakia as required by local legislation.

Communication

The companies in the Group have local Ethics Manuals or Codes of Conduct, which follow the *EPIF Group Code of Conduct* as a minimum. It contains processes regarding the expected ethical and transparent business conduct with our customers. Because we place such great importance on providing exceptional services, we have created clear and easily accessible communication channels for our customers.

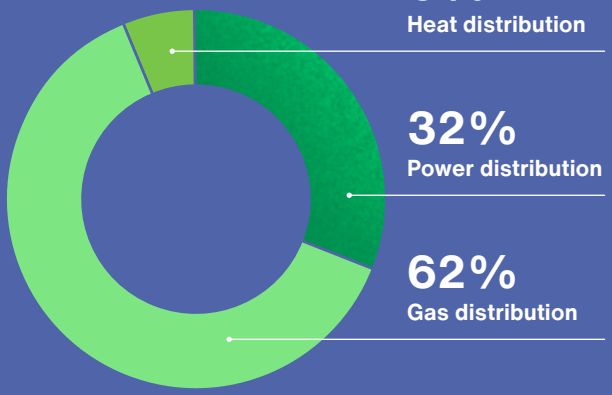
Access to basic services and responsible marketing

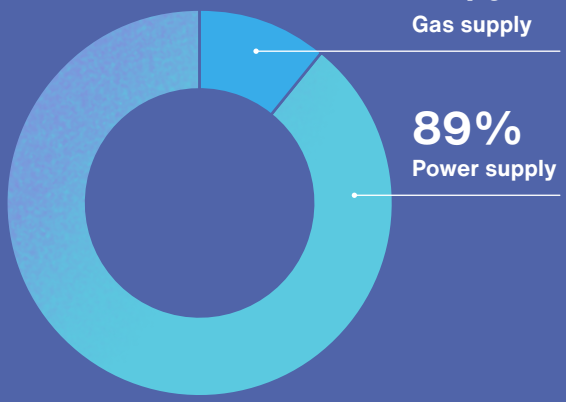
We take various measures to regularly update our customers on information relating to the safety risks associated with our products and services. As an example, our companies have hotlines in place where customers can call in case of emergencies. Additionally, our subsidiaries' websites are frequently updated with important and relevant customer information, such as planned outages. In the case of an emergency, the EPIF Group communicates quickly and transparently with all involved stakeholders and governmental bodies. Our emergency plans include an analysis of possible risks and are designed to incorporate best practices with regards to safety management.

2022 **Highlights**

Our customer service is not exclusively limited to the supply or distribution of our commodities (gas, power and heat). We understand that it is equally important to provide sustainable products along with energy savings in order to assist our customers in achieving their decarbonisation goals.

2022 scope of our customer relationships





2,458 thsnd.
Number of connection points

868 thsnd.
Number of customer accounts (supply)

Customer programmes are an effective way for the Group to strengthen its ties with surrounding communities. The positive response to these programmes reinforces EPIF's commitments to their further development and implementation.

Access to basic services

As operators of key infrastructure for transmission, storage and distribution of gas and distribution of electricity and heat, we are aware of our duty to ensure reliable supply of basic commodities, particularly in distribution segments, through which we deliver them to more than 2 million end consumers.

SPP - distribúcia

In our gas distribution business in Slovakia, SPP - distribúcia continues to connect new households or commercial customers every year, although Slovakia is already heavily gasified with 94% of the population having access to the gas distribution network. SPP-D also fulfils the duties of the Slovak national gas dispatching and is responsible for the physical balancing of the network.

Stredoslovenská distribučná

Through our subsidiary Stredoslovenská distribučná, we operate the 2nd largest electricity distribution network in Slovakia. Continuity of supply is ensured through a modern asset base where stable and relatively low SAIDI and SAIFI indices are achieved (key indicators measuring network reliability). As some end consumers may critically depend on continuous connection to electricity due to their illness or disability, SSE preferentially communicates with these consumers regarding potential interruptions.

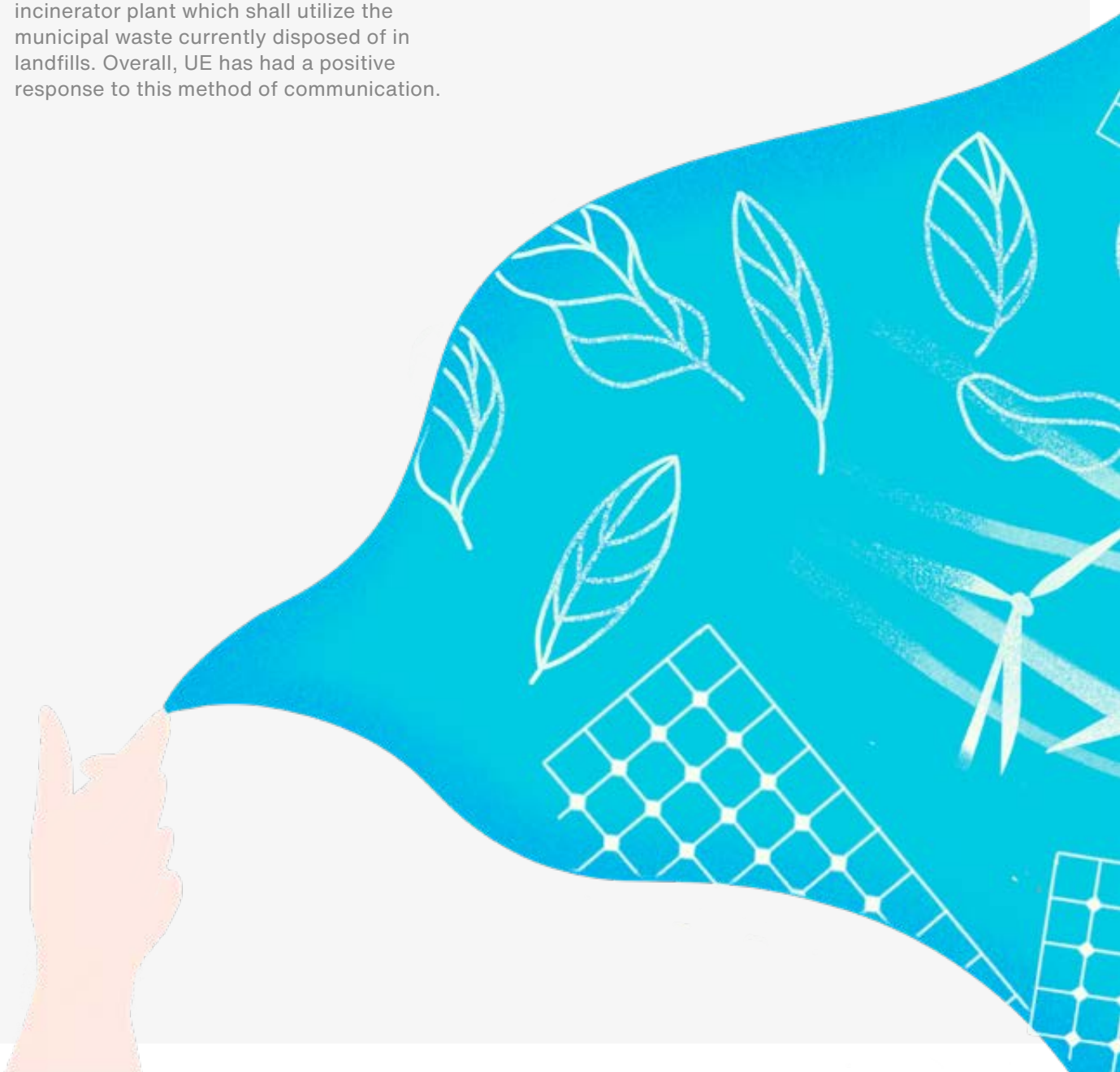
Responsible marketing

Through our subsidiaries EP Energy Trading and Stredoslovenská energetika, we supply electricity and gas to more than 800 thousand customers in Slovakia and the Czech Republic. We strongly refuse to engage in any aggressive sales techniques to enhance customer retention or acquire new customers. EPET is a signatory to the ANDE declaration[33] which obliges all its members to enable all their customers a smooth and prompt change of the energy supplier without unnecessary complications. In addition, as EPET is fully conscious of the customers' weak position in contract negotiations, it voluntarily imposes restrictions in respect of maximum contract length and prolongation periods. Similarly, SSE acts in line with its internal code of conduct, refusing any unethical behaviour as part of its customer acquisition process. As an example, SSE never consciously exposes a newly acquired customer to the risk of sanctions for preliminary termination of the contract with their existing energy supplier.

33 ANDE (2022). Deklarace o společném postupu v oblasti změny dodavatele. https://andecr.cz/deklarace/

Case Study
United Energy:
Communication with local communities

Through UE's corporate communications, which include social media and the publication of a magazine, we are in touch with our customers and the communities that surround our business operations. Recently, United Energy invested money, time, and effort into public relations. As a result, there was an increase in user awareness as it relates to heat and electricity supply. Additionally, this allows for communication surrounding planned and future green projects at our facilities, such as a waste incinerator plant which shall utilize the municipal waste currently disposed of in landfills. Overall, UE has had a positive response to this method of communication.



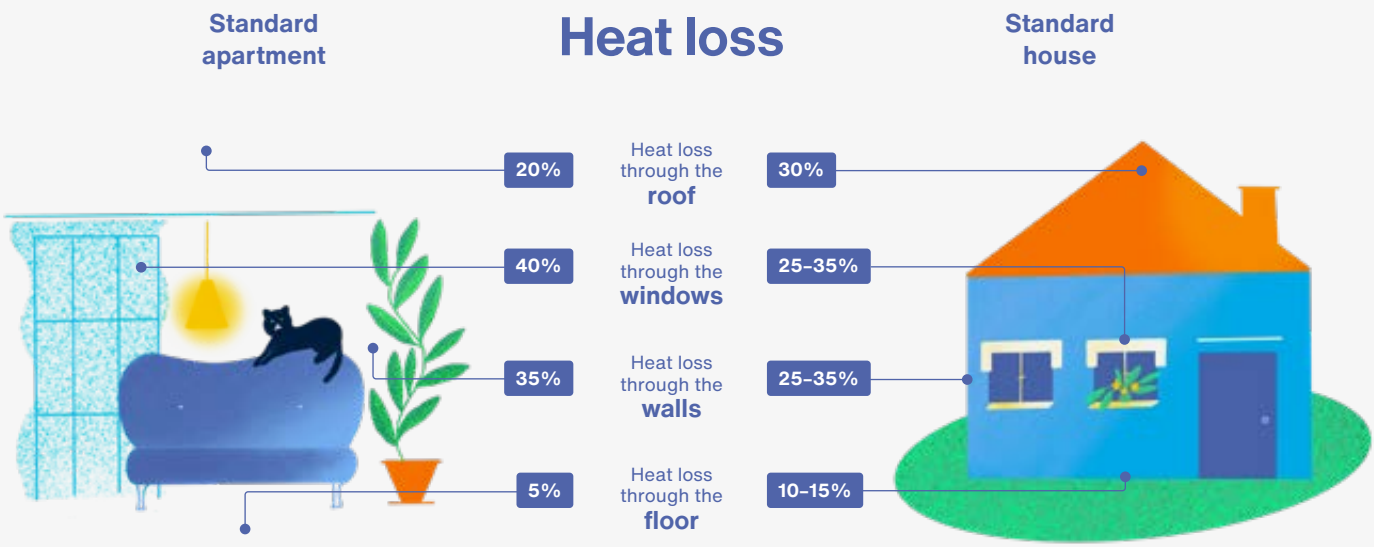
Case Study
Customer energy efficiency programmes

Stredoslovenská energetika

At Stredoslovenská energetika, we are dedicated to building our online communication through our *Hints and Tips* webpage. This page provides our customers and communities with energy efficiency and energy-related advice.

On our webpage, customers receive practical advice on how to reduce energy consumption quickly and effectively within their homes. They can also learn about other household energy tips, such as the most affordable rates for their homes, how much their electrical appliances consume and the difference between modern LEDs and classical incandescent bulbs.

SSE's online programme is enriched with SEO content series. They include various article topics, such as the advantages and disadvantages of electrical and gas hobs in Slovakian homes or methods on how to responsibly prepare for the heating season. Overall, we find that our customers show greater interest in renewable sources, along with tips on how to further reduce electricity and gas consumption.



Picture 5: Heat loss infographic for Stredoslovenská energetika.

In addition to further educating households in Slovakia about the path to practical and easy energy efficiency, Stredoslovenská energetika offers certified “green energy” to customers. This relates to electricity that is guaranteed to have been produced free from emissions and adverse environmental impacts, as it is sourced from renewable energy such as water, wind, solar or biomass.

By purchasing “green energy” from Stredoslovenská energetika, customers will:

1. make a significant contribution to protecting the environment,
2. contribute to reducing the negative impact on the global climate,
3. support the development of green power plants in Slovakia,
4. reduce CO_2 emissions by 81.9 kg[34] for each megawatt-hour of electricity,
5. create for themselves a green household, and
6. receive a certificate guaranteeing the origin of electricity from renewable sources.

Plzeňská teplárenská

At Plzeňská teplárenská, we continuously work on extending the portfolio of services we offer our customers.

We currently provide a monitoring service that collects data relating to energy consumption; it also serves as an alert system in the case of energy failures or accidents. This service allows customers to optimise their energy consumption and reduce energy costs.

As an example, this service is available in several buildings in the Pilsen region. At the end of 2021, energy consumption monitoring devices were installed in three more kindergartens in the city of Pilsen. The trial run for this project began in January 2022 and from February the project ran in full operation mode. In the first months of full operation, one of the devices detected that a large amount of cold water was leaking. Additionally, since 2018, we offer monitoring of energy consumption to schools that fall under the administration of the Pilsen region. In total, five subjects, representing 10 buildings, were equipped with these energy consumption monitoring devices.

The project “Monitoring of energy consumption in kindergartens” was awarded the Crystal Chimney prise by the Association for District Heating of the Czech Republic in 2019 during the District Heating and Energy Days.

34 Source: https://www.seas.sk/o-nas/zivotne-prostredie/ochrana-ovzdusia/emisie-co2/

Development of communities and social action

We recognise the opportunities associated with inclusive and strong community partnerships. Not only do they provide a platform on which we can support each other's growth, but it also aligns us in our efforts to achieving sustainable development.

EPIF is proactive in its community partnership efforts. As a significant contributor to the EP Corporate Group Foundation and EPH Foundation, we promote initiatives, such as grant and community partnership programmes.

It is important for us to be a valued member of the communities in which we operate. That is why we continuously seek to create and implement initiatives where we believe we can actively help communities grow and ultimately thrive.

Our contribution to the SDGs:

EPH works to support community development through social action and partnerships. These partnerships are important in being able to contribute to, and ultimately achieving, sustainable development.

Community development programmes and initiatives

As a key stakeholder, we believe it is important to support and develop the communities in which we operate. Because children are our future, we put greater emphasis on investing in resources that work towards educating our youth, especially with regards to energy efficiency.

EPH Foundation

The EPH Foundation is the main facilitator of all the Group's community activities, such as those relating to the support of local charities, social initiatives and community development programmes.

EP Corporate Group Foundation

The EP Corporate Group Foundation (EPCG) mainly focuses on helping individuals in difficult and unexpected life situations, especially ones they did not influence.

Response to 2022 global events

The Group has taken an active role in assisting Ukrainian refugees, as well as those remaining within the territory of Ukraine during the 2022 Russian invasion.

In Slovakia, the EPH Foundation concentrated its efforts on providing humanitarian aid to those in Slovakia and within the territory of Ukraine. This was mainly in the form of supplies, such as sleeping bags and food.

In the Czech Republic, the EP Corporate Group (EPCG) Foundation concentrated its efforts on refugees registered in the country, mainly by assisting with housing and professional requalifications to be able to enter the country's labour market. EPCG allocated approximately **CZK 38 million** to these efforts, with continued support through Czech non profit organisations.

Overall, EPH employees continue to contribute funds collected by EPCG to be able to increase the amount of assistance provided to people affected by the invasion.

2022 **Highlights**

In 2022, EPIF contributed to several social programmes and projects, where:

EPH Foundation distributed

€ 1.9 million

EP Corporate Group Foundation distributed

€ 4.0 million

In 2022, EPIF continued to support those impacted by the war in Ukraine, where:

EPH Foundation distributed € 92 thousand to help organisations deliver materials to aid those impacted by the war.

EP Corporate Group Foundation distributed approximately CZK 38 million to Ukrainian refugees who were not registered in the Czech Republic, where the Foundation overall aimed to improve refugee living conditions and integration into Czech society.

EPH employees contributed funds collected by EPCG to be able to increase the amount of assistance provided to people affected by the invasion in 2022.

EPH Foundation

The Slovak EPH Foundation was established in 2014 and has been actively involved in solving social issues since 2016. All projects and initiatives of the EPH Foundation are driven by mercy and understanding of disadvantaged people.

This mindset creates an enormous wave of solidarity towards those groups of people. The Foundation stands on solid fundamentals in a form of strict values, such as preserving traditions, natural and cultural heritage, promoting regional and community development, supporting education and innovations, sports, scientific development, human health and rights, environmental protection, and countless other humanitarian causes.

The EPH Foundation distributes help in the following main areas:

1. Education and innovation
2. Culture
3. Health and sport
4. Disadvantaged groups
5. Environment
6. Regional development

Nadácia EPH

In 2022, the EPH Foundation supported the following programmes:

Programme	Amount granted
Support point	€ 150,000
From life	€ 80,000
In my surroundings	€ 133,000
Individual aid for people in need	€ 389,000
Municipalities	€ 280,000
Ukraine	€ 92,000
Partnership projects	€ 746,000
Total	**€ 1,870,000**

Table 10: Amount granted by EPH Foundation.

Programme descriptions

Support point
(Oporný bod)

This programme is mainly aimed at supporting institutions to address COVID-19 related problems. Applicants for this support are either non-state children's homes, crisis centers, non-governmental organisations, civic associations, churches, or social assistance providers.

From life
(Zo života)

The grant programme "Zo života" mainly focuses on supporting organisations that provide hospice and palliative care in a way that fully facilitates someone's peaceful passing. Additional services are provide based on individual needs.

In my surroundings
(V mojom okolí)

In today's hectic times, it is crucial to stop for a while and do something good for our health; therefore, the EPH Foundation supports projects aimed at supporting healthy lifestyles, sport activities, relaxation, culture, and education. In 2022, several sport and relaxing facilities were built thanks to this project.

Individual aid for people in need

In 2022, through this programme, the EPH Foundation in cooperation with the Slovak catholic charity, supported people in need with direct material and food. This programme differs from the rest, as people who are supported do not gain any financial contribution. Instead, they are supported in the form of material or food.

The Foundation also helped economically disadvantaged families afford rehabilitation or psychological treatment and offers assistance to parents whose children have been diagnosed with terminal diseases.

Municipalities

As part of the programme, the EPH Foundation collaborated with Nafta a.s. and SPP – distribution a.s. to support public benefit activities in municipalities involved in strategic and energy projects in the country. The EPH Foundation aimed to express solidarity with the municipalities and their inhabitants by addressing daily challenges that were within their means.

Ukraine

The EPH Foundation supported organisations delivering material assistance to residents of Ukraine affected by the Russian military invasion, both to those who remained on Ukrainian territory and to those seeking refuge in other countries.

Partnership programmes

The EPH Foundation additionally cooperates with different partner organisations with similar visions, goals and focus. Because of these organisations, the EPH Foundation can support even more people and projects throughout Slovakia.

Partnership programmes

Project	Activities and project goals	Contribution
Patient advisory (Pacientske poradne)	Through this partnership programme, former cancer patients, who have experienced the disease and its treatment first-hand, volunteer to provide support to current patients and their loved ones. As a result, patients are provided with valuable advice, as well as useful and practical information. This, for example, includes preparation for coping with the treatment and information on entitlements to social and medical compensation. Above all, patients are provided with psychological support and encouragement.	€ 20,000
With aid we can manage at home (S pomôckami to zvládneme doma)	This project aims to improve the quality of life for elderly people who want to stay at home, rather than in a retirement home. This is supported through the purchase of healthcare equipment.	€ 5,000
The biggest wish of dying – we finally want to go home (Najväčšie želanie umierajúcich – chcem už ísť domov)	This project enables children, who have tried all hospital-based treatment options, to be hospitalised at home. Parents can use the services of a children's mobile hospice, where a team regularly visits children in their home environment, so that they may receive 24-hour palliative care, 7 days a week.	€ 5,000
Learning in the nature (Učíme v prírode)	This project is aimed at building classrooms that will be used for experiential learning. Gradually, the open space where students learn is being transformed. Students learn how to sort waste, grow plants, approach mathematics with practical examples, as well as other subjects. Students may also use the space to focus on hobbies that are independent from the classroom.	€ 2,000

Table 11: Additional information on a few selected partnership programme projects in 2021.

EP Corporate Group Foundation

In life, we are sometimes faced with situations and challenges that can very rarely be overcome without help. Based on this concept, the EP Corporate Group Foundation started operating at the end of 2021, where resources are utilised to the extent possible to help those who need it.

The main motive for the Foundation is to help those who find themselves in difficult life situations, especially when they had no influence on the outcomes. They approached life responsibly but were nevertheless met with a lot of unpredictable challenges and life pressures. We believe that without help, these individuals could be met with more distress and damaging life situations.

EP Corporate Group Foundation is founded on two main pillars:

1. support for families with children that lost one or both parents, and
2. help for the elderly, especially those living on their own.

While in the first pillar we aim to implement aid primarily with our own resources, in the second pillar, we are indirectly delivering support through partner non-profit organisations who provide direct care for the elderly in need. In addition to these two main pillars, the Foundation has two more pillars of support:

1. providing aid in emergency situations, and
2. advocating for the above-mentioned target groups.

Nadace
EP Corporate Group

4 pillars of support under the EP Corporate Group Foundation:

Supporting families after the loss of one or both parents

Supporting elderly people in need

Providing aid in emergency situations

e.g. natural disasters or situations causing negative impact on the Czech society

Advocating for the above-mentioned target groups

Successful and current projects

Initiative called “We can do it” (To zvládneme)

As a part of the “We Can Do It” grant, the Board of Directors of the EP Corporate Group Foundation approved a total financial contribution of EUR 1.4 million, which will support 53 families. This initiative is intended to help families who have lost at least 40% of their family income due to the loss of a beloved family member. The EP Corporate Group Foundation will financially support these families for two years.

Initiative called “Home is home” (Doma je doma)

The Board of Directors of the EP Corporate Group Foundation decided to support 28 non-profit organisations who provide care for the elderly in difficult life situations. The Board approved a total financial contribution of EUR 1 million for these organisations.

The Foundation supports organisations that offer various care services to seniors. The granted resources will primarily be spent on the purchase of compensatory aid (e.g. wheelchairs, reclining beds, and walkers). Furthermore, the funds will be used to support the expansion of available and offered services, which will lead to the creation of several new jobs or the preservation of jobs, including personal assistants, care givers, social workers, psychotherapists, and occupational therapists.

Initiative called “Public Consulting Centres in Mobile Hospices” (Veřejné poradny pro pozůstalé rodiny v mobilních hospicích)

The Board of Directors of the EP Corporate Group Foundation approved a total financial contribution of EUR 145 thousand for 13 mobile hospices. Public Consulting Centres in these mobile hospices will provide psychosocial care to families that were affected by the expected or sudden death of one or both parents.

Providing aid to Ukrainian refugees

Throughout 2022, the EP Corporate Group Foundation distributed nearly EUR 1.6 million to help Ukrainian refugees. This aid was provided through 29 organisations that provide direct and indirect assistance to refugees. The aid was primarily aimed to support the stability of housing, childcare, teaching the Czech language, and integrating refugees into the Czech labour market so that they can live a full-fledged life independent of state benefits.

Additionally, one of the Group’s companies, EP Properties, was involved in helping refugees by promptly reconstructing and fully equipping units in Prague’s Holešovice district. These were offered to Ukrainian families for minimal rent, for which the EP Corporate Group Foundation provided support. Applicants for financial aid could also apply to cover basic necessities, such as food and medicine. The Foundation distributed a total of EUR 62 thousand to 23 families.

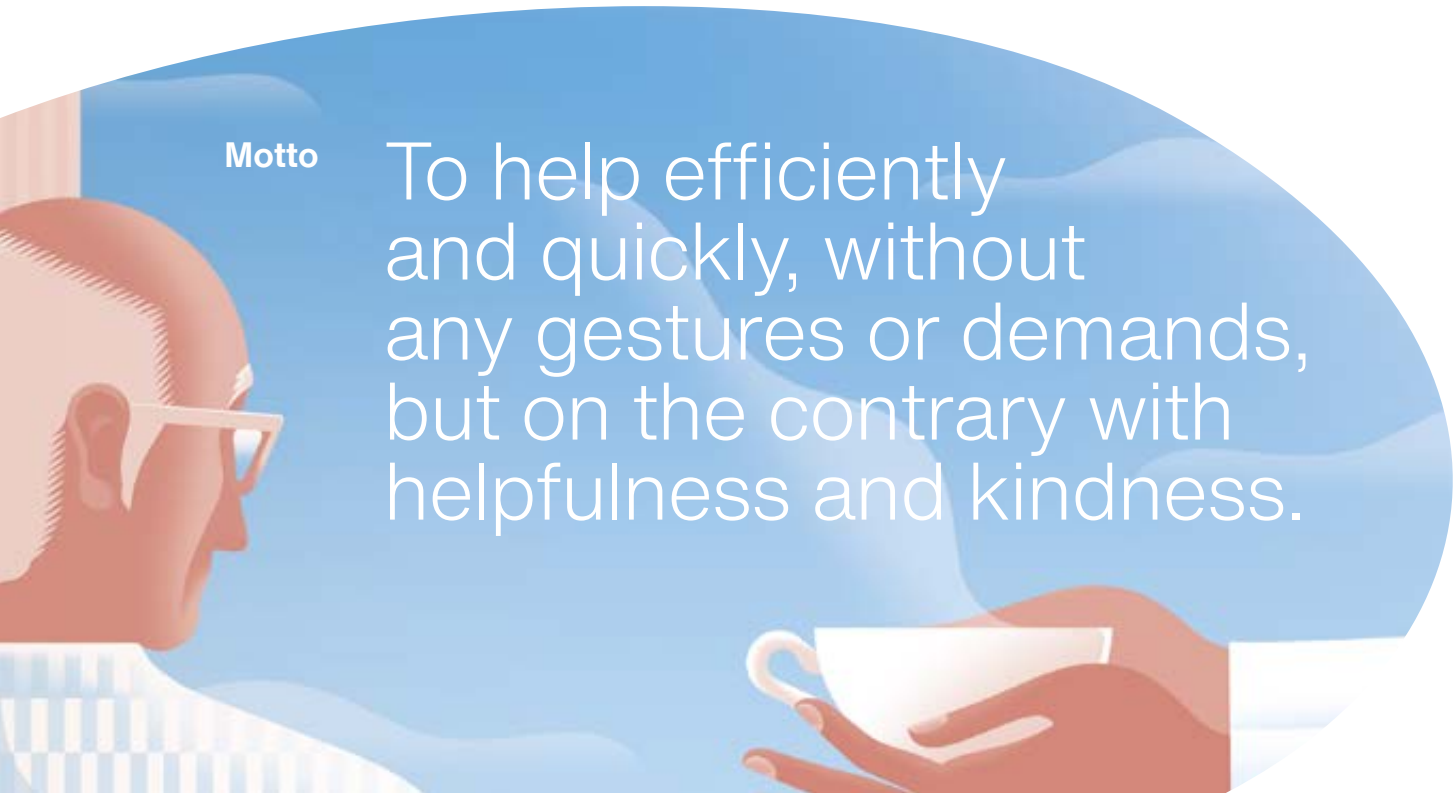
Support for the Group’s staff helping Ukrainian refugees

In addition to the already mentioned aid provided to Ukrainian refugees, the Foundation supported EPH staff who volunteered to accommodate war refugees. The support was in the form of reimbursement for part of the subsequent accommodation costs, where the Board of Directors of the EP Corporate Group Foundation approved a total financial contribution of EUR 17 thousand for 7 employees.

Pillars of support	Programme	Amount granted (EUR million)
Families after losing one or both parents	We can do it “To zvládneme”	1.4
	Public consultations	0.1
Elderly people in need	Home is home “Doma je doma”	1.0
Board of Trustees Emergency Fund	Alley cropping	1.4
	EP Real Estate	0.1
	Sum of all programmes	**EUR 4.0 million**[35]

Table 12: Amount granted by EP Corporate Group Foundation.

35 The figure represents total proceeds allocated to projects during 2022. The actual disbursements to the recipients might have been realized later during 2023.

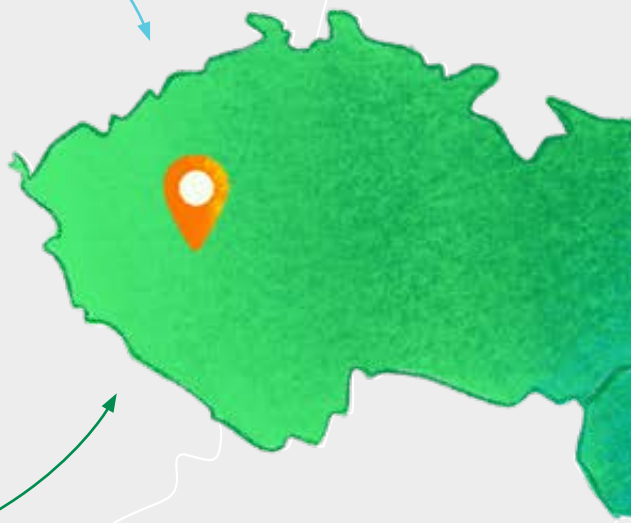


Case Study
Community development programmes and initiatives

Public waste-to-energy plant tours

At Plzeňská teplárenská, we organise regular excursions for schools and the general public. These excursions are accompanied by educational programmes (additionally made available in English).

The educational programme is aimed at highlighting **waste as an important secondary source for heat and power production**, with a potential to save primary non-renewable sources.



Green City of Pilsen

The project “Green city” aims to improve the quality of life for Pilsen residents. Goals of the project are to have clean air, **clean water, green transport, responsible and environmentally friendly waste management, and a greener city centre**.

This intention united **7 entities**: the city of Pilsen, Pilsen region, company Plzeňské městské dopravní podniky a. s., company Vodárna Plzeň, a.s., company **Plzeňská teplárenská, a.s.**, company Škoda Transportion, a.s., and company Plzeňský Prazdroj, a.s. All these entities strive to minimise their impact on the environment, while supporting environmental protection.

The ambition of the association is not only to open the discussion about this topic, but to also expand the association with other entities that could further help **implement the measures for meeting the Green City goals**.

Picture 6: Community programmes and initiatives within the Group.

Educating our youth on energy efficiency

The SSE education programme has established itself as one of Slovakia's most influential energy-related educational activities. The energy efficiency education contest, which is further raising awareness among young professionals about energy efficiency, reaches an average of **100 schools a year**. We have found that this has increased the interest in sustainable energy practices among thousands of young students in Slovakia.

Assurance

KPMG Česká republika Audit, s.r.o.
Pobřežní 648/1a
186 00 Praha 8
Česká republika
+420 222 123 111
www.kpmg.cz

Independent Limited Assurance Report to EP Infrastructure, a.s. on Specified Indicators

To: Management Board of EP Infrastructure, a.s.

We were engaged by EP Infrastructure, a.s. ("the Company") to report on selected quantitative disclosures for the Company and its subsidiaries ("the Group"), defined below as "Specified Indicators", as included in the Group's sustainability report for the year ended 31 December 2022 ("the Report"), in the form of an independent limited assurance conclusion that based on our work performed and evidence obtained, nothing has come to our attention that causes us to believe that the Specified Indicators, are not properly prepared, in all material respects, in accordance with the GRI Sustainability Reporting Standards: GRI standard 305-1 and 305-2 ("the Reporting Criteria"). The Specified Indicators subject to this limited assurance engagement are marked with star ("*") in the Report.

Responsibilities of the Company's Management Board

The Company's Management Board is responsible for preparing the Specified Indicators within the Report that are free from material misstatement in accordance with the Reporting Criteria and for the information contained therein.

The responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of the Report and the Specified Indicators therein that are free from material misstatement, whether due to fraud or error. It also includes selecting the Reporting Criteria, selecting and applying appropriate methods, policies and procedures in the preparation of the Report and the Specified Indicators, the use of assumptions and estimates for individual sustainability disclosures, which are reasonable under the circumstances, and maintaining adequate records in relation to the Report and the Specified Indicators.

The Management Board is also responsible for preventing and detecting fraud and for identifying and ensuring that the Group complies with laws and regulations applicable to its activities. The Management Board is responsible for ensuring that the Group's staff involved with the preparation of the Report and the Specified Indicators are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units/ operational sites.

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Our Responsibilities

Our responsibility is to examine the Group's Specified Indicators and to report thereon in the form of an independent limited assurance conclusion based on the procedures we have performed and the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' and International Standard on Assurance Engagements 3410 ´Assurance engagements on Greenhouse Gas Statements´, issued by the International Auditing and Assurance Standards Board. Those standards require that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Specified Indicators are prepared in accordance with Reporting Criteria, in all material respects, as the basis for our limited assurance conclusion.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The procedures selected depend on our understanding of the Specified Indicators and underlying subject matter, and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In obtaining an understanding of the Specified Indicators and underlying subject matter, and other engagement circumstances, we have considered the process used to prepare the Report and the Specified Indicators, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of Group's process or internal control over the preparation of the Report and the Specified Indicators.

Our engagement also included: assessing the appropriateness of the Specified Indicators, the suitability of the criteria used by the Group in preparing the Specified Indicators in the circumstances of the engagement, evaluating the appropriateness of the methods, policies and procedures used in the preparation of the Specified Indicators and the reasonableness of estimates made by the Group.

Appendix 1 to this Independent Limited Assurance Report provides a more comprehensive list of selected procedures performed within the scope of our engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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Criteria

The criteria against which the Specified Indicators were evaluated are included in the GRI Sustainability Reporting Standards: GRI standard 305-1 and 305-2.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Specified Indicators enumerated below are not properly prepared, in all material respects, based on the Reporting Criteria:

- Direct GHG Emissions (Scope 1) - CO2 emissions based on GRI standard 305-1 Direct (Scope 1) GHG emissions, on page 72, 214, 215 and 216 of the Report,
- Direct GHG Emissions (Scope 1) - Methane emissions based on GRI standard 305-1 Direct (Scope 1) GHG emissions, on page 30, 72, 214 and 215 of the Report,
- Indirect GHG Emissions (Scope 2) - CO2 emissions based on GRI standard 305-2 Energy indirect (Scope 2) GHG emissions, on page 69 and 217 of the Report,

We have read the other information included in the Report that contains Specified Indicators and our independent limited assurance report thereon. We did not identify any material inconsistencies in this information with the Specified Indicators.

In accordance with the terms of our engagement, this independent limited assurance report has been prepared so that we might report to the Company and for no other purpose or in any other context.

Restriction of Use of Our Report

This report is issued solely in connection with and to accompany the Group's Sustainability Report for the year ended 31 December 2022. As such, it should not be used for any other purpose or in any other context.

Prague
21 June 2023

KPMG Česká republika Audit, s.r.o.
Registration number 71

Pavel Kliment
Partner
Registration number 2145

KPMG

Appendix 1

Within the scope of our engagement, we also performed, amongst others, the following procedures:

- A risk analysis, including a media search, to identify information relevant to the Specified Indicators in the reporting period.
- Through inquiries of the Specified Indicators owners and other relevant Group personnel, obtaining understanding of the Group's control environment and information systems relevant to the Specified Indicators quantification and reporting. This did not cover evaluating the design and implementation of specific control activities or testing their operating effectiveness.
- Evaluation of whether Group's methods for developing estimates are appropriate and had been consistently applied. Our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Group's estimates.
- Evaluation of selected internal (internal system reports, measuring protocols etc.) and external documentation (assurance report from the technical audits) relevant for the Specified Indicators and the scope of the engagement.
- Analytical evaluation of data and trends of Specified Indicators reported by all sites.
- Visits at six sites in the Czech Republic and Slovakia to assess the completeness of the emissions sources, data collection methods, source data and relevant assumptions applicable to the sites. The selection of the sites to be visited considered their share in total emissions, emissions sources and risks. Our procedures did not include testing information systems to collect and aggregate facility data, or the controls at these sites.
- Assessment of the overall presentation of the Specified Indicators disclosures.

KPMG Česká republika Audit, s.r.o.
Pobřežní 648/1a
186 00 Praha 8
Česká republika
+420 222 123 111
www.kpmg.cz

Agreed-Upon Procedures Report

Board of Directors
EP Infrastructure, a.s.
Pařížská 130/26, 110 00
IC: 02 413 507
Prague 1

Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution

Based on the engagement letter dated 16 November 2022 we have been engaged to perform agreed upon procedures relating to below defined indicators included in the EP Infrastructure, a.s. group sustainability report for the year 2022 (hereinafter "the Report") to assist Board of Directors in indicators testing. Our engagement with EP Infrastructure, a.s. (hereinafter "the Company", or in aggregate with its subsidiaries referred as "the Group") was conducted in accordance with the International Standards on Related Services applicable to agreed-upon procedures engagements ISRS 4400.

Our procedures were limited in nature and scope to those defined by you as those are most fitting to your current information needs, and as such may not necessarily identify all significant matters relating to the Company or detect any errors or deviations from the norm in the supporting materials.

Our report is solely for the purpose set forth in the first paragraph of this report. Our report is not to be used for any other purpose or to be distributed to any other parties except for inclusion in the sustainability report for the year 2022 of the Company. This report relates only to Specified Indicators defined above and does not extend to any financial statements of the Company.

Responsibilities of the Engaging Party

The Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Company is responsible for the subject matter on which the agreed-upon procedures are performed.

The sufficiency of the procedures is solely the responsibility of the Company Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which our report is being prepared or for any other purpose.

Responsibility for the sufficiency of the performed procedures rests exclusively with the recipients of this report. The procedures that we have carried out are designed to satisfy the Company's information needs.

Practitioner's Responsibilities and Professional Ethics and Quality Control

Our engagement to apply agreed-upon procedures has been performed in accordance with the International Standard on Related Services (ISRS) 4400 – Engagements to Perform Agreed-Upon Procedures Regarding Financial Information as well as with the Code of Ethics for Professional Accountants issued the International Ethics Standards Board for Accountants.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on financial statements of the Company.

Had we performed additional procedures or had we performed an audit or review of the Company's statutory financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Procedures and Findings

Procedures:

We understand that you required us to carry out the procedures on below specified indicators for Czech Republic and Slovakia or at group combined basis (further "Specified Indicators" marked with ("**") in the Report):

- Total Energy consumption based on GRI standard 302-1, on page 213 of the Report,
- Total Quantity of water withdrawal based on GRI standard 303-3, on page 219 of the Report,
- Total Quantity of water discharged based on GRI standard 303-4, on page 220 of the Report,
- Total Registered injuries – Employees based on GRI standard 403-9 on page 225 of the Report.

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Our procedures are defined as follows:

1. Recalculation of Specified Indicators as included in Group support source data file (test of mathematical accuracy of the data collected from individual entities and summarized in the Report).

2. Comparison of the methodology used for calculating the Specified Indicators presented in the Report to relevant guidance of GRI Sustainability Reporting Standards as defined for such indicators including the GRI Sustainability Reporting Standards limitations stated in the Report on page 192 and 193.

3. On sample basis, defined at minimum one company from Czech Republic and Slovakia, compare that data provided by individual companies of the Group were properly transferred to the Group support source data file and compare the values reported by the companies to the underlying documentation.

4. For economic and financial data that consist of Total Sales and Income tax paid as of 31 December 2022 and for the year then ended as presented on the pages 1, 58 and 176 in the Report, marked with ("**") (hereinafter "Selected Financial data") reconcile to the Company's consolidated financial statements as of 31 December 2022 that form part of the Company's 2022 Annual Report.

Findings:

1. We recalculated data for the Specified Indicators. Calculation was provided to us by the Company in the form of Group support source data file. We recalculated amounts included in the file and then traced the amounts of Specified Indicators from Group support source data file to respected pages of the Report.

   We did not note any differences.

2. We compared the methodology used by the Group for calculation of Specified Indicators to relevant paragraph of GRI Sustainability Reporting Standards methodology including the limitations disclosed in the Report on page 192 and 193. The Group methodology is defined in the calculation questionnaire. Calculation questionnaire is provided to all companies of the Group.

   The methodology used by the Group for calculation of Specified Indicators, as included in the calculation questionnaire, is in line with the definitions of GRI Sustainability Reporting Standards No. 302 -1, 303 – 3, 303 -4, 403 – 9, including disclosed limitations in the Report on page 193.

3. Based on the table "EPIF reporting scope entities" included in the Report on the pages no. 193 and 194 and minimum scope requirement as described above, the following entities were selected for the testing: Eustream, a.s. (Slovakia), Elektrárny Opatovice, a.s. (Czech Republic) and Plzeňská teplárenská a.s. (Czech Republic) hereinafter "the Entities".

We compared data reported by the Entities to the Group in respect of Specified Indicators to the Group support source data file. We did not note any differences.

We compared data relevant to Specified Indicators as reported in questionnaires prepared by the Entities to the relevant supporting documentation available at the Entities. Relevant supporting documentation included protocols or minutes from measuring signed by relevant persons responsible for the measuring, invoices from energy or water supplier, details from HR system and reports from internal systems.

We did not note any differences.

4. We reconciled Selected Financial data presented in the Report to Company`s consolidated financial statements as of 31 December 2022, as included in the 2022 Annual report, with no difference noted expect effect of rounding, if applicable.

Prague, 21 June 2023

KPMG Česká republika Audit, s.r.o.

EU Taxonomy assessment

EU Taxonomy assessment

In July 2020, the European Commission adopted the Taxonomy Regulation ("EU Taxonomy" or "Regulation"), a classification system establishing a list of environmentally sustainable economic activities which is supposed to direct investments towards sustainable projects. The EU Taxonomy establishes six environmental objectives:

1. **Climate change mitigation**
2. **Climate change adaptation**
3. **The sustainable use and protection of water and marine resources**
4. **The transition to a circular economy**
5. **Pollution prevention and control**
6. **The protection and restoration of biodiversity and ecosystems**

The list with individual environmentally sustainable activities including detailed technical screening criteria was subsequently published in the first Climate Delegated Act and is applicable from January 2022. Decision on classification of gas and nuclear power and heat generation was postponed until March 2022, when the Complementary Climate Delegated Act was adopted by the European Commission, giving gas and nuclear generation a status of transitional activities. The complementary delegated act applies from January 2023 and is expected to accelerate the shift from emission-intensive fossil fuels.

The EU Taxonomy requires companies to disclose share of their turnover, operating expenditures ("Opex") and capital expenditures ("Capex") which are associated with environmentally sustainable activities as defined in the EU Taxonomy and the delegated acts. The disclosure for the previous financial year 2021 was simplified and only included an assessment of taxonomy eligibility, a criterium which is fulfilled if the activity is listed and described in the delegated acts irrespective of whether that economic activity meets any or all the technical screening criteria laid down in those delegated acts. For the financial year 2022, companies are required to perform an assessment of the full taxonomy alignment, which is fulfilled only when the activity meets all substantial contribution criteria, all do no significant harm ("DNSH") criteria and complies with the minimum social safeguards stated in article 18 in the Regulation.

EPIF fully supports the goals of the EU Taxonomy which provides definitions which economic activities can be considered as environmentally sustainable and protect private investors from greenwashing. The increased clarity shall enable private sector to direct investments to sectors with largest contribution to sustainable development.

Application by EPIF

In its first disclosure for the financial year 2021, EPIF used the option to report only on the taxonomy-eligibility and not on the taxonomy-alignment of its economic activities. For the 2022 disclosure, as required by the EU Taxonomy, EPIF has performed a full assessment of the taxonomy-alignment of its activities. As a first step, taxonomy-eligible economic activities were identified across the EPIF Group, based on their inclusion in the delegated acts. The second step included an assessment if any portion of the activity contributes to any of the two environmental objectives which are currently described by the EU Taxonomy – climate change mitigation and climate change adaptation. For this purpose, the substantial contribution criteria in the Annex 1 and Annex 2 of the delegated acts were assessed. The third step was to ensure that the activity does no significant harm to other environmental objectives based on assessment of the DNSH criteria. The last step was to assess compliance of the activity with minimum safeguards. Assessment of compliance with minimum safeguards has been performed for all activities at once as EPIF Group standards are implemented across the entire Group.

The following economic activities were identified by EPIF as taxonomy-eligible and subsequently assessed for taxonomy-alignment:

Activity code	Taxonomy-eligible activity
4.1	Electricity generation using solar photovoltaic technology
4.3	Electricity generation from wind power
4.5	Electricity generation from hydropower
4.9	Transmission and distribution of electricity
4.14	Transmission and distribution networks for renewable and low-carbon gases
4.15	District heating/cooling distribution
4.20	Cogeneration of heat/cool and power from bioenergy
6.2	Freight rail transport

It should be noted that EPIF is not involved in producing heat or power from natural gas at present. However, EPIF has initiated projects to convert its lignite heating plants to gas-fired units, with capital expenditures set to begin in 2023. As a result, the activity 4.30 "*High-efficiency co-generation of heat/cool and power from fossil gaseous fuels*" will be evaluated as part of the assessment for the financial year 2023.

Minimum safeguards

The EU Taxonomy includes a set of minimum safeguards, providing guidelines to ensure that companies classifying their activities as sustainable and taxonomy-aligned meet certain standards related to human rights, bribery, corruption, taxation, and fair competition. The standards serve as a protection layer to prevent companies engaged in green investments from being viewed as sustainable if they violate human rights or are involved in corruption practices or other unethical conduct. EPIF has policies and procedures in place across the Group to ensure that high ethical standards are maintained, and no corruption or inappropriate behaviour of any sort is tolerated. In April 2021, after recognising the need to formalize our ESG efforts in a comprehensive set of policies, the scope of polices was extended to cover areas such as asset integrity management, cybersecurity, workforce diversity, whistleblowing, or biodiversity. The underlying principles in EPIF policies are built upon the Ten Principles of the United Nations Global Compact or eight fundamental Conventions of the International Labour Organization. In 2022, EPIF completed implementation of the Group policies across all subsidiaries. The policies are publicly available on EPIF website https://www.epinfrastructure.cz/en/esg/. There have been no instances of breaches of any of the defined standards based on regular communication and reporting from EPIF subsidiaries. EPIF ensures that principles embedded in our policies are regularly shared with employees across the Group. Therefore, EPIF believes that its activities comply with the minimum safeguards. When assessing eligible activities, we have agreed that all activities meeting the DNSH criteria fulfil also minimum safeguards.

4.1. Electricity generation using solar photovoltaic technology; 4.3. Electricity generation from wind power; and 4.5. Electricity generation from hydropower

EPIF operates a relatively limited portfolio of renewable generation sources in the Czech Republic and Slovakia with total installed capacity of 24 MWe. They comprise solar parks, a wind farm, and run-of-the-river hydroelectric plants. Full revenues, Opex and Capex related to these activities were further considered for taxonomy alignment as these activities correspond with definitions in the substantial contribution criteria, specifically "*The activity generates electricity using solar PV technology*", "*The activity generates electricity from wind power*", and "*The electricity generation facility is a run-of-river plant and does not have an artificial reservoir*".

Application by EPIF

The operations of renewable generation sources have been assessed in respect of the following do no significant harm ("DNSH") criteria:

- **Climate change adaptation** – All renewable generation facilities are considered as being at low risk of direct damage from more extreme weather events resulting from the climate change.
- **Water** – None of the facilities have been identified in breach of any of the provisions of the criteria.
- **Circular economy** – The photovoltaic and wind facilities use components with standard durability and recyclability properties commercially available on the market.
- **Biodiversity** – None of the facilities have been identified to be located near biodiversity-sensitive areas.

As a result of the assessment above, the full revenues, Opex and Capex reported by renewable generation sources were classified as taxonomy-aligned.

4.9. Transmission and distribution of electricity

EPIF operates the electricity distribution network in central Slovakia via its subsidiary Stredoslovenská distribučná a.s. ("SSD"). This activity is associated with NACE code D35.13 (Distribution of electricity). In line with the treatment in the previous financial year 2021, the full revenues, Opex and Capex reported from this activity were classified as taxonomy-eligible as the activity falls within the eligibility criteria in Annex I, specifically "*Construction and operation of distribution systems that transport electricity on high-voltage, medium-voltage and low-voltage distribution systems*".

Operation of SSD's electricity distribution network was further considered for taxonomy alignment as it meets one of the three criteria in Annex I, specifically "*the system is the interconnected European system, i.e., the interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems*". The sustainability aspect of this operation is further supported by the significant presence of low-carbon sources connected to the network. Over the past five years, 88% of the newly connected capacity have been renewable energy sources, such as solar and hydroelectric facilities. The remaining connected technologies mainly consist of gas-fired plants. By facilitating the expansion of renewable power generation sources, SSD plays a vital role in helping the EU achieve its decarbonization goals. In addition, the overall emission intensity of the power generation sources in Slovakia (113 kg/MWh in 2021) is significantly below the average intensity of the EU countries (275 kg/MWh in 2021). The fuel mix in Slovakia is dominated by nuclear plants and run-of-the-river hydroelectric power stations. Share of emission-free electricity is expected to further increase after announced closures of remaining coal power plants by 2023.

The activity of SSD has been assessed in respect of the following do no significant harm ("DNSH") criteria:

- **Climate change adaptation** – SSD recognises the potential adverse impacts of more extreme weather events (storms, winds, wildfires) induced by changing climate on its infrastructure. SSD performs regular monitoring of adjacent areas to identify potential risks, mainly in forest areas. SSD identifies the most vulnerable locations where it preferentially replaces overhead lines with underground cables. When expanding the network into new areas, resilience to weather impacts is a primary factor considered and the technical solution is designed accordingly.
- **Circular economy** – SSD adheres to the laws and regulations in Slovakia which are harmonized with EU regulation. SSD has dedicated internal guidelines in place on treatment of hazardous and non-hazardous waste. The produced waste results largely from maintenance and reconstruction works at the distribution network which is vital to ensure reliable operation and security of supply. It includes construction waste (concrete, soil), ferrous and non-ferrous metals, and hazardous waste such as electrical waste or oil-polluted parts. In line with internal directives, SSD always follows the waste hierarchy, preferring recycling over landfilling where it is safe and possible. In 2022, 81% of the non-hazardous waste produced by SSD was recycled. Disposal of hazardous waste is performed through certified third parties.
- **Pollution prevention** – Robustness of environmental protection is demonstrated by the environmental management system ("EMS") which is certified to ISO 14001. The EMS is subject to annual external audit, where no misalignment of SSD's system with ISO 14001 has been identified to date. SSD's internal policies are also aligned with EPIF group-wide Environmental Policy. In line with the EU regulation, SSD has replaced all technology which was contaminated with polychlorinated biphenyls ("PCBs") which were widely used within the industry as coolants in electrical equipment.

- **Biodiversity** – The distribution network operated by SSD might pose a danger for wildlife, especially birds as the network cannot entirely avoid areas with higher prevalence of vulnerable species. In cooperation with the State Nature Conservation of the Slovak Republic, SSD regularly takes part in activities that help assess and prevent serious bird injuries that often occur along distribution networks. As a result, SSD installed protective and diverting elements to reduce exposure to high-voltage power lines. Additionally, in cooperation with both the nature conservation and municipal authorities, SSD was able to relocate stork nests within our distribution network to areas within southern Slovakia. As an unofficial partner of the LIFE Energy project, SSD took part in the installation of 154 pieces of diverters throughout the protected bird area of Poiplie, spanning a length of five kilometres. In 2021, the LIFE Energy project won the LIFE Award within the nature protection project category, where the awards recognise projects that are innovative and inspirational in life.

As a result of the assessment above, the full revenues and Opex reported by SSD were classified as taxonomy-aligned. In respect of Capex, the EU Taxonomy does not allow the investments in non-smart metering equipment to be treated as taxonomy-aligned. This Capex portion was therefore classified as non-aligned.

4.14. Transmission and distribution networks for renewable and low-carbon gases

EPIF operates critical gas transit and distribution infrastructure in Slovakia via its subsidiaries eustream, a.s. ("EUS") and SPP - distribúcia, a.s. ("SPPD"). These activities are primarily associated with NACE codes D35.22 (Distribution of gaseous fuels through mains) or H49.50 (Transport via pipeline). Based on the NACE codes, the full turnover, Opex and Capex reported from these activities was classified as Taxonomy-eligible. The infrastructure operated by EUS and SPPD is well positioned to accommodate renewable and low-carbon gases once these are deployed on a commercial scale. Similar to electricity grids which are not dedicated to power produced from a particular source, the gas networks can already accommodate biomethane or synthetic methane, i.e. gases with the same characteristics as natural gas. EUS and SPPD have already commenced number of projects to assess the readiness of its gas infrastructure for large scale transit and distribution of hydrogen.

According to EU Regulation on renewable and natural gases and hydrogen, all gas transmission system operators will be required to accept gas flows with a hydrogen content of up to 2% by volume at interconnection points between Union Member States. Eustream aims to be ready for 5% hydrogen blend in the second half of 2025. The adjustments should primarily consist of replacing the metering equipment and other network components. Eustream's pipeline system is well positioned for transit of pure hydrogen as it consists of four to five parallel pipelines, making it suitable for potential simultaneous transport of natural gas and pure hydrogen in a dedicated line in the future.

SPPD successfully completed a pilot project in 2022 where it blended 10% of hydrogen into the gas distribution network in a small village in Slovakia and tested interaction of the networks as well as appliances at households and commercial customers (boilers, cookers). The network of SPPD is relatively modern and a high share of polyethylene pipes (57% of local networks) with superior permeability characteristics makes the network ideally positioned to accommodate hydrogen in the future.

Despite numerous projects and initiatives in the hydrogen area at eustream and SPPD, the revenues and Opex of both entities were classified as taxonomy-non-aligned. This will be reconsidered once necessary adjustments to the networks have been made including successful testing of increased blends of hydrogen with natural gas.

In respect of Capex, we have quantified investments which make the networks ready for future accommodation of hydrogen and which comply with the substantial contribution criteria, specifically "*retrofit of gas transmission and distribution networks that enables the integration of hydrogen and other low-carbon gases in the network, including any gas transmission or distribution network activity that enables the increase of the blend of hydrogen or other low carbon gasses in the gas system*". In case of SPPD, all newly laid pipelines at local networks are made of polyethylene which is proven to be compatible with 100% hydrogen. In case of eustream, the hydrogen related Capex mainly comprised replacement of metering equipment. Both SPPD and eustream have distribution and transit of purely renewable gases as a cornerstone of their long-term transition strategy. In the transitional period, the networks are expected to be used for transport of natural gas, while all necessary adjustments to the networks and blending trials are performed, with the ultimate goal to dedicate the pipelines to 100% renewable gases in the future.

The Regulation requires that Capex aimed to convert non-aligned-activities to Taxonomy-aligned activities needs to be supported by a "Capex plan". As presented

Application by EPIF

in the section "*Results of Taxonomy assessment*" below, Capex of EUR 26m was spent on hydrogen-aligned activities in 2022, of which practically the entire portion was related to replacement of steel pipes with polyethylene pipes by SPPD. Similar annual amounts have been spent in the last few years, leading to replacement of approximately 130–140 km of pipes every year. Going forward, as approved by the local management, SPPD anticipates the rate of pipe replacements to be approximately 200 km/year until 2030 and approximately 300 km/year after 2030. The level of Capex designated for these replacements is planned to be increased accordingly and be broadly proportionate to the length of the pipeline replaced. We note that the conversion of the entire pipeline to a hydrogen-ready pipeline is expected to take beyond 2050. However, it is not required to convert the entire pipeline to enable hydrogen distribution. SPPD anticipates that the initial hydrogen demand will be concentrated in industrial clusters. In these clusters, a section of the pipeline can be allocated to hydrogen distribution to connect the backbone hydrogen transit system to hydrogen off-takers. As a result, the timeline for SPPD's engagement in a taxonomy-aligned activity is not contingent on the full conversion of its network into hydrogen-ready pipelines. Instead, it will largely depend on the development of the hydrogen market and the rate at which hydrogen is adopted by various sectors.

Based on the assessment above indicating that the identified hydrogen-compatible Capex is part of a long-term transition plan, the Capex was further considered for taxonomy-alignment, subject to the assessment of DNSH criteria below. We also note that the hydrogen-compatible Capex identified at eustream was rather immaterial.

The Capex incurred as part of the transmission and distribution network operations has been assessed in respect of the following DNSH criteria:

- **Climate change adaptation** – Both networks are considered as being at low risk of direct damage from more extreme weather events resulting from the climate change as the gas pipelines are to a large extent laid down under the ground.

- **Water** – Operation of existing gas transmission and distribution networks does not pose direct risk for any water bodies and both entities have complied with local regulation and internal environmental policies. At the gas transmission network, each compressor station has a preventive plan to avoid discharge of pollutants into the environment in line with Act no. 364/2004 Coll., on Waters. The expansion of the networks leading to potential harm to waters during the construction phase is relatively limited. The exception was a construction of the Poland–Slovakia gas interconnector completed by EUS in October 2022, for which an Environmental Impact Assessment (EIA) has been carried out and the environmental permit has been issued by the competent authority. At the gas distribution network, SPPD has implemented an Integrated Management System, which integrates occupational health and safety, environment, and quality processes. Additionally, the Methodological Guideline for Environmental Management contains specific guidelines in the area of water pollution prevention. All individuals involved in the transportation of hazardous goods undergo regular training, and their activities are monitored. At locations where handling of more than 1000 liters of dangerous substances occurs, emergency plans are developed and approved, and emergency drills are conducted annually.

- **Pollution prevention** – EUS and SPPD are certified as compliant with the requirements of ISO 14001 (environmental management). Both entities further hold the certification ISO 3834-2 (welding quality), while EUS also holds certification ISO 50001 (energy management) and SPPD holds certification ISO 55001 (asset management). EUS and SPPD ensure compliance with EU requirements regarding efficiency and other parameters in the technology used (such as compressor technology operated by EUS and regulation stations operated by SPPD) through their procurement process.

- **Biodiversity** – The pipelines of EUS and SPPD in Slovakia cross several wetland areas which are protected by the international Ramsar Convention on Wetlands. For all development and reconstruction works which were performed in the respective areas, all required permits were obtained. Impact on biodiversity is a primary consideration in the decision-making process on the development and subsequent operation of the networks. In line with its biodiversity policy, SPPD generally strives not to interfere with areas of the highest biological diversity through its activities. SPPD continues its efforts to preserve biodiversity after the construction of a facility, both during operation and when decommissioning facilities. The goal of SPPD is to restore the landscape affected by its activities to a state that is as natural as possible for the given locality, creating viable habitats for original species in that area.

As a result of the assessment above, the identified hydrogen-compatible Capex reported by SPPD and EUS was classified as taxonomy-aligned.

4.15. District heating/cooling distribution

EPIF operates district heating networks in major regional cities in the Czech Republic, associated with NACE code D35.30 (Steam and air conditioning supply). In line with the treatment in the previous financial year 2021, the full turnover, Opex and Capex reported from this activity was classified as Taxonomy-eligible as the activity falls within the eligibility criteria in Annex I, specifically "*Construction, refurbishment and operation of pipelines and associated infrastructure for distribution of heating and cooling, ending at the sub-station or heat exchanger*".

Operation of EPIF's district heating networks has been further considered for taxonomy alignment as it meets one of the two criteria in Annex I, specifically "*the system meets the definition of efficient district heating and cooling systems laid down in Article 2, point 41, of Directive 2012/27/EU*". This criterium requires the district heating or cooling system to use at least 50 % renewable energy, 50 % waste heat, 75 % cogenerated heat or 50 % of a combination of such energy and heat. EPIF operations are aligned with the requirement as the heat distributed through its network is produced solely in cogeneration mode by the adjacent cogeneration heating plants which are also in ownership of EPIF. The exceptions are occasional periods with peak heat demand which needs to be partly covered by back-up hot water boilers.

The district heating operations have been assessed in respect of the following DNSH criteria:

- **Climate change adaptation** – The distribution networks are currently considered as being at low risk of direct damage from more extreme weather events resulting from the climate change. The pipes are to a large extent laid down under the ground. The lines located above the ground might be partly located in forest areas and exposed to falling trees. However, the network mainly consists of large-diameter pipes with a wall thickness of 10mm, and no damage has been historically caused by falling trees on the pipeline. Moreover, a protective zone of 2.5 meters from the edge of the pipeline is maintained along the route.

- **Water** – The district heating networks represent closed systems where water is circulated from the main heat exchanger at the heat generation source to the heat exchange station in the proximity of the end consumers and subsequently returned to the heat generation source for re-heating. Water in the network is regularly resupplied to compensate for water lost through evaporation. However, no water is discharged to the water bodies.

- **Pollution prevention** – The EU efficiency requirements for the compressors used across the networks are binding already for manufacturers of this technology, from whom EPIF entities source the equipment.

- **Biodiversity** – None of our district heating systems have been identified to be located near biodiversity-sensitive areas.

As a result of the assessment above, the full third-party revenues, Opex and Capex related to operation and maintenance of district heating networks were classified as taxonomy-aligned. Where the entities operating heating networks also own and operate the adjacent heating plants, the financials of these entities were split into the generation business and distribution business mainly based on internal cost centres.

4.20. Cogeneration of heat/cool and power from bioenergy

EPIF combusts biomass in some of its heating plants which operate in cogeneration mode. Biomass is combusted in dedicated biomass units as well as co-combusted with lignite. The EU Taxonomy considers only heat and power generation exclusively from biomass as taxonomy-eligible, specifically "*Construction and operation of installations used for cogeneration of heat/cool and power exclusively from biomass, biogas or bioliquids, and excluding cogeneration from blending of renewable fuels with biogas or bioliquids*". Therefore, we have classified only a dedicated biomass cogeneration unit operated by Plzeňská teplárenská, a.s. („PLTEP") as taxonomy-eligible.

Operation of the biomass unit has been further considered for taxonomy alignment as it meets the substantial contribution criteria in Annex I related to the source of biomass and the transport distance:

Biomass combusted by PLTEP is sourced locally within the Czech Republic, predominantly from the Plzeň Region. Owing to the limited transport distance (< 500km), the saving of greenhouse gases compared to a fossil fuel aternative exceeds the threshold required by the Taxonomy Regulation of 80% (based on the typical values of greenhouse gas savings as indicated in Annex VI to Directive (EU) 2018/2001). In addition,

Application by EPIF

when approaching potential supplier of biomass, PLTEP strongly prefers railway transport over road transport where feasible.

Taxonomy regulation allows forest and agricultural biomass to be considered as taxonomy-aligned provided that some conditions are fulfilled such as legality of harvesting, forest regeneration of harvested areas and other criteria ensuring sustainability of biomass production. This is ensured through certification which is required by PLTEP from each supplier including declaration that the biomass complies with the Czech regulation specifying criteria on sustainability and greenhouse gas savings. The suppliers are also obliged to provide evidence that they are entitled to harvest wood from the land based on direct ownership or the agreement with the landowner.

The cogeneration of heat and power from biomass by PLTEP has been assessed in respect of the following DNSH criteria:

- **Climate change adaptation** – The biomass unit is currently considered as being at low risk of direct damage from more extreme weather events resulting from the climate change.
- **Water** – Based on the integrated permit, the heating plant is allowed to withdraw cooling water from the adjacent river and discharge it back. The amount of water discharged from our plants is not materially different from amount of water withdrawn, i.e. vast majority of water is returned back to the source. The cooling flow-based systems in the cogeneration heating plants represent closed systems, whereby the water discharged is of the same or better quality and similar temperature, at which it was withdrawn from the source.
- **Pollution prevention** – after major refurbishments aimed at reduction of dust particles, PLTEP is in compliance with the best available techniques (BAT) conclusions, under Directive 2010/75/EU of the European Parliament and of the Council, for large combustion plants.
- **Biodiversity** – The plant is not located near any biodiversity-sensitive area.

As a result of the assessment above, the full revenues, Opex and Capex related to operation and maintenance of the biomass unit were classified as taxonomy-aligned. The financials of the biomass unit were derived based on internal cost centres used by PLTEP.

6.2. Freight rail transport

Through its subsidiary EP Cargo a.s., EPIF operates a fleet of locomotives and wagons transporting a variety of materials, including fuels, energy by-products, or chemical substances. As the activity corresponds to the taxonomy definition "*Purchase, financing, leasing, rental and operation of freight transport on mainline rail networks as well as short line freight railroads*", we have classified full revenues and Opex as taxonomy-eligible. The taxonomy-aligned revenues and Opex were then calculated by excluding fleet dedicated to transport of fossil fuels and operation of diesel locomotives. The share of diesel and electric locomotives on total transport was estimated based on respective shares of diesel and electricity on total energy consumption of the locomotives. These data are regularly collected by the EPIF Group for the purpose of its sustainability report.

The freight rail transport activity has been assessed in respect of the following DNSH criteria:

- **Climate change adaptation** – The assets needed for the activity are currently considered as being at low risk of direct damage from more extreme weather events resulting from the climate change.
- **Circular economy** – Decommissioning of obsolete technology is followed by recycling of materials where technologically feasible.
- **Pollution prevention** – Only electrical locomotives were considered for taxonomy alignment.

Non-eligible activities

Non-eligible activities of EPIF are mainly represented by:

- Generation of heat and power from lignite, co-combustion of biomass with lignite, or municipal waste.
- Gas storage – this activity will be continuously evaluated in the future to determine its potential taxonomy eligibility or full alignment. Further research and trials need to be carried out to have improved visibility on the steps needed to convert existing gas storage facilities to accommodate hydrogen.

Results of Taxonomy assessment

- Supply and trading of power and gas – this activity is not addressed by the Taxonomy Regulation. As the supply and trading business reports relatively high turnover from resale of power and gas, the percentage share of the Taxonomy-eligible activities for the entire Group is distorted by this segment which is relatively minor in terms of operating profit contribution.

The KPIs to assess taxonomy-eligibility and taxonomy-alignment are calculated as a portion of turnover, Opex and Capex associated with the taxonomy-eligible and taxonomy-aligned activities listed above (numerator) divided by the total EPIF Group turnover, Opex and Capex (denominator).

In the determination of turnover, Opex and Capex according to the Taxonomy Regulation, the same accounting and valuation methods have been applied as in the notes to EPIF Group Consolidated Financial Statements as of and for the year ended 31 December 2022; see Note 7 – Revenues, Note 15 – Property, Plant and Equipment and Note 16 – Intangible Assets (including Goodwill).

Turnover, Opex and Capex were sourced from the same sets of financial data used for the Group consolidation process. Underlying data included consolidated financial data after intercompany eliminations as well as stand alone financial data of individual companies before intercompany eliminations. The stand alone financial data before intercompany eliminations were used in instances where revenues from a taxonomy-aligned activity are realized via another subsidiary with taxonomy-non-aligned activities. This included (i) delivery of power produced by an aligned entity to the energy exchange through a non-aligned trading entity which only serves as an intermediary and (ii) revenues from electricity distribution which are realized through a non-aligned Group entity which operates as a supplier of electricity and the distribution tariffs are ultimately charged by this supplier. As one of the entities was always treated as taxonomy-non-aligned, there was no risk of double counting.

Turnover

Numerator: Total revenues that were assigned to taxonomy-eligible or taxonomy-aligned activities listed above

Denominator: *Revenues* as presented in the Consolidated statement of comprehensive income in the EPIF Group Consolidated Financial Statements as of and for the year ended 31 December 2022. Nature of the key revenue items is described in the Note 7 – Revenues in the Notes to the Consolidated Financial Statements of EPIF Group for 2022.

Contextual information: Revenues mainly comprise fees for booked capacities in the gas transit network and the gas storage facilities, fees for distribution of electricity and gas, revenues from sales of power and heat produced by district heating plants and revenues from supply of power and gas to end consumers.

Operating expenses (Opex)

Numerator: Total Opex that was assigned to taxonomy-eligible or taxonomy-aligned activities listed above

Denominator: the following items from the Consolidated statement of comprehensive income in the EPIF Group Consolidated Financial Statements as of and for the year ended 31 December 2022 were included:

- **Repairs and maintenance**
- **Rent expenses**

Contextual information: The OpEx is mainly related to maintenance of own infrastructure comprising of gas transmission and distribution networks, gas storage facilities, a power distribution network and district heating assets. We note that in our taxonomy disclosure for the year 2021, the assessed OpEx included more categories. For 2022, the OpEx categories were limited to Repairs and maintenance and Rent expenses which are explicitly listed in the taxonomy.

Capital expenditure (Capex)

Numerator: Total Capex that was assigned to taxonomy-eligible or taxonomy-aligned activities listed above:

Denominator: Acquisition of property, plant and equipment, investment property and intangible assets as presented in the Consolidated statement of cash flows in the EPIF Group Consolidated Financial Statements as of and for the year ended 31 December 2022

Contextual information: The Capex is mainly related to reconstruction and development of own infrastructure comprising of gas transmission and distribution networks, gas storage facilities, a power distribution network and district heating assets.

Results of Taxonomy assessment

Turnover

				Substantial contribution criteria					
Economic activities (1)	**Codes (2)**	**Absolute turnover (3)**	**Proportion of turnover (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water and marine resources (7)**	**Circular economy (8)**	**Pollution (9)**	**Biodiversity and ecosystems (10)**
		EUR million	%	%	%	%	%	%	%
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Electricity generation using solar photovoltaic technology	4.1.	6	0,2%	100%	0%				
Electricity generation from wind power	4.3.	1	0,0%	100%	0%				
Electricity generation from hydropower	4.5.	1	0,0%	100%	0%				
Transmission and distribution of electricity	4.9.	322	8,1%	100%	0%				
District heating/cooling distribution	4.15.	152	3,8%	100%	0%				
Cogeneration of heat/cool and power from bioenergy	4.20.	18	0,5%	100%	0%				
Freight rail transport	6.2.	31	0,8%	100%	0%				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**532**	**13%**	**100%**	**0%**				
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Transmission and distribution networks for renewable and low-carbon gases	4.14.	833	21%						
Freight rail transport	6.2.	12	0%						
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**845**	**21%**						
Total (A.1 + A.2)		**1,376**	**34%**						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Turnover of Taxonomy-non-eligible activities (B)		2,628	66%						
Total (A+B)		**4,004****	**100%**						

** This data was verified by the independent auditing firm KPMG.

DNSH criteria ('Does Not Significantly Harm')

Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxono-my-aligned proportion of turnover, year N (18)	Taxono-my-aligned proportion of turnover, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
				Note: In the tables above, 100%				omy-aligned Turnover, Opex		
				and Capex is related to the Clim				itigation. Therefore, 100%		
Y	Y	Y	Y	Y	Y	Y	0,2%			
Y	Y	Y	Y	Y	Y	Y	0,0%			
Y	Y	Y	Y	Y	Y	Y	0,0%			
Y	Y	Y	Y	Y	Y	Y	8,1%			
Y	Y	Y	Y	Y	Y	Y	3,8%			
Y	Y	Y	Y	Y	Y	Y	0,5%			
Y	Y	Y	Y	Y	Y	Y	0,8%			T
							13%			
										T

share is presented in the column "Climate change mitigation (5)". As no activities were identified as having substantial contribution to multiple criteria, the principle of no double counting was upheld.

Results of Taxonomy assessment

Opex

Economic activities (1)	Codes (2)	Absolute Opex (3)	Proportion of Opex (4)	Substantial contribution criteria: Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
		EUR million	%	%	%	%	%	%	%
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Electricity generation using solar photovoltaic technology	4.1.	0	0,1%	100%	0%				
Electricity generation from wind power	4.3.	0	0,1%	100%	0%				
Electricity generation from hydropower	4.5.	0	0,0%	100%	0%				
Transmission and distribution of electricity	4.9.	3	6,0%	100%	0%				
District heating/cooling distribution	4.15.	1	2,6%	100%	0%				
Cogeneration of heat/cool and power from bioenergy	4.20.	0	0,1%	100%	0%				
Freight rail transport	6.2.	5	8,4%	100%	0%				
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**10**	**17%**	**100%**	**0%**				
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Transmission and distribution networks for renewable and low-carbon gases	4.14.	9	17%						
Freight rail transport	6.2.	4	7%						
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**13**	**23%**						
Total (A.1 + A.2)		**23**	**41%**						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Opex of Taxonomy-non-eligible activities (B)		33	59%						
Total (A+B)		**56**	**100%**						

DNSH criteria ('Does Not Significantly Harm')										
Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of Opex, year N (18)	Taxonomy-aligned proportion of Opex, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
Y	Y	Y	Y	Y	Y	Y	0,1%			
Y	Y	Y	Y	Y	Y	Y	0,1%			
Y	Y	Y	Y	Y	Y	Y	0,0%			
Y	Y	Y	Y	Y	Y	Y	6,0%			
Y	Y	Y	Y	Y	Y	Y	2,6%			
Y	Y	Y	Y	Y	Y	Y	0,1%			
Y	Y	Y	Y	Y	Y	Y	8,4%			T
							17%			
										T

Results of Taxonomy assessment

Capex

				Substantial contribution criteria					
Economic activities (1)	**Codes (2)**	**Absolute Capex (3)**	**Proportion of Capex (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water and marine resources (7)**	**Circular economy (8)**	**Pollution (9)**	**Biodiversity and ecosystems (10)**
		EUR million	%	%	%	%	%	%	%
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Electricity generation using solar photovoltaic technology	4.1.	0	0,0%	100%	0%				
Electricity generation from wind power	4.3.	1	0,4%	100%	0%				
Electricity generation from hydropower	4.5.	0	0,0%	100%	0%				
Transmission and distribution of electricity	4.9.	51	31,1%	100%	0%				
Transmission and distribution networks for renewable and low-carbon gases	4.14.	26	15,6%	100%	0%				
District heating/cooling distribution	4.15.	12	7,5%	100%	0%				
Cogeneration of heat/cool and power from bioenergy	4.20.	2	1,1%	100%	0%				
Freight rail transport	6.2.	0	0,0%	100%	0%				
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**92**	**56%**	**100%**	**0%**				
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Transmission and distribution of electricity	4.9.	1	1%						
Transmission and distribution networks for renewable and low-carbon gases	4.14.	41	25%						
Freight rail transport	6.2.	0	0%						
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		42	25%						
Total (A.1 + A.2)		**134**	**81%**						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Capex of Taxonomy-non-eligible activities (B)		31	19%						
Total (A+B)		**165**	**100%**						

DNSH criteria ('Does Not Significantly Harm')										
Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of Capex, year N (18)	Taxonomy-aligned proportion of Capex, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
Y	Y	Y	Y	Y	Y	Y	0,0%			
Y	Y	Y	Y	Y	Y	Y	0,4%			
Y	Y	Y	Y	Y	Y	Y	0,0%			
Y	Y	Y	Y	Y	Y	Y	31,1%			
Y	Y	Y	Y	Y	Y	Y	15,6%			
Y	Y	Y	Y	Y	Y	Y	7,5%			
Y	Y	Y	Y	Y	Y	Y	1,1%			
Y	Y	Y	Y	Y	Y	Y	0,0%			T
							56%			
										T

The results of the assessment are presented in the following tables:

Annex

Abbreviations

AA1000	Accountability Stakeholder Engagement Standards
ACA	Institute of Chartered Accountants
APRR	Autoroutes Paris-Rhin Rhône
BBS	Behaviour Based Safety
BERT	Budapesti Erőmű
CAPEX	Capital Expenditure
CCGT	Combined cycle gas turbine
CCUS	Carbon capture, utilisation, and storage
CE	Central Europe: represents a region of the Czech Republic, Slovakia and Austria
CEMS MIM	Master in International Management from the Global Alliance in Management Education
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CH_4	Methane
CHP	Combined Heat and Power
CO_2	Carbon dioxide
COP	Conference of the Parties under United Nation Framework Convention on Climate Change
ADJ. EBITDA	Adjusted EBITDA (”Adj. EBITDA“) represents operating profit plus depreciation of property, plant and equipment and amortisation of intangible assets less negative goodwill (if applicable), adjusted for selected items
EC	European Commission
EIA	Environmental Impact Assessment
EMS	Environmental Management System
ENTSOG	European Network of Transmission System Operators in Gas
EOP	Elektrárny Opatovice a.s.
EPC	EP Cargo a.s.
EPCG	EP Corporate Group
EPET	EP Energy Trading a.s.
EPH	Energetický a průmyslový holding, a.s. (Parent company)
EPIF	EP Infrastructure a.s.
EPPE	EP Power Europe a.s.
EPRE	EP Real Estate
ESG	Environment, Social, Governance
ESRS	European Sustainability Reporting Standards
ETS	Emission Trading Scheme
EU	European Union
EUR	Euro currency
FCCA	Association of Chartered Certified Accountants
FTEs	Full Time Equivalent
GDPR	General Data Protection Regulation
GHG	Greenhouse gases are those currently required by the United Nations Framework Convention on Climate Change and the Kyoto Protocol. These GHGs are currently: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3)

GIE	Gas Infrastructure Europe
GRI	Global Reporting Initiative
H&S	Health and safety
HSEQ	Health, Safety, Environment, and Quality
ICS	Industrial Control Systems
ICT	Information and Communication Technologies
ICMA	International Capital Market Association
IFRS	International Financial Reporting Standard
IGU	International Gas Union
IT	Information Technology
IPCC	Intergovernmental Panel on Climate Change
IPCEI	Important Projects of Common European Interest
ISRS 4400	International Standard on Related Services, Engagements to Perform Agreed-Upon Procedures Regarding Financial Information
ISO 14001	Certification of Environmental management system
J&T	J&T Finance Group SE
KYC	“Know your customer” is the process of a business, identifying and verifying the identity of its customers
LDAR	Leak Detection and Repair
LMA	Loan Market Association
MIRA	Macquarie Infrastructure and Real Assets
N_2O	Nitrous oxide
Nafta	NAFTA a.s.
NF_3	Nitrogen trifluoride
NG	Natural gas
NGOs	Non-governmental organisations
NO_x	Nitrogen oxide emissions
O&M	Operation & Maintenance
PLTEP	Plzeňská teplárenská a.s.
PT	Pražská teplárenská a.s.
RBS	Royal Bank of Scotland
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SDGs	Sustainable development goals
SEO	Search engine optimisation
SF_6	Sulphur hexafluoride
SIF	Serious injuries or fatalities
SIFp	Serious injuries or fatalities potential
SO_2	Sulphur dioxide
SPP	Slovenský plynárenský priemysel, a.s.
SPPI	SPP Infrastructure
SPP-D	SPP - distribúcia, a.s.
SSE	Stredoslovenská energetika, a.s.
SSD	Stredoslovenská distribučná, a.s. (Subsidiary of SSE)
UE	United Energy a.s.
US GAAP	United States Generally Accepted Accounting Principles
VIG	Vienna Insurance Group
WEI	Water exploitation index
ZEVO	Zařízení pro energetické využití odpadů

Units

#	number
%	percentage
p.p.	percentage point
bn	billion
bcm	billion cubic meters
CO_2-eq.	carbon dioxide equivalent
GWh	gigawatt-hour
k	thousand
kt	kilotonnes
km	kilometer
m	million
mcm	cubic meter
mil. tonnes	million tonnes
MW	megawatt
MWh	megawatt hour
PJ	petajoule
TJ	terajoule
tkm	tonne-kilometre
TWh	terawatt hour

List of graphs, tables and figures

Restatements of information

1. Methane emissions at the Gas distribution and Gas storage segments were restated retrospectively for all years to reflect the changes in calculation methodology.

2. In 2022, the GHG emissions were externally verified in accordance with ISAE 3000 for the first time. For this purpose, the scope of emissions was extended to include additional categories of emissions not previously included. As the additional volumes of emissions were not considered material, the emissions reported in prior years have not been restated retrospectively.

Methodology notes

Supporting information related to the 2022 reporting process

Reporting period

EPIF reports on operational data and information that has been collected throughout the 2022 calendar year (same as the fiscal year). Comparative analyses are completed using data from previous calendar years.

Financial and non-financial information is presented within this Report. The information acquired follows the logic of IFRS consolidated financial statements. Therefore, a company acquired on June 30th will be included in the financial performance data that is presented in the period from July 1st to December 31st.

The Report content includes all of our operations in the Czech Republic, Slovakia and Germany. For more information on our countries of operation and legal entities, please refer to the 'EPIF and its Business' section of this Report.

Changes in reporting

Last year we disclosed information based on the GRI standards 2016, this year, we firstly applied the new GRI 2021 standards. What is important to highlight is the impact assessment approach carried out. We identify impacts and assess their significance, prioritise the most significant impacts for reporting and based on this process, we determine material topics for reporting. For more information, refer to the section Materiality Assessment. Additionally, we incorporated more infographics and relevant case studies to further engage our readers and aid in the comprehension of the information presented within the Report.

Further information regarding our reporting process can be found in the graphic below.

Reporting process

Figure 16: Reporting process.

Reporting standards

This Report has been prepared in accordance with the GRI Standards[36]. It was created with **GRI's reporting principles for the quality and proper presentation of the reported information** in mind. This year, we voluntarily applied some of the concepts presented in the European Sustainability Reporting Standards (ESRS). Further information regarding our materiality assessment and stakeholder engagement approach can be found in the following sections of the Annex.

Principles for report content

	Stakeholder inclusiveness	Sustainability context	Materiality	Completeness
EPIF Group approach	Mapping stakeholders at a local and global level. Assessing stakeholder relevance and engagement. Analysing stakeholder concerns and expectations.	Analysing sustainability frameworks at a global, European and country level. Studying trends in the utility and energy sector, and benchmarking with peers and competitors. Defining future risks and challenges at a local and global level.	Analysing the impacts and material topics at all major entities in the scope of our operations. Conducting impact assessment according to GRI G3. Applying the dynamic materiality principle (updating material topics).	Conducting a detailed analysis of the data provided by all major entities under management control. Including information on newly acquired companies.

Principles for report quality

	Balance	Comparability & Accuracy	Timeliness	Clarity & Reliability
EPIF Group approach	Identifying the strengths and weaknesses of our operations based on 2022 assessments and long-term goals.	For the majority of indicators, identifying 2018–2022 trends. As well as providing comments on changes made to the scope of the report and any further restatements. Conducting an internal quantitative analysis of identified material topics. Providing evidence and methods used.	Issuing the Sustainability Report without unnecessary delays following the Annual Report.	Consulting the accuracy of collected data with entities that closely interact with stakeholders. Engaging with external assurance providers.

Figure 17: GRI reporting principles for content and quality.

36 GRI Standards applicable from 1 January 2023: Universal Standards (2021), Topic Standards (2018, 2016), and Sectoral standards 2022.

Report boundaries

The Report boundaries are based on operational control and are applied to all GRI Indicators, except GRI 200 Economic and GRI 400 Social data. To align the financial data within this Report and the EPIF 2022 Annual Report, the data were reported using financial control. As a result, EPIF collected consolidated data from all controlled entities that were deemed material for the purposes of this Report. The list of entities covered by this Report can be found in in the table below.

This Report focuses on the topics that are most material to our business and stakeholders. These topics are addressed in different sections of the Report, with supporting information in the GRI Content Index, which can be found in the Annex of the Report. Further detail on our stakeholder analysis and engagement approaches are provided in the "Stakeholder engagement" section of the Annex.

Organisational boundaries

The table below identifies all of the entities within EPIF's portfolio that were deemed material for the Report. According to EPIF's reporting approach, if entities are acquired within the first two quarters of the reporting period, then their data is included in the consolidated report.

Entity name	Country	Ownership Share	Financial Control	Operational Control
Gas storage				
NAFTA Speicher GmbH & Co. KG	DE	69.0%	Yes	Yes
NAFTA a.s.	SK	69.0%	Yes	Yes
POZAGAS a.s.	SK	62.0%	Yes	Yes
SPP Storage, s.r.o.	SK	49.0%	Yes	Yes
Gas transmission				
eustream, a.s.	SK	49.0%	Yes	Yes
Gas and Power distribution				
EP ENERGY TRADING, a.s.	CZ	100.0%	Yes	Yes
Dobrá Energie, s.r.o.	CZ	100.0%	Yes	Yes
SPP - distribúcia, a.s.	SK	49.0%	Yes	Yes
Stredoslovenská energetika a.s.	SK	49.0%	Yes	Yes
Stredoslovenská distribučná a.s.	SK	49.0%	Yes	Yes

Note: We only included the entities that have a major impact on our operations. For a complete list of entities, please refer to our 2022 consolidated Annual Report.

Table 13: EPIF reporting scope entities.

Entity name	Country	Ownership Share	Financial Control	Operational Control
Heat Infra				
Elektrárny Opatovice, a.s.	CZ	100.0%	Yes	Yes
EP Cargo a.s.	CZ	100.0%	Yes	Yes
EP Sourcing, a.s.	CZ	100.0%	Yes	Yes
United Energy, a.s.	CZ	100.0%	Yes	Yes
EOP Distribuce, a.s.	CZ	100.0%	Yes	Yes
Severočeská teplárenská, a.s.	CZ	100.0%	Yes	Yes
Plzeňská teplárenská a.s.	CZ	35.0%	Yes	Yes
Renewables				
Powersun a.s.	CZ	100.0%	Yes	Yes
Triskata, s.r.o.	CZ	100.0%	Yes	Yes
VTE Pchery, s.r.o.	CZ	100.0%	Yes	Yes
Arisun, s.r.o.	SK	100.0%	Yes	Yes
Alternative Energy, s.r.o.	SK	90.0%	Yes	Yes

Table 13: EPIF reporting scope entities (continues).

Note: We only included the entities that have a major impact on our operations. For a complete list of entities, please refer to our 2022 consolidated Annual Report.

Operational boundaries

For subsidiaries, we set the boundary as the core business operations relating to environmental indicators. This means that we excluded some data from administrative and other non-core facilities, such as electricity for administrative buildings, as we deemed these immaterial. In some circumstances, this information was included, as it could not be separated from underlying data. Additionally, boundaries for environmental indicators are restricted to the physical locations of core operations. Therefore, we excluded data from facilities not located in the physical location of their main operation and whose environmental impact was not deemed material compared to the impact of the main operation.

Assurance

External assurance was obtained for the material information included in this Report. Additionally, financial information regarding our energy consumption, water withdrawal and discharge, and injury data relating to our facilities located in the Czech Republic and Slovakia, were assured by an independent auditor in accordance with the ISRS 4400 (Agreed-Upon Procedures Engagements). Supplementary assurance statements can be found in the Annex of this Report. In 2022, for the first time, the Scope 1 and 2 greenhouse gas emissions were externally verified in accordance with the ISAE 3000 assurance standard.

Materiality Assessment

First, we collect data and information from various sources, including quantitative and qualitative data from our operations, stakeholder engagement, peer analysis, best practice benchmarking, analysis of reporting standards, and global and local sustainability initiatives. After the information is collected it is organised into relevant impacts and prepared for evaluation. Before the evaluation, impacts are grouped according to their nature into actual and potential, and negative and positive. The impacts from each of these categories are evaluated by experts based on the specific attributes including scale, scope, irremediability (for negative), and the likelihood of occurrence (for potential). A common risk assessment scale was applied. This process generates a prioritised list of identified impacts which is then communicated to relevant stakeholders and responsible management bodies. EPIF applies the concept of dynamic materiality which requires frequent revisits of the materiality assessment and reprioritisation of identified impacts.

Material topic	Impact Name	Impact description
Reduction of emissions	Carbon footprint	GHG emissions from combustion of fossil fuels and methane leakage contribute to the climate change.
Reduction of emissions	Decarbonisation strategy	Implementing a decarbonisation strategy with a CO_2 emission reduction target (60% by 2030) and net zero target (by 2050).
Customer relationship and management	Access to basic services	Access to reliable energy and basic services through our commitment to ensuring a stable energy supply for customers.
Reduction of emissions	Emissions and pollutants	Contributing to other air pollutants (within the limits set by applicable regulations and standards), such as sulphur dioxide (SO_2), nitrogen oxides (NO_x), particulate matter (PM), and carbon monoxide (CO) which are linked to the Group's main business activities.
Operational efficiency and economic performance	Production efficiency	Increasing production efficiency by implementing new innovative and modernised technologies.
Mitigation of environmental impact	Biodiversity loss	Biodiversity loss can occur as a result of large power transmission lines that pose a danger to birds who may collide and suffer injury or death.
Health & safety	OHS	Higher potential for work related injuries and ill health due to our main business activities requiring manual labour.
Operational efficiency and economic performance	Sustainable project investments	Greater focus on sustainable projects through further allocation of financial resources (creation of a Green Finance Framework for use, where applicable, within the EPIF Capital Structure Strategy).
Employment and employee development	Employee well-being and development	Providing a healthy and attractive work environment, promoting individual growth through decentralised human resources practices, and enabling the acquisition of relevant skillsets to meet the demands of the energy industry.

Table 14: EPIF's impact assessment results sorted from the most significant to the least significant impacts.

Materiality Assessment

Material topic	Impact Name	Impact description
Supply chain management	Supply chain transparency and accountability	Improved visibility into the environmental and social practices of suppliers results in improved performance in those areas. This increased visibility also provides the company with greater understanding of the environmental and social risks and opportunities in the supply chain, enabling more informed decision-making and proactive measures to address these issues.
Supply chain management	Suppliers' employees	Potential exposure to unfavourable working conditions for outsourced workers including a potential impact on the occupational health and safety of outsourced workers.
Mitigation of environmental impact	Ecosystems and health	Our main business activities (comprising extensive energy transit and distribution networks and heating plants), impact the landscapes where they occur. This has a potential to negatively impact local ecosystems, as well as human health.
Mitigation of environmental impact	Operational accidents	Operational accidents have the potential to contaminate ecosystems with harmful materials.
Employment and employee development	Job losses	Job losses due to the decommissioning of emission-intensive assets.
Reduction of emissions	Renewable energy	Supporting clean and renewable energy through continued investments.
Fair conduct	Certifications	Increased improved operational efficiency through ISO certifications.
Development of communities and social action	Community investments	The Group supports local charities, social initiatives, and community development programs, and also builds strong ties with communities through customer programs, facilitated by the EPH Foundation and other local initiatives.

Table 14: EPIF's impact assessment results sorted from the most significant to the least significant impacts (continues).

Material topic	Impact Name	Impact description
Development of communities and social action	Local economic development	Supporting local economies through local employment, procurement and tax contribution.
Mitigation of environmental impact	Water quality	Our main business activities have a potential to impact the water quality on which local ecosystems and communities rely.
Development of communities and social action	Community engagement	Potential for conflict if negative impacts caused by main business activities are not addressed.
Mitigation of environmental impact	Water availability	Power and heat generation, which are part of our main business activities, rely on water. Therefore, they have a potential to impact water availability for local communities and other sectors, especially those in water stress areas.
Development of communities and social action	Infrastructure investments	Improving local infrastructure through investment projects.
Customer relationship and management	Customer communication	Open and transparent communication with customers through access to clear and easily accessible channels.
Fair conduct	Fund management	Potential to support illegal or unethical activities through mismanagement of funds.
Supply chain management	Suppliers' code of conduct	Potential for misalignment with suppliers, as it relates to ethical business code of conduct.

Table 14: EPIF's impact assessment results sorted from the most significant to the least significant impacts (continues).

Stakeholder engagement

EPIF considers open and transparent stakeholder dialogue to be an important part of the Group's business activities, as it ensures that we fully understand and effectively address stakeholder concerns.

We are committed to continuously monitoring our stakeholders throughout the year and we ensure to regularly engage with them through a range of channels, as summarised in the table below. The stakeholder analysis performed by EPIF on the Group level is based on input from local stakeholders. In consultation with relevant companies and Group subsidiaries, the main expectations and concerns raised by local stakeholders have been identified.

Stakeholder group	Description	Means of communication	Main expectations
Investors and lenders	These stakeholders are predominantly banks, bond holders and financial institutions whose capital is crucial for EPIF's successful development. Their interest in EPIF's sustainability performance is demonstrated at both the EPIF level and local level, depending on their involvement in financing within the Group.	▪ Investor relations ▪ Annual reports ▪ Presentations	▪ Transparent communication (financial and non-financial reporting) ▪ Risk management ▪ Environmental management
Customers	These stakeholders are very important for EPIF's business, as their decisions determine the Group's success.	▪ Customer service ▪ Satisfaction surveys ▪ EPIF website	▪ Efficient heat, gas and power distribution ▪ Security of supply
Suppliers and contractors	These stakeholders can have both a local and global reach (social and economic performance), which can affect EPIF at the Group or subsidiary level. This holds especially true for contractors who are engaged in centralised processes (e.g. large tenders, IT procurement and pipeline work).	▪ Technical briefings ▪ EPIF website ▪ Informative training	▪ Procurement requirements (environmental and social) ▪ Fair and transparent procurement practices
Labour and trade unions	These stakeholders have a relatively moderate interest in the economic and environmental performance of EPIF's entities. They have a greater interest in EPIF's social performance, both at a local and global level. Strategies that EPIF defines for its labour relations (e.g. employment), involve all entities, therefore they are expressed at the Group level.	▪ Dedicated meetings	▪ Open dialogue and collaboration ▪ Policies relating to human resources ▪ Legislative compliance
Local communities and municipalities	These stakeholders have varying interests in EPIF's sustainability activities, which is based on their origins. EPIF often interacts with these stakeholders during local consultation, as their concerns tend to be legislation-based (e.g. building permits and EIA). The location of these stakeholders determines the level of their interest in EPIF's sustainability activities.	▪ Focus groups ▪ Consultations with opinion makers	▪ Transparency with regards to business activities and their impacts ▪ Local community involvement (active participation) ▪ Crisis risk management

Table 15: Overview of stakeholder engagement.

Stakeholder group	Description	Means of communication	Main expectations
Media	These stakeholders are active at both a local and global level (particularly in the Czech Republic, where EPIF is headquartered).	▪ Press releases ▪ Press conferences ▪ EPIF website	▪ Information transparency ▪ Quick inquiry responses
NGOs	These stakeholders are predominantly Environmental NGOs, therefore there is significant emphasis on environmental activities at both a local and global level. These stakeholders provide valuable information regarding the concerns and expectations of the general public.	▪ Brochures ▪ Bulletins ▪ Conferences	▪ Accountability and transparency ▪ Safety and security of facilities ▪ Environmental management ▪ Reduction of emissions ▪ Fair business practices
Competitors	These stakeholders are concerned with EPIF's economic performance and business environment. Their interest depends on their size and business focus.	▪ Conferences ▪ Sharing of best practices	▪ Compliance and absence of anti-competitive behaviour ▪ Fair business practices ▪ Exchange of best practices
Government and regulators	These stakeholders consist of various national and transnational institutions, making their interest in EPIF's sustainability commitments quite broad. Therefore, both policy decisions and social change strongly influence EPIF's business activities. For example, local groups are concerned with the performance of individual EPIF entities, while European institutions are concerned with EPIF's business from a transverse perspective.	▪ Letters to institutions ▪ Direct meetings ▪ Annual reports	▪ Access to services (continuity of supply) ▪ Regulatory compliance ▪ Transparency and independence
Employees	These stakeholders are engaged in day-to-day business activities. Employees are essential to the operations and growth of our business.	▪ Internal communication ▪ Training	▪ Safe and stable work environment ▪ Equal opportunity ▪ Work-life balance ▪ Professional development ▪ Freedom of association

Table 15: Overview of stakeholder engagement (continue).

GRI Content Index

GRI 2 General Disclosures 2021

Organisation profile and reporting practices

GRI Standard	Description	Section of the Report	Reference page	Omission
2-1	Organisational details	1 Foreword	4–7	
2-2	Entities included in the organisation's sustainability reporting	9 Annex: Organisational boundaries	193–194	
2-3	Reporting period, frequency and contact point	9 Annex: Reporting period	191	
2-4	Restatements of information	9 Annex: Restatements of information	190	
2-5	External assurance	7 Assurance	156–165	

Activities and workers

GRI Standard	Description	Section of the Report	Reference page	Omission
2-6	Activities, value chain and other business relationships	3 EPIF and its business: Business segments overview	53–55	
2-7	Employees	6 Social	128–135	
2-8	Workers who are not employees	5 Social: Supply chain management	110–111	

Governance

GRI Standard	Description	Section of the Report	Reference page	Omission
2-9	Governance structure and composition	5 Governance: Corporate governance structure	96–99	
2-10	Nomination and selection of the highest governance body	EPIF 2022 Annual Report	35–36	
2-11	Chair of the highest governance body	5 Governance: Key people	100	
2-12	Role of the highest governance body in overseeing the management of impacts	5 Governance	98–99	
2-13	Delegation of responsibility for managing impacts	5 Governance	98–99	
2-14	Role of the highest governance body in sustainability reporting	5 Governance	98	
2-15	Conflicts of interest	5 Governance: Code of conduct (full version available on EPIF website https://www.epinfrastructure.cz/en/esg/)	109	
2-16	Communication of critical concerns	5 Governance: Whistleblower policy (full version available on EPIF website https://www.epinfrastructure.cz/en/esg/)	109	
2-17	Collective knowledge of the highest governance body	5 Governance: Key people	100–101	
2-18	Evaluation of the performance of the highest governance body			Not disclosed due to confidential nature
2-19	Remuneration policies			Not disclosed due to confidential nature
2-20	Process to determine remuneration			Not disclosed due to confidential nature
2-21	Annual total compensation ratio			Not disclosed due to confidential nature

Strategy, policies and practices

GRI Standard	Description	Section of the Report	Reference page	Omission
2-22	Statement on sustainable development strategy	1 Foreword	4–7	
2-23	Policy commitments	EPIF policies available on EPIF website https://www.epinfrastructure.cz/en/esg/		
2-24	Embedding policy commitments	EPIF policies available on EPIF website https://www.epinfrastructure.cz/en/esg/		
2-25	Processes to remediate negative impacts	5 Governance: Whistleblower policy (full version available on EPIF website https://www.epinfrastructure.cz/en/esg/)	109	
2-26	Mechanisms for seeking advice and raising concerns	5 Governance: Whistleblower policy(full version available on EPIF website https://www.epinfrastructure.cz/en/esg/)	109	
2-27	Compliance with laws and regulations	5 Governance: Fair conduct	104–105	
2-28	Membership associations	EPIF's approach to reducing methane emissions EPIF's focus on hydrogen	30–39	

Stakeholder engagement

GRI Standard	Description	Section of the Report	Reference page	Omission
2-29	Approach to stakeholder engagement	9 Annex: Stakeholder engagement	198–199	
2-30	Collective bargaining agreements	6 Social: Employment and employee development	129	

GRI 300 Environment Standards 2016

Energy

GRI Standard	Description	Section of the Report	Reference page	Omission
3-1	Process to determine material topics	2 EPIF's approach to sustainability: Materiality assessment	42–44	
3-2	List of material topics	2 EPIF's approach to sustainability: Materiality assessment	43	
3-3	Management of material topics	3 EPIF and its business: Operational efficiency and economic performance 4 Environment: Mitigation of environmental impact	56, 78	
302-1 / 11.1.2	Energy consumption within the organisation	3 EPIF and its business: Energy consumption and efficiency	62–63	

Water and Effluents 2018

GRI Standard	Description	Section of the Report	Reference page	Omission
3-1	Process to determine material topics	2 EPIF's approach to sustainability: Materiality assessment	42–44	
3-2	List of material topics	2 EPIF's approach to sustainability: Materiality assessment	43	
3-3	Management of material topics	4 Environment: Water 4 Environment: Mitigation of environmental impact	80–82	
303-3 / 11.6.4	Water withdrawal	4 Environment: Water	81	
303-4 / 11.6.5	Water discharge	4 Environment: Water	81	

Emissions

GRI Standard	Description	Section of the Report	Reference page	Omission
3-1	Process to determine material topics	2 EPIF's approach to sustainability: Materiality assessment	42–44	
3-2	List of material topics	2 EPIF's approach to sustainability: Materiality assessment	43	
3-3	Management of material topics	4 Environment: Reduction of emissions 4 Environment: Mitigation of environmental impact	66, 78	
305-1 / 11.1.5	Direct (Scope 1) GHG Emissions	4 Environment: GHG emissions	69–70	
305-4 / 11.1.8	GHG emissions intensity – electricity only + Emissions intensity – including heat component	4 Environment: GHG emissions	69–70	Emission intensity presented only for electricity + heat as the Group only operates combined heat and power plants
305-7 / 11.3.2	Nitrogen oxides (NO_x), sulphur oxides (SO_x), and other significant air emissions	4 Environment: Other air pollutants	76–77	

Waste 2020

GRI Standard	Description	Section of the Report	Reference page	Omission
3-1	Process to determine material topics	2 EPIF's approach to sustainability: Materiality assessment	42–44	
3-2	List of material topics	2 EPIF's approach to sustainability: Materiality assessment	43	
3-3	Management of material topics	4: Environment: Effluents and waste 4 Environment: Environmental management system	83–85, 92–93	
306-3 / 11.5.4	Waste generated	4 Environment: Waste	83	

GRI 400 Social Standards 2016

Employment

GRI Standard	Description	Section of the Report	Reference page	Omission
3-1	Process to determine material topics	2 EPIF's approach to sustainability: Materiality assessment	42–44	
3-2	List of material topics	2 EPIF's approach to sustainability: Materiality assessment	43	
3-3	Management of material topics	6 Social: Employment and employee development	128–129	
401-1 / 11.10.2	New employee hires and employee turnover	6 Social: EPIF Employment and employee standards	131	

Occupational health and safety 2018

GRI Standard	Description	Section of the Report	Reference page	Omission
3-1	Process to determine material topics	2 EPIF's approach to sustainability: Materiality assessment	42–44	
3-2	List of material topics	2 EPIF's approach to sustainability: Materiality assessment	43	
3-3	Management of material topics	6 Social: Health & safety	122–127	
403-9 / 11.9.10	Work-related injuries	6 Social: Health & safety	123	

Training and education

GRI Standard	Description	Section of the Report	Reference page	Omission
3-1	Process to determine material topics	2 EPIF's approach to sustainability: Materiality assessment	42–44	
3-2	List of material topics	2 EPIF's approach to sustainability: Materiality assessment	43	
3-3	Management of material topics	6 Social: Employment and employee development	128–135	
404-1 / 11.10.6	Average hours of training per year per employee	6 Social: Employee development	132	

Marketing and labeling

GRI Standard	Description	Section of the Report	Reference page	Omission
3-1	Process to determine material topics	2 EPIF's approach to sustainability: Materiality assessment	42–44	
3-2	List of material topics	2 EPIF's approach to sustainability: Materiality assessment	43	
3-3	Management of material topics	6 Social: Customer relationship management	138–143	
417-2	Incidents of non-compliance concerning product and service information and labeling	5 Governance: Fair conduct – Investigations, litigations and sanctions	104	

GRI 200 Economic Standards 2016

Economic performance

GRI Standard	Description	Section of the Report	Reference page	Omission
3-1	Process to determine material topics	2 EPIF's approach to sustainability: Materiality assessment	42–44	
3-2	List of material topics	2 EPIF's approach to sustainability: Materiality assessment	43	
3-3	Management of material topics	3 EPIF and its business: EPIF's 2022 Business performance	58	
201-1 / 11.14.2	Direct economic value generated and distributed	EPIF Annual report 2022	62–63	
201-3	Defined benefit plan obligations and other retirement plans	EPIF Annual report 2022	168–169	

Anti-corruption

GRI Standard	Description	Section of the Report	Reference page	Omission
3-1	Process to determine material topics	2 EPIF's approach to sustainability: Materiality assessment	42–44	
3-2	List of material topics	2 EPIF's approach to sustainability: Materiality assessment	43	
3-3	Management of material topics	5 Governance: Fair conduct	104	
205-2 / 11.20.3	Communication and training about anti-corruption policies and procedures	5 Governance: Anti-corruption and anti-bribery policy (full version available on EPIF website https://www.epinfrastructure.cz/en/esg/)	109	

Performance indicators

Data reported for the whole year or from date of acquisition of particular plant excluding share participations. For more information please refer to the Methodology notes in the Annex.

EP Infrastructure and its business

For the year ended 31 December 2022

Country

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-6	**Net installed capacity – Electricity – Total**								
	EP Infrastructure								
	Czech Republic	MW	900	900	900	1,031	1,031	–	0%
	Slovakia	MW	68	68	68	68	67	(0)	0%
	Hungary	MW	–	–	–	396	396	–	
	Total – EP Infrastructure	**MW**	**968**	**968**	**968**	**1,495**	**1,494**	**(0)**	**0%**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-6	**Net installed capacity – Electricity – Conventional sources**								
	EP Infrastructure								
	Czech Republic	MW	854	854	878	1,008	1,008	–	0%
	Slovakia	MW	50	50	50	50	50	–	0%
	Hungary	MW	–	–	–	396	396	–	
	Total – EP Infrastructure	**MW**	**904**	**904**	**928**	**1,454**	**1,454**	**–**	**0%**

EP Infrastructure and its business

For the year ended 31 December 2022

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-6	**Net installed capacity – Electricity – Renewable sources**								
	EP Infrastructure								
	Czech Republic	MW	47	47	23	23	23	–	–
	Slovakia	MW	18	18	18	18	17	(0)	(0%)
	Germany	MW	–	–	–	–	–	–	
	Hungary	MW	–	–	–	–	–	–	
	Total – EP Infrastructure	**MW**	**64**	**64**	**40**	**40**	**40**	**(0)**	**(0%)**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-6	**Net installed capacity – Heat**								
	EP Infrastructure								
	Czech Republic	MW	3,003	3,015	3,085	4,136	4,223	(12)	0%
	Hungary	MW	–	–	–	1,401	1,401	–	
	Total – EP Infrastructure	**MW**	**3,003**	**3,015**	**3,085**	**5,537**	**5,624**	**(12)**	**0%**

Fuel

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-6	**Net installed capacity – Electricity – Total**								
	EP Infrastructure								
	Conventional sources	MW	904	904	928	1,454	1,454	–	0%
	Renewable sources	MW	64	64	40	40	40	(0)	0%
	Total – EP Infrastructure	**MW**	**968**	**968**	**968**	**1,495**	**1,494**	**(0)**	**0%**

EP Infrastructure and its business

For the year ended 31 December 2022

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-6	**Net installed capacity – Electricity – Conventional sources**								
	EP Infrastructure								
	Hard coal	MW	–	–	–	110	110	–	
	Lignite	MW	824	824	848	848	848	–	0%
	CCGT	MW	–	–	–	396	396	–	
	OCGT and other NG	MW	50	50	50	71	71	–	0%
	Oil	MW	20	20	20	20	20	–	0%
	Other	MW	11	11	11	11	11	–	0%
	Total – EP Infrastructure	**MW**	**904**	**904**	**928**	**1,454**	**1,454**	**–**	**0%**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-6	**Net installed capacity – Electricity – Renewable sources**								
	EP Infrastructure								
	Wind	MW	6	6	6	6	6	–	0%
	Photovoltaic	MW	15	15	15	15	15	(0)	0%
	Hydro	MW	3	3	3	3	3	–	0%
	Biomass	MW	37	37	14	14	14	–	0%
	Other	MW	3	3	3	3	3	–	0%
	Total – EP Infrastructure	**MW**	**64**	**64**	**40**	**40**	**40**	**(0)**	**0%**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-6	**Net installed capacity – Heat**								
	EP Infrastructure								
	Hard coal	MW	–	–	–	242	242	–	
	Lignite	MW	2,590	2,600	2,767	2,767	2,872	(10)	0%
	CCGT	MW	–	–	–	1,401	1,401	–	
	OCGT and other NG	MW	18	18	18	822	804	–	0%
	Oil	MW	229	229	229	234	234	–	0%
	Biomass	MW	135	136	39	39	39	(1)	(1%)
	Other	MW	32	32	32	32	32	–	0%
	Total – EP Infrastructure	**MW**	**3,003**	**3,015**	**3,085**	**5,537**	**5,624**	**(12)**	**0%**

EP Infrastructure and its business

For the year ended 31 December 2022

Country

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-6	**Net power production – Total**								
	EP Infrastructure								
	Czech Republic	TWh	2.5	2.5	2.0	1.9	2.6	0.0	1%
	Slovakia	TWh	0.0	0.0	0.0	0.0	0.0	(0.0)	(14%)
	Hungary	TWh	–	–	1.3	1.4	1.2	–	
	Total – EP Infrastructure	**TWh**	**2.6**	**2.6**	**3.3**	**3.4**	**3.9**	**0.0**	**0%**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-6	**Net power production – Conventional sources**								
	EP Infrastructure								
	Czech Republic	TWh	2.2	2.3	1.8	1.8	2.5	(0.0)	(1%)
	Slovakia	TWh	0.0	0.0	0.0	0.0	0.0	0.0	1%
	Hungary	TWh	–	–	1.3	1.4	1.2	–	
	Total – EP Infrastructure	**TWh**	**2.2**	**2.3**	**3.1**	**3.2**	**3.7**	**(0.0)**	**(1%)**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-6	**Net power production – Renewable sources**								
	EP Infrastructure								
	Czech Republic	GWh	300	256	174	155	176	44.0	17%
	Slovakia	GWh	28	32	31	30	28	(4.6)	(14%)
	Total – EP Infrastructure	**GWh**	**328**	**288**	**205**	**184**	**204**	**39.4**	**14%**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-6	**Net heat production**								
	EP Infrastructure								
	Czech Republic	TWh	2.5	2.7	2.6	2.6	2.6	(0.3)	(10%)
	Hungary	TWh	–	–	1.5	1.7	1.7	–	
	Total – EP Infrastructure	**TWh**	**2.5**	**2.7**	**4.0**	**4.3**	**4.3**	**(0.3)**	**(10%)**

EP Infrastructure and its business

For the year ended 31 December 2022

Fuel

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-6	**Net power production – Total**								
	EP Infrastructure								
	Conventional sources	TWh	2.2	2.3	3.1	3.2	3.7	(0.0)	(1%)
	Renewable sources	TWh	0.3	0.3	0.2	0.2	0.2	0.0	14%
	Total – EP Infrastructure	**TWh**	**2.6**	**2.6**	**3.3**	**3.4**	**3.9**	**0.0**	**0%**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-6	**Net power production – Conventional sources**								
	EP Infrastructure								
	Lignite	TWh	2.2	2.2	1.8	1.7	2.4	(0.0)	(1%)
	CCGT	TWh	–	–	1.3	1.4	1.2	–	
	OCGT and other NG	TWh	0.0	0.0	0.0	0.0	0.0	0.0	1%
	Oil	TWh	–	–	–	(0.0)	(0.0)	–	
	Other	TWh	0.0	0.0	0.0	0.0	0.0	0.0	4%
	Total – EP Infrastructure	**TWh**	**2.2**	**2.3**	**3.1**	**3.2**	**3.7**	**(0.0)**	**(1%)**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-6	**Net power production – Renewable sources**								
	EP Infrastructure								
	Wind	GWh	5	5	8	9	7	(1)	(14%)
	Photovoltaic	GWh	17	17	17	16	17	0	2%
	Hydro	GWh	4	6	7	6	5	(2)	(38%)
	Biomass	GWh	292	247	162	142	166	45	18%
	Other	GWh	10	13	11	10	10	(2)	(19%)
	Total – EP Infrastructure	**GWh**	**328**	**288**	**205**	**184**	**204**	**39**	**14%**

EP Infrastructure and its business

For the year ended 31 December 2022

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-6	**Net heat production**								
	EP Infrastructure								
	Lignite	TWh	2.2	2.5	2.3	2.3	2.3	(0.3)	(12%)
	CCGT	TWh	–	–	1.5	1.7	1.7	–	
	CCGT & other natural gas	TWh	0.0	0.0	0.1	0.0	0.1	(0,0)	(81%)
	Oil	TWh	0.0	0.0	0.0	0.0	0.0	0,0	354%
	Biomass	TWh	0.3	0.2	0.2	0.2	0.2	0.0	24%
	Other	TWh	0.0	0.1	0.1	0.1	0.1	(0.0)	(40%)
	Total – EP Infrastructure	**TWh**	**2.5**	**2.7**	**4.0**	**4.3**	**4.3**	**(0.3)**	(10%)

Country

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-6	**Total net energy production**								
	EP Infrastructure								
	Czech Republic	TWh	5.0	5.3	4.6	4.5	5.2	(0.2)	(5%)
	Slovakia	TWh	0.0	0.0	0.0	0.0	0.0	(0.0)	(14%)
	Hungary	TWh	–	–	2.8	3.1	2.9	–	
	Total – EP Infrastructure	**TWh**	**5.0**	**5.3**	**7.4**	**7.6**	**8.2**	**(0.3)**	**(5%)**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-6	**Heat supplied**								
	EP Infrastructure								
	Czech Republic	PJ	7.4	8.4	13.9	16.5	16.5	(0.9)	(11%)
	Hungary	PJ	–	–	5.6	6.0	6.2	–	
	Total – EP Infrastructure	**PJ**	**7.4**	**8.4**	**19.4**	**22.5**	**22.7**	**(0.9)**	**(11%)**

EP Infrastructure and its business

For the year ended 31 December 2022

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-6	**Number of connection points**								
	Gas distribution								
	Residential	#	1,447,516	1,451,567	1,450,070	1,445,885	1,442,984	(4,051)	0%
	Industrial	#	691	699	707	717	715	(8)	(1%)
	Commercial & Institutional	#	77,850	79,838	79,731	79,290	79,189	(1,988)	(2%)
	Total	**#**	**1,526,057**	**1,532,104**	**1,530,508**	**1,525,892**	**1,522,888**	**(6,047)**	**0%**
	Power distribution								
	Residential	#	690,390	681,749	674,885	669,224	663,641	8,641	1%
	Mid-size	#	84,134	86,208	5,255	5,287	5,337	(2,074)	(2%)
	Large	#	5,137	5,220	85,602	85,604	85,128	(83)	(2%)
	Total	**#**	**779,661**	**773,177**	**765,742**	**760,115**	**754,106**	**6,484**	**1%**
	Heat distribution								
	Total	**#**	**151,984**	**151,015**	**150,179**	**383,800**	**381,300**	**969**	**1%**
	Total number of connection points	**#**	**2,457,702**	**2,456,296**	**2,446,429**	**2,669,807**	**2,658,294**	**1,406**	**0%**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-6	**Number of customer accounts – Supply**								
	Electricity supply								
	Residential	#	683,213	672,288	564,885	555,689	555,831	10,924	2%
	Mid-size	#	65,519	63,486	86,926	54,265	53,667	2,034	3%
	Large	#	23,114	22,565	25,150	24,442	22,637	549	2%
	Total electricity	**#**	**771,846**	**758,339**	**676,961**	**634,396**	**632,135**	**13,507**	**2%**
	Gas supply								
	Residential	#	90,383	88,492	55,149	22,075	13,546	1,891	2%
	Mid-size	#	5,339	5,200	7,661	2,713	2,312	139	3%
	Large	#	490	629	878	212	226	(139)	(22%)
	Total gas	**#**	**96,212**	**94,321**	**63,688**	**25,000**	**16,084**	**1,891**	**2%**
	Total number of customer accounts	**#**	**868,058**	**852,660**	**740,649**	**659,396**	**648,219**	**15,398**	**2%**

Environment / Climate change and energy

For the year ended 31 December 2022

Country

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
302-1	**Energy consumption**								
	EP Infrastructure								
	Czech Republic	PJ	42.3(**)	42.7(**)	36.0(**)	35.2(**)	44.5(**)	(0.4)	(1%)
	Slovakia	PJ	3.2(**)	3.5(**)	4.2(**)	9.0(**)	6.5(**)	(0.3)	(9%)
	Germany	PJ	0.3	0.5	0.2	0.3	–	(0.1)	(25%)
	Hungary	PJ	–	–	13.0	14.3 **)	12.9(**)	–	
	Total – EP Infrastructure	**PJ**	**45.8**	**46.6**	**53.3**	**58.7**	**63.9**	**(0.8)**	**(2%)**

(**) This data was verified by the independent auditing firm KPMG. Scope in 2022: CZ: 2 companies, SK: 1 company.

Fuel

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
302-1	**Energy consumption**								
	EP Infrastructure								
	Hard Coal	PJ	–	–	–	–	2.4	–	
	Lignite	PJ	36.2	37.3	31.7	31.2	37.7	(1.1)	(3%)
	Natural Gas	PJ	1,9	3.8	17.6	23.9	20.0	(1.9)	(50%)
	Oil	PJ	0.0	0.0	0.0	0.0	0.0	(0.0)	(5%)
	Diesel	PJ	0.0	0.0	0.0	0.0	0.0	0.0	264%
	Purchased Electricity	PJ	1.8	0.3	0.2	0.2	0.1	1.4	413%
	Biomass	PJ	4.9	4.1	2.8	2.4	2.7	0.8	21%
	Other	PJ	1.0	1.0	1.0	1.0	0.9	(0.0)	(3%)
	Total – EP Infrastructure	**PJ**	**45.8**	**46.6**	**53.3**	**58.7**	**63.9**	**(0.8)**	**(2%)**

Environment / Climate change and energy

For the year ended 31 December 2022

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
305-1	**Direct GHG Emissions**								
	EP Infrastructure								
	CO_2 emissions	million tons CO_2 eq.	3.4*	3.5	3.8	4.1	4.8	(0)	(3%)
	Methane emissions	million tons CO_2 eq.	0.2*	0.3	0.3	0.3	0.3	(0.0)	(10%)
	Total – EP Infrastructure	**million tons CO_2 eq.**	**3.6***	**3.717**	**4.0**	**4.4**	**5.1**	**(0.1)**	**(4%)**

(*) This data was verified by the independent auditing firm KPMG.

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
305-1	**Natural gas emissions**								
	EP Infrastructure								
	Gas emissions – fugitive	thsnd. m^3	9,523	10,854	11,435	12,005	12,674	(1,331)	(12%)
	Gas emissions – venting	thsnd. m^3	2,793	2,953	4,412	4,155	3,955	(160)	(5%)
	Gas emissions – flaring	thsnd. m^3	–	–	–	–	–	–	
	Gas emissions – incomplete combustion	thsnd. m^3	95	132	120	162	134	(37)	(28%)
	Gas emissions – other	thsnd. m^3	–	–	–	–	–	–	
	Total – EP Infrastructure	**thsnd. m^3**	**12,411**	**13,940**	**15,966**	**16,321**	**16,763**	**(1,528)**	**(11%)**

Environment / Air emissions

For the year ended 31 December 2022

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
305-1	**Methane emissions**								
	EP Infrastructure								
	Gas transmission	tons	1,932	2,574	3,108	2,494	2,343	(642)	(25%)
	Gas distribution	tons	4,905	5,627	6,384	7,208	7,477	(722)	(13%)
	Gas storage	tons	1,444	984	1,039	1,126	1,317	461	47%
	Total – EP Infrastructure	tons	**8,282**	**9,185**	**10,531**	**10,828**	**11,136**	**(903)**	**(10%)**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
305-1	**Methane emissions as CO_2 equivalent**								
	EP Infrastructure								
	Gas transmission	tons CO_2 eq.	54,096	72,072	87,031	69,831	65,605	(17,976)	(25%)
	Gas distribution	tons CO_2 eq.	137,350	157,566	178,747	201,826	209,344	(20,217)	(13%)
	Gas storage	tons CO_2 eq.	40,445	27,540	29,101	31,520	36,863	12,905	47%
	Total – EP Infrastructure	**tons CO_2 eq.**	**231,891***	**257,179**	**294,879**	**303,177**	**311,812**	**(25,288)**	**(10%)**

(*) This data was verified by the independent auditing firm KPMG.

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
305-1	**Direct CO_2 emissions (Scope 1) by segment**								
	EP Infrastructure								
	Gas transmission	million tons CO_2 eq.	0.0	0.1	0.2	0.4	0.3	(0.1)	(85%)
	Gas and power distribution	million tons CO_2 eq.	0.0	0.0	0.0	0.0	0.0	0.0	165%
	Gas storage	million tons CO_2 eq.	0.1	0.1	0.0	0.1	0.0	0.0	20%
	Heat Infrastructure	million tons CO_2 eq.	3.3	3.3	3.5	3.6	4.5	(0,0)	(1%)
	Total – EP Infrastructure	**million tons CO_2 eq.**	**3.4***	**3.5**	**3.8**	**4.1**	**4.8**	**(0.1)**	**(3%)**

(*) This data was verified by the independent auditing firm KPMG.

Environment / Air emissions

For the year ended 31 December 2022

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
305-1	**Direct CO_2 Emissions (Scope 1)**								
	EP Infrastructure								
	Czech Republic	million tons CO_2 eq.	3.3	3.3	2.8	2.8	3.7	(0.0)	(1%)
	Slovakia	million tons CO_2 eq.	0.1	0.2	0.2	0.4	0.3	(0.1)	(49%)
	Germany	million tons CO_2 eq.	0.0	0.0	0.0	0.0	–	(0.0)	(34%)
	Hungary	million tons CO_2 eq.	–	–	0.7	0.8	0.7	–	
	Total – EP Infrastructure	**million tons CO_2 eq.**	**3.4***	**3.5**	**3.8**	**4.1**	**4.8**	**(0.1)**	**(3%)**

(*) This data was verified by the independent auditing firm KPMG.

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
305-1	**Procured and granted emissions consumed**								
	EP Infrastructure								
	Procured allowances consumed	million tons CO_2 eq.	3.1	3.3	3.3	3.0	3.2	(0.1)	(4%)
	Granted allowances consumed	million tons CO_2 eq.	0.2	0.2	0.5	1.1	1.6	(0.0)	(21%)
	Total – EP Infrastructure	**million tons CO_2 eq.**	**3.3**	**3.5**	**3.8**	**4.1**	**4.8**	**(0.2)**	**(5%)**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
305-4	**CO_2 Emissions intensity – Including heat component**								
	EP Infrastructure								
	Czech Republic	ton CO_2 eq./GWh	649	623	617	625	714	26	4%
	Slovakia	ton CO_2 eq./GWh	19	17	5	8	9	2	15%
	Germany	ton CO_2 eq./GWh	–	–	–	–	–		
	Hungary	ton CO_2 eq./GWh	–	–	260	258	247		
	Total – EP Infrastructure	**ton CO_2 eq./GWh**	**646**	**619**	**480**	**474**	**544**	**26**	**4%**

Environment / Air emissions

For the year ended 31 December 2022

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
305-2	**Indirect CO_2 Emissions (Scope 2)**								
	EP Infrastructure								
	Czech Republic	ton CO_2 eq.	8,160	8,747	32,960	24,726	28,540	(587)	(7%)
	Slovakia	ton CO_2 eq.	52,810	7,597	5,719	6,193	6,187	45,213	595%
	Germany	ton CO_2 eq.	2,104	2,216	2,651	1,354	–	(112)	(5%)
	Hungary	ton CO_2 eq.	–	–	2,751	3,026	5,149	–	
	Total – EP Infrastructure	ton CO_2 eq.	**63,074***	**18,560**	**44,080**	**35,299**	**39,876**	**44,514**	**240%**

(*) This data was verified by the independent auditing firm KPMG.

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
305-4	**GHG Emissions intensity in respect of total sales (Scope 1 + Scope 2)**								
	EP Infrastructure	tonne CO_2 eq./EURm	**853**	**1,247**	**1,188**	**1,182**	**1,570**	**(394)**	**(32%)**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
305-7	**Total SO_2 emissions**								
	EP Infrastructure								
	Czech Republic	thousand tons	4.4	3.3	4.6	5.3	7.8	1.2	35%
	Slovakia	thousand tons	0.0	0.0	0.0	0.0	0.0	(0.0)	(15%)
	Hungary	thousand tons	–	–	–	0,0	0,0	–	
	Total – EP Infrastructure	**thousand tons**	**4.4**	**3.3**	**4.6**	**5.3**	**7.8**	**1.2**	**35%**

Environment / Air emissions

For the year ended 31 December 2022

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
305-7	**Total NO_x emissions**								
	EP Infrastructure								
	Czech Republic	thousand tons	3.3	3.1	2.7	3.0	3.8	0.2	8%
	Slovakia	thousand tons	0.1	0.2	0.2	0.4	0.3	(0.1)	(59%)
	Hungary	thousand tons	–	–	0.4	0.4	0.4	–	
	Total – EP Infrastructure	**thousand tons**	**3.4**	**3.3**	**3.2**	**3.8**	**4.5**	**0.1**	**4%**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
305-7	**Total dust emissions**								
	EP Infrastructure								
	Czech Republic	thousand tons	0.1	0.1	0.1	0.1	0.2	(0.0)	(7%)
	Slovakia	thousand tons	0.0	0.0	0.0	0.0	0.0	(0.0)	(21%)
	Hungary	thousand tons	–	–	–	0.0	–	–	
	Total – EP Infrastructure	**thousand tons**	**0.1**	**0.1**	**0.1**	**0.1**	**0.2**	**(0.0)**	**(8%)**

Country

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
305-7	**SO_2 emissions intensity**								
	EP Infrastructure								
	Czech Republic	ton/GWh	0.89	0.62	1.02	1.19	1.50	0.3	42%
	Slovakia	ton/GWh	0.09	0.09	0.10	0.01	0.01	(0.0)	(4%)
	Hungary	ton/GWh	–	–	–	0.00	0.00	–	
	Total – EP Infrastructure	**ton/GWh**	**0.88**	**0.62**	**0.63**	**0.70**	**0.95**	**0.3**	**42%**

Environment / Water

For the year ended 31 December 2022

Country

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
305-7	**NO_x emissions intensity**								
	EP Infrastructure								
	Czech Republic	ton/GWh	0.66	0.59	0.58	0.66	0.71	0.1	13%
	Slovakia	ton/GWh	0.43	0.40	0.44	0.57	0.61	0.0	7%
	Hungary	ton/GWh	–	–	0.14	0.14	0.15	–	
	Total – EP Infrastructure	**ton/GWh**	**0.66**	**0.59**	**0.41**	**0.45**	**0.51**	**0.1**	**13%**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
305-7	**Dust emissions intensity**								
	EP Infrastructure								
	Czech Republic	ton/GWh	0.02	0.02	0.02	0.03	0.04	(0.00)	(3%)
	Slovakia	ton/GWh	0.02	0.02	0.02	0.02	0.02	(0.00)	(5%)
	Hungary	ton/GWh	–	–	–	0.00	–	–	
	Total – EP Infrastructure	**ton/GWh**	**0.02**	**0.02**	**0.01**	**0.02**	**0.03**	**(0.00)**	**(3%)**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
303-3	**Quantity of water withdrawn**								
	EP Infrastructure								
	Czech Republic	million m³	93.6(**)	40.7(**)	30.6(**)	52.7(**)	72.9(**)	52.9	130%
	Slovakia	million m³	0.0(**)	0.0(**)	0.0(**)	0.0(**)	0.0(**)	(0.0)	(13%)
	Germany	million m³	0.0	0.0	0.0	0.0	–	(0.0)	(62%)
	Hungary	million m³	–	–	12.9	14.4(**)	10.4(**)	–	
	Total – EP Infrastructure	**million m³**	**93.6**	**40.8**	**43.6**	**67.1**	**83.3**	**52.9**	**130%**

(**) This data was verified by the independent auditing firm KPMG. Scope in 2022: CZ: 2 companies, SK: 1 company.

Environment / Water

For the year ended 31 December 2022

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
303-4	**Quantity of water discharged**								
	EP Infrastructure								
	Czech Republic	million m³	88.3(**)	34.1(**)	23.8(**)	46.4(**)	65.3(**)	54	159%
	Slovakia	million m³	0.1(**)	0.1(**)	0.2(**)	0.1(**)	0.1(**)	(0)	(11%)
	Germany	million m³	0.0	0.0	0.0	0.0	–	(0)	(64%)
	Hungary	million m³	–	–	12.9	13.8(**)	9.8(**)	–	
	Total – EP Infrastructure	**million m³**	**88.4**	**34.2**	**37.0**	**60.4**	**75.3**	**54**	**158%**

(**) This data was verified by the independent auditing firm KPMG. Scope in 2022: CZ: 2 companies, SK: 1 company.

Type

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
303-3	**Quantity of water withdrawn**								
	EP Infrastructure								
	Surface water	million m³	93.5	40.7	42.9	65.6	82.0	52.9	130%
	Ground water	million m³	0.0	0.1	0.1	0.1	0.1	(0.0)	(31%)
	Municipal water supplies or other water utilities	million m³	0.1	0.1	0.1	0.8	0.7	0.0	1%
	Other	million m³	–	–	0.5	0.6	0.5	–	
	Total – EP Infrastructure	**million m³**	**93.6**	**40.8**	**43.6**	**67.1**	**83.3**	**52.9**	**130%**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
303-3	**Cooling Water**								
	EP Infrastructure								
	Cooling water – withdrawal	million m³	91.1	38.7	41.2	64.1	79.9	52.4	135%
	Cooling water – discharge	million m³	86.1	32.0	34.2	57.3	71.7	54.1	169%
	Total – EP Infrastructure – Usage	**million m³**	**5.0**	**6.7**	**6.9**	**6.8**	**8.2**	**(1.7)**	**(25%)**

Environment / Water

For the year ended 31 December 2022

Country

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
303-3	**Water intensity in respect of energy produced (all segments)**								
	EP Infrastructure	thousand m^3/GWh	18.6	7.7	5.9	8.8	10.1	11	141%

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
303-3	**Water intensity in respect of energy produced (generation companies only)**								
	EP Infrastructure	thousand m^3/EURm	18.6	7.7	5.9	8.8	10.1	11	141%

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
303-3	**Water intensity in respect of revenues**								
	EP Infrastructure	thousand m^3/EURm	23.4	14.6	13.6	19.3	27.0	9	60%

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
306-3	**Byproducts – Total production**								
	EP Infrastructure								
	Czech Republic	thousand tons	1,370	1,288	1,084	1,119	1,488	81.8	6%
	Hungary	thousand tons	–	–	0	0	0	–	
	Total – EP Infrastructure	**thousand tons**	**1,370**	**1,288**	**1,084**	**1,119**	**1,488**	**81.8**	**6%**

Environment / Effluents and waste

For the year ended 31 December 2022

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
306-3	**Waste other than byproducts – Total production**								
	EP Infrastructure								
	Czech Republic	thousand tons	2	2	3	2	3	1	34%
	Slovakia	thousand tons	36	45	44	42	36	(8)	(19%)
	Germany	thousand tons	1	2	1	1	–	(1)	(49%)
	Hungary	thousand tons	–	–	0	0	0	–	
	Total – EP Infrastructure	**thousand tons**	**40**	**48**	**47**	**44**	**39**	**(9)**	**(18%)**

Type

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
306-3	**Byproducts – Total production**								
	EP Infrastructure								
	Additised granulate	thousand tons	354	326	238	215	332	28	9%
	Ash	thousand tons	532	522	481	489	564	10	2%
	Slag	thousand tons	186	185	150	161	224	1	0%
	Gypsum	thousand tons	192	163	119	139	172	29	18%
	Additional material – hydrated lime	thousand tons	8	9	10	15	28	(0)	(5%)
	Additional material – water	thousand tons	83	74	84	97	168	9	12%
	Other own production	thousand tons	3	2	2	2	2	0	23%
	Total – EP Infrastructure	**thousand tons**	**1,370**	**1,288**	**1,084**	**1,119**	**1,488**	**82**	**6%**

Environment / Effluents and waste

For the year ended 31 December 2022

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
306-4	**Byproducts – Total means of disposal**								
306-5	**EP Infrastructure**								
	Sales	thousand tons	457	318	268	169	128	140	44%
	Storage – own stock	thousand tons	–	145	109	157	209	(145)	(100%)
	Storage – external	thousand tons	241	176	193	211	214	64	36%
	Stabilizate production	thousand tons	627	627	509	578	930	0	0%
	Storage – chargeable waste	thousand tons	44	23	5	3	7	22	96%
	Total – EP Infrastructure	**thousand tons**	**1,370**	**1,288**	**1,084**	**1,119**	**1,488**	**82**	**6%**

Type

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
306-3	**Waste other than byproducts – Total production**								
	EP Infrastructure								
	Non-hazardous waste	thousand tons	38.8	47.3	45.9	42.8	36.7	(8.5)	(18%)
	Hazardous waste	thousand tons	0.9	1.1	0.9	1.7	1.8	(0.2)	(22%)
	Total – EP Infrastructure	**thousand tons**	**39.7**	**48.4**	**46.8**	**44.5**	**38.5**	**(8.7)**	**(18%)**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
306-4	**Waste other than by products – Non-hazardous – Disposal**								
306-5	**EP Infrastructure**								
	Recycling	thousand tons	28.8	21.8	17.7	19.1	14.5	7.0	32%
	Landfill	thousand tons	2.4	3.0	2.8	3.9	4.2	(0.6)	(21%)
	Other	thousand tons	7.6	22.4	25.4	19.8	18.0	(14.8)	(66%)
	Total – EP Infrastructure	**thousand tons**	**38.8**	**47.3**	**45.9**	**42.8**	**36.7**	**(8.5)**	**(18%)**

Environment / Effluents and waste

For the year ended 31 December 2022

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
306-4	**Waste other than by products – Hazardous – Disposal**								
306-5	**EP Infrastructure**								
	Recycling	thousand tons	0.1	0.3	0.4	0.3	0.2	(0.2)	(57%)
	Landfill	thousand tons	0.3	0.2	0.2	1.1	1.4	0.1	28%
	Other	thousand tons	0.5	0.6	0.3	0.3	0.3	(0.1)	(21%)
	Total – EP Infrastructure	**thousand tons**	**0.9**	**1.1**	**0.9**	**1.7**	**1.8**	**(0.2)**	**(22%)**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
306-3	**Waste intensity in respect of revenues**								
	EP Infrastructure	tonnes per EURm	9.9	17.4	14.6	12.8	12.5	(7.4)	(43%)

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-27	**Fines**								
	EP Infrastructure								
	Environmental Fines	EURm	0.2	0.0	0.0	0.0	0.0	0.2	1394155%
	Use of Products/ Services Fines	EURm	–	–	–	–	–	–	
	Other Significant Fines	EURm	0.1	0.0	0.1	–	–	0.0	36%
	Total – EP Infrastructure	**EURm**	**0.2**	**0.0**	**0.1**	**0.0**	**0.0**	**0.2**	**424%**

Social / Occupational health and safety

For the year ended 31 December 2022

Country

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
403-9	**Fatal injuries – Employees**								
	EP Infrastructure								
	Czech Republic	#	–	–	–	–	–	–	
	Slovakia	#	1	–	–	–	–	1	
	Germany	#	–	–	–	–	–	–	
	Hungary	#	–	–	–	–	–	–	
	Netherlands	#	–	–	–	–	–	–	
	Total – EP Infrastructure	**#**	**1**	**–**	**–**	**–**	**–**	**1**	

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
403-9	**Registered injuries – Employees**								
	EP Infrastructure								
	Czech Republic	#	10(**)	13(**)	11(**)	16(**)	11(**)	(3)	(23%)
	Slovakia	#	19(**)	14(**)	19(**)	20(**)	13	5	36%
	Germany	#	1	–	–	–	–	1	
	Hungary	#	–	–	–	1(**)	3	–	
	Netherlands	#	–	–	–	–	–	–	
	Total – EP Infrastructure	**#**	**30**	**27**	**30**	**37**	**27**	**3**	**11%**

(**) This data was verified by the independent auditing firm KPMG. Scope in 2022: CZ: 2 companies, SK: 1 company.

Social / Occupational health and safety

For the year ended 31 December 2022

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
403-9	**Worked hours – Employees**								
	EP Infrastructure								
	Czech Republic	million hours	2.6	2.6	3.3	3.4	3.7	(0.0)	(1%)
	Slovakia	million hours	6.7	7.0	6.9	6.9	6.8	(0.3)	(4%)
	Germany	million hours	0.1	0.1	0.1	0.1	0.1	(0,0)	0%
	Hungary	million hours	–	–	0.3	0.4	0.4	–	
	Netherlands	million hours	–	–	–	0.0	0.0	–	
	Total – EP Infrastructure	**million hours**	**9.3**	**9.6**	**10.6**	**10.7**	**11.0**	**(0.3)**	**(3%)**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
403-9	**Worked hours – Contractors**								
	EP Infrastructure								
	Czech Republic	million hours	0.017	0.014	0.014	0.011	0.012	0.004	26%
	Slovakia	million hours	–	–	–	–	–	–	
	Germany	million hours	–	–	–	–	–	–	
	Hungary	million hours	–	–	–	–	–	–	
	Netherlands	million hours	–	–	–	–	–	–	
	Total – EP Infrastructure	**million hours**	**0.017**	**0.014**	**0.014**	**0.011**	**0.012**	**0.004**	**26%**

Social / Occupational health and safety

For the year ended 31 December 2022

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
403-9	**Injury Frequency Rate – Employees**								
	EP Infrastructure								
	Czech Republic	index	3.9	5.0	3.4	4.8	3.0	(1.1)	(22%)
	Slovakia	index	3.0	2.0	2.7	2.9	1.9	1.0	49%
	Netherlands	index	–	–	–	–	–	–	
	Total – EP Infrastructure	**index**	**3.3**	**2.8**	**2.8**	**3.5**	**2.5**	**0.5**	**19%**

Note: Injury frequency rate reported on per 1 million hours worked basis.

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
403-9	**Fatal injuries – Contractors**								
	EP Infrastructure								
	Czech Republic	#	–	–	–	–	–	–	
	Slovakia	#	–	–	–	1	–	–	
	Germany	#	–	–	–	–	–	–	
	Hungary	#	–	–	–	–	–	–	
	Netherlands	#	–	–	–	–	–	–	
	Total – EP Infrastructure	**#**	**–**	**–**	**–**	**1**	**–**	**–**	

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
403-9	**Registered injuries – Contractors**								
	EP Infrastructure								
	Czech Republic	#	–	1	–	–	–	(1.0)	(100%)
	Slovakia	#	–	2	1	–	1	(2.0)	(100%)
	Germany	#	–	–	–	–	–	–	
	Hungary	#	–	–	–	–	–	–	
	Netherlands	#	–	–	–	–	–	–	
	Total – EP Infrastructure	**#**	**–**	**3**	**1**	**–**	**1**	**(3.0)**	**(100%)**

Social / Employment

For the year ended 31 December 2022

Country

GRI	KPI	Unit	Total	Male	Female
2-7	**Headcount (FTE)**				
	EP Infrastructure				
	Czech Republic	FTE	1,461	1,136	326
	Slovakia	FTE	4,311	3,418	894
	Germany	FTE	62	55	7
	Hungary	FTE	–	–	–
	Netherlands	FTE	2	1	1
	Total – EP Infrastructure	**FTE**	**5,837**	**4,609**	**1,227**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-7	**Males – members of top and middle management**								
	EP Infrastructure								
	Czech Republic	FTE	54	51	59	66	69	3	5%
	Slovakia	FTE	332	326	331	358	345	6	2%
	Germany	FTE	2	1	1	1	1	1	83%
	Hungary	FTE	–	–	5	5	5	–	
	Netherlands	FTE	1	1	1	1	1	–	0%
	Total – EP Infrastructure	**FTE**	**388**	**379**	**398**	**431**	**421**	**9**	**2%**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-7	**Females – members of top and middle management**								
	EP Infrastructure								
	Czech Republic	FTE	23	21	18	13	18	2	8%
	Slovakia	FTE	59	59	62	62	62	0	0%
	Germany	FTE	–	–	–	–	–	–	
	Netherlands	FTE	1	1	1	1	1	–	0%
	Total – EP Infrastructure	**FTE**	**83**	**81**	**82**	**77**	**82**	**2**	**2%**

Social / Employment

For the year ended 31 December 2022

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-7	**Male employees**								
	EP Infrastructure								
	Czech Republic	FTE	1,136	1,168	1,530	1,595	1,713	(32)	(3%)
	Slovakia	FTE	3,418	3,406	3,402	3,353	3,352	12	0%
	Germany	FTE	55	54	51	51	52	1	2%
	Hungary	FTE	–	–	173	173	168	–	
	Netherlands	FTE	1	1	1	1	1	–	0%
	Total – EP Infrastructure	**FTE**	**4,609**	**4,629**	**5,158**	**5,173**	**5,286**	**(20)**	**0%**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-7	**Female employees**								
	EP Infrastructure								
	Czech Republic	FTE	326	291	359	386	397	34	12%
	Slovakia	FTE	894	883	870	856	847	11	1%
	Germany	FTE	7	7	7	7	8	–	0%
	Hungary	FTE	–	–	34	35	35	–	
	Netherlands	FTE	1	1	1	1	1	–	0%
	Total – EP Infrastructure	**FTE**	**1,227**	**1,182**	**1,271**	**1,285**	**1,288**	**45**	**4%**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
403-8	**Employees covered by OHSAS 18001 / ISO 45001**								
	EP Infrastructure								
	Czech Republic	FTE	426	423	861	963	1,079	3	1%
	Slovakia	FTE	4,295	4,273	2,946	2,903	2,894	22	1%
	Germany	FTE	–	–	–	–	–	–	
	Hungary	FTE	–	–	–	–	–	–	
	Netherlands	FTE	–	–	–	–	–	–	
	Total – EP Infrastructure	**FTE**	**4,721**	**4,696**	**3,807**	**3,866**	**3,973**	**25**	**1%**
	Covered in % of total headcount	FTE	*81%*	*81%*	*59%*	*60%*	*60%*	*0%*	

Social / Employment

For the year ended 31 December 2022

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-30	**Employees with collective bargining agreements**								
	EP Infrastructure								
	Czech Republic	FTE	1,170	1,200	1,672	1,783	1,919	(29)	(2%)
	Slovakia	FTE	4,259	4,236	4,220	4,158	4,137	23	1%
	Germany	FTE	54	54	51	52	–	0	0%
	Hungary	FTE	–	–	206	207	204	–	
	Netherlands	FTE	–	–	–	–	–	–	
	Total – EP Infrastructure	**FTE**	**5,483**	**5,489**	**6,148**	**6,200**	**6,260**	**(6)**	**0%**
	Covered in % of total headcount	FTE	*94%*	*94%*	*96%*	*96%*	*95%*	*(1%)*	

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
401-1	**Number of new hires – Total**								
	EP Infrastructure								
	Czech Republic	FTE	171	112	193	198	206	59	53%
	Slovakia	FTE	370	235	263	327	295	135	57%
	Germany	FTE	4	9	5	4	5	(5)	(57%)
	Hungary	FTE	–	–	7	24	15	–	
	Netherlands	FTE	–	–	–	–	2	–	
	Total – EP Infrastructure	**FTE**	**545**	**356**	**468**	**553**	**523**	**189**	**53%**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
401-1	**Number of leavers – Total**								
	EP Infrastructure								
	Czech Republic	FTE	124	131	165	204	331	(7)	(6%)
	Slovakia	FTE	344	263	184	276	286	81	31%
	Germany	FTE	5	7	2	5	–	(2)	(33%)
	Hungary	FTE	–	–	18	12	13	–	
	Netherlands	FTE	–	–	–	–	1	–	
	Total – EP Infrastructure	**FTE**	**473**	**401**	**369**	**497**	**631**	**71**	**18%**

Social / Employment

For the year ended 31 December 2022

GRI	KPI	Unit	2022	2021	2020	2019	2018
401-1	**New hires rate**						
	EP Infrastructure						
	Czech Republic	%	12%	8%	10%	10%	10%
	Slovakia	%	9%	5%	6%	8%	7%
	Germany	%	6%	15%	9%	8%	8%
	Hungary	%			3%	12%	7%
	Netherlands	%	0%	0%	0%	0%	100%
	Total – EP Infrastructure	**%**	**9%**	**6%**	**7%**	**9%**	**8%**

GRI	KPI	Unit	2022	2021	2020	2019	2018
401-1	**Employee turnover rate**						
	EP Infrastructure						
	Czech Republic	%	8%	9%	9%	10%	16%
	Slovakia	%	8%	6%	4%	7%	7%
	Germany	%	8%	12%	3%	9%	0%
	Hungary	%	0%	0%	9%	6%	6%
	Netherlands	%	0%	0%	0%	0%	50%
	Total – EP Infrastructure	**%**	**8%**	**7%**	**6%**	**8%**	**10%**

Social / Training

For the year ended 31 December 2022

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
404-1	**Total training hours – all employee**								
	EP Infrastructure								
	Czech Republic	#	17,209	13,988	18,332	25,082	17,872	3,222	23%
	Slovakia	#	167,859	151,231	128,965	170,036	159,925	16,628	11%
	Germany	#	1,041	1,142	335	463	–	(101)	(9%)
	Hungary	#	–	–	5,472	2,047	2,653	–	
	Netherlands	#	–	–	–	–	–	–	
	Total – EP Infrastructure	**#**	**186,109**	**166,360**	**153,104**	**197,627**	**180,449**	**19,749**	**12%**

GRI	KPI	Unit	Permanent contract	Temporary contract	Total – Check
2-7	**Employees: permanent and temporary contract**				
	EP Infrastructure				
	Czech Republic	%	95%	6%	100%
	Slovakia	%	91%	9%	100%
	Germany	%	96%	4%	100%
	Netherlands	%	100%	0%	100%
	Total – EP Infrastructure	**%**	**92%**	**8%**	**100%**

GRI	KPI	Unit	Employees under 30 years old	Employees between 30 and 50 years old	Employees over 50 years old
2-7	**Employees: age pyramid**				
	EP Infrastructure				
	Czech Republic	% FTE	6%	49%	44%
	Slovakia	% FTE	8%	48%	44%
	Germany	% FTE	14%	32%	54%
	Netherlands	% FTE	0%	100%	0%
	Total – EP Infrastructure	**% FTE**	**8%**	**48%**	**44%**

Social / Training

For the year ended 31 December 2022

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-7	**Employees: part-time job**								
	EP Infrastructure								
	Czech Republic	FTE	42	31	20	67	57	10,2	32%
	Slovakia	FTE	14	12	12	14	15	2	13%
	Germany	FTE	1	1	2	2	2	0	51%
	Hungary	FTE	–	–	205	205	202	–	
	Netherlands	FTE	2	2	2	2	2	–	0%
	Total – EP Infrastructure	**FTE**	**59**	**46**	**241**	**290**	**278**	**12**	**26%**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-7	**Employees: full-time job**								
	EP Infrastructure								
	Czech Republic	FTE	1,420	1,428	1,870	1,916	1,537	(7,9)	(1%)
	Slovakia	FTE	4,298	4,277	4,260	4,185	4,173	21	0%
	Germany	FTE	61	60	56	56	57	0	1%
	Hungary	FTE	–	–	2	3	2	–	
	Netherlands	FTE	–	–	–	–	–	–	
	Total – EP Infrastructure	**FTE**	**5,779**	**5,765**	**6,188**	**6,159**	**5,770**	**13**	**0%**

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-7	**Employees with disabilities**								
	EP Infrastructure								
	Czech Republic	FTE	18	13	18	15	8	5	39%
	Slovakia	FTE	158	148	133	126	132	10	7%
	Germany	FTE	4	4	3	3	3	0	12%
	Hungary	FTE	–	–	–	–	–	–	
	Netherlands	FTE	–	–	–	–	–	–	
	Total – EP Infrastructure	**FTE**	**180**	**164**	**154**	**144**	**143**	**15**	**9%**

Social / Training

For the year ended 31 December 2022

GRI	KPI	Unit	2022	2021	2020	2019	2018	2022-2021	%
2-7	**Number of not directly employed workforce**								
	EP Infrastructure								
	Czech Republic	FTE	47	29	19	28	9	18	61%
	Slovakia	FTE	6	4	4	6	7	2	50%
	Germany	FTE	–	–	1	1	2	–	
	Hungary	FTE	–	–	–	–	–	–	
	Netherlands	FTE	–	–	–	–	–	–	
	Total – EP Infrastructure	**FTE**	**53**	**33**	**24**	**35**	**18**	**20**	**60%**

EP Infrastructure
Sustainability Report 2022

Published in June 2023 by
EP Infrastructure, a.s.
Pařížská 26
110 00 Prague 1
Czech Republic

Contact
Phone: +420 232 005 200
Email: investorrelations@epinfrastructure.cz
Web: www.epinfrastructure.cz

Concept
Daniel Častvaj, Václav Paleček, Eva Kokešová,
Jan Nápravník, Petr Choutka, David Židlický

Graphic design and layout
Milena Havlíčková, Zdeněk Tuka / Atelier Zidlicky

Illustration
Hana Kotulánová / Atelier Zidlicky

Photos
Stanislav Krupař page 5, Archive EPH page 7, David Židlický

Editorial Deadline
21 June 2023

EP Infrastructure

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