

23

**Sustainability
Report**

Year 2023 in review

REVENUES

€ 4.3 billion**

YEAR-ON-YEAR REDUCTION IN SCOPE 1 GHG EMISSIONS

-33 %

ADJUSTED EBITDA

€ 1.2 billion

YEAR-ON-YEAR EMISSION INTENSITY REDUCTION

-17 %

ADJUSTED FREE CASH FLOW

€ 1.0 billion

REDUCTION IN METHANE EMISSIONS SINCE 2020

-21 %

GROUP CASH CONVERSION RATIO

83 %

HEAT AND POWER PRODUCED FROM RENEWABLES

529 GWh

PAID IN TAXES

€ 300 million**

YEAR-ON-YEAR SO₂ EMISSIONS REDUCTION

-42 %

TOTAL EPCG + EPH FOUNDATION CONTRIBUTIONS

€ 11 million

YEAR-ON-YEAR NO_x EMISSIONS REDUCTION

-34 %

New decarbonization commitments

announced in May 2023

➤ [More on page 12](#)

Green Finance Framework established

in August 2023

➤ [More on epinfrastructure.cz](https://epinfrastructure.cz)

** This data was verified by the independent auditing firm KPMG. The data are sourced from the EPIF Annual financial report for the year 2023 which was audited by the independent auditing firm Deloitte.

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Foreword



1**Foreword**

Company profile

Laying a pathway to energy transition and affordable energy

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Dear Stakeholders,

It is our great pleasure to present to you the sixth Sustainability Report of EP Infrastructure, a.s. ("EPIF"), covering the calendar year 2023.

We would like to begin by highlighting the crucial importance of having secure and affordable energy supplies for the modern society. Turbulent developments on energy markets during 2022 and 2023 have underscored that energy security is not a given. As an operator of critical energy infrastructure, we are proud to have contributed to enhancing energy security in this critical period. Eustream's gas corridor through Slovakia now offers a connection to all countries, preparing the region for various potential gas flow patterns. Our gas storage facilities, with a capacity exceeding 61 TWh, played a strategic role during the market upheavals, leading us to continue investing in operational security, modernizing storage technology, enhancing automation, and utilizing data to further optimize our processes. Our gas, power, and heat distribution networks have consistently demonstrated their reliability in delivering energy to end consumers.

While we hope the most critical times are behind us, significant challenges still lie ahead. The energy system is undergoing a massive transformation. Although energy security and affordability will remain crucial, the future energy system must operate without carbon emissions. We are convinced that this necessity enhances the importance of our asset portfolio, not only during the transition period but also in a carbon-free energy system. We recognize that our assets need to be adapted to align with this future. It is imperative to address both decarbonization and energy security simultaneously.

EPIF remains dedicated to its decarbonization goals. In 2023, we reduced our emission intensity by 17% as our lignite heating plants decreased power generation after the circumstances on energy markets normalized in 2023. The phase-out of lignite is imminent, with projects in an advanced preparatory stage to abandon lignite at all heating plants by 2030, while striving for even faster transition. A balanced mix of hydrogen-ready gas units,



waste incinerator plants, and biomass units offers a robust solution to decarbonize these plants, ensuring continuity of vital heat supplies and dispatchable power. The grid-balancing role is particularly crucial given the Czech power sector's significant reliance on lignite, which may face an accelerated phase-out. We believe that the EU and national regulatory frameworks will support development of these dispatchable capacities.

Our gas midstream and downstream infrastructure must also undergo transformation. We recognize the temporary role of natural gas in achieving our goals and the necessity of replacing it with renewable gases like hydrogen. Our aim is to ensure that sufficient hydrogen infrastructure is established to support the large-scale deployment of hydrogen, preventing infrastructure shortages from becoming

Decarbonization and energy security need to be addressed simultaneously. EPIF has a plan to adapt its infrastructure for carbon-free future without sacrificing security of supply.

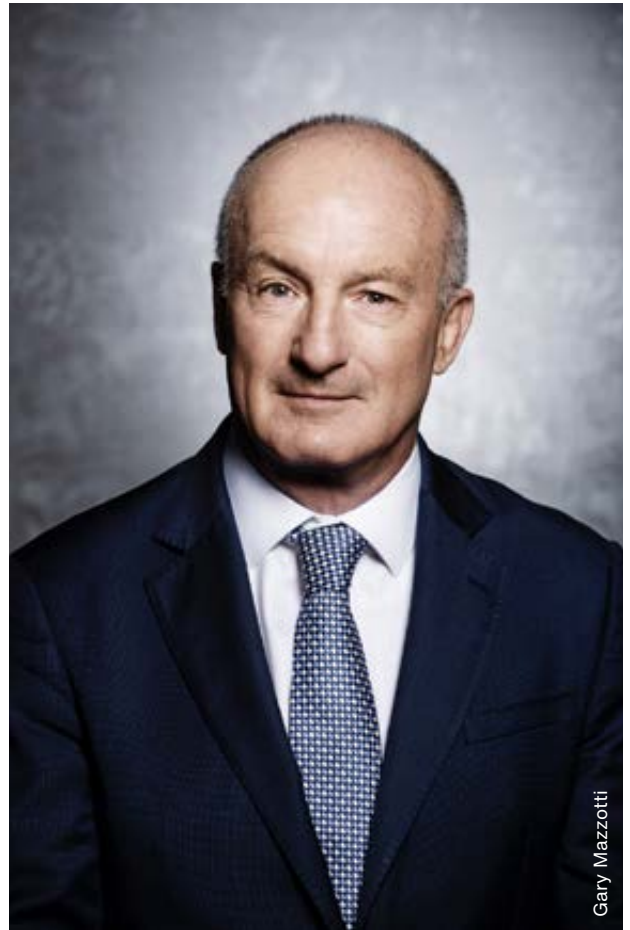
a bottleneck for hydrogen producers and offtakers. We are pleased that two hydrogen readiness projects in our gas transit and storage segments have been granted the status of Important Projects of Common European Interest, bringing these projects closer to realization. As part of these initiatives, eustream will dedicate one of its pipelines to pure hydrogen transit, while Nafta will identify suitable locations for storing hydrogen mixed with natural gas.

In August 2023, EPIF issued its inaugural Green Finance Framework to link future financing to execution of its transition plan. Establishing a framework for green financing represents a logical step for EPIF to increase its transparency and accountability towards investors and banks. We believe this step will be helpful for all stakeholders to better understand our ESG ambitions and will contribute to diversification of our investor base. The framework received second party opinions from Shades of Green, now a part of S&P Global which assigned a Light Green shading

to the framework and Sustainable Fitch which assigned a score of “Good” to the framework. Both SPO providers consider the framework as aligned with the ICMA Green Bond Principles. In March 2024, EPIF issued its first green instruments, green Schuldschein loans. Strong interest from the investor community indicated acceptance of EPIF’s approach to transition to sustainable energy and consequently also increased the original minimum volume of EUR 100 million to the final amount of EUR 285 million. The proceeds will be allocated to projects aligned with the green financing criteria in the framework.

We are delighted that our efforts in the ESG area were again reflected in a strong ESG rating received from Sustainalytics. After latest update in November 2023, EPIF retains its position in the low-risk category with the ESG Risk Rating. Our ongoing interactions with rating agencies help us further improve our disclosure to satisfy growing needs of all stakeholders.

The social dimension of our business was underscored by the challenges of the past year. We remain committed to providing a safe and stable environment for our employees and recognize our responsibility towards the communities in which we operate. Concurrently, we continue to support the most vulnerable members of our communities through the EPH Nadácia and EPCG foundations, aiming to alleviate the difficult circumstances faced by many individuals and families. We would like to thank to all our employees who are the driving force behind all these activities.



Gary Mazzotti

Sincerely,

A stylized, handwritten signature in black ink, consisting of a large 'M' shape with a horizontal line extending to the right.

Daniel Křetínský

Chairman of the Board of Directors

A stylized, handwritten signature in black ink, featuring a large, looped 'G' and 'M'.

Gary MazzottiVice-chairman of the Board of Directors
and CEO

Company profile



EP Infrastructure (EPIF or the Group) 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's 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 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.

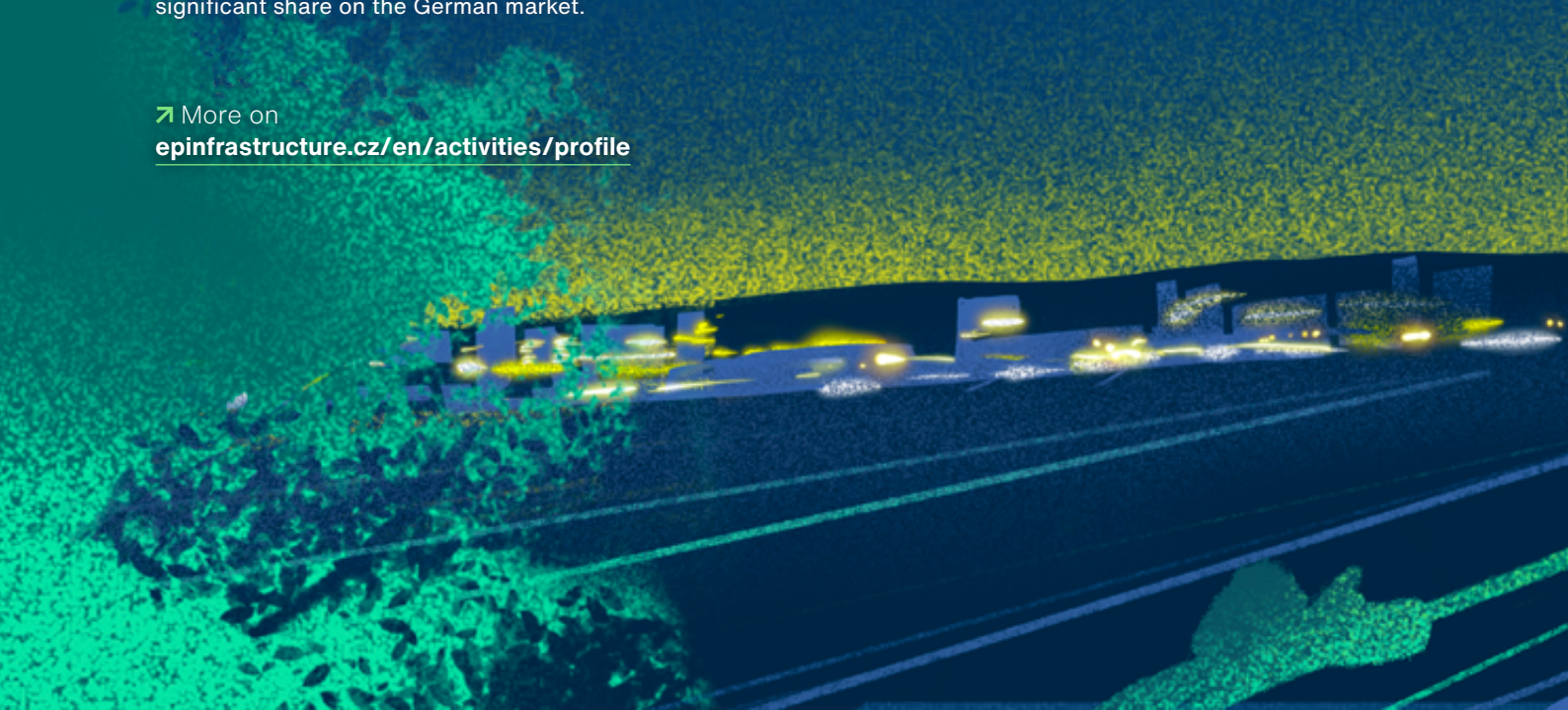
Core strategy

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.

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



Sustainability Report

This is the sixth annual Sustainability Report published by EPIF. 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 Standards¹ for the period 1st January 2023 – 31st December 2023. 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 2024 in 2025 and fully align it with the European Sustainability Reporting Standards (ESRS). This marks a significant step forward for our sustainability reporting. Our ambition is to leverage the ESRS to enhance our decision-making processes related to decarbonisation and sustainability.

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

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 the wider region. 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, renewable and 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

16.1 bcm

Natural gas corridor length

2.4 thsnd. km

Gas storage capacity

61.5 TWh

Gas distributed

45.5 TWh

Securing supplies and grid stability, while not compromising on emission reductions

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 network with strong track record of reliability as measured by industry indicators. Our district heating infrastructure supplies heat to end consumers in major regional cities, substantially lowering emissions as compared to decentralised local heat sources. The cogeneration capabilities of the heating plants enable a highly efficient power production, supporting the power grid stability. EPIF has a clear roadmap to convert the lignite heating plants by 2030 to a balanced mix of hydrogen-ready CCGT units, waste-to-energy plants, complemented by existing biomass units.

Power distributed

6.0 TWh

Total heat and power production

3,932 GWh

Installed electric power capacity

968 MW

Thermal capacity of boilers

3,003 MW

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 at affordable terms also to vulnerable and disadvantaged groups.

Number of end consumers
connected to our networks

2,462 thsnd.

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.

Number of employees

5,781

Number of health and safety incidents

**18 registered /
1 fatal²**

Hours worked by our employees

9 million

² Please refer to section "Health and safety management" for further details on the fatal incident.

Decarbonisation commitments

EPIF commitments are consistent with 1.5°C temperature increase scenario.

by 2040

Carbon
neutrality

by 2050

Net Zero



→ **Reduce CO₂ 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 CO₂ emissions compared to the 2022 level. The emission reduction pathway is illustrated in the Environmental section of the Report.

→ **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% 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 hydrogen-ready gas units and waste incinerator plants, complemented by biomass units. 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.

EPIF's roadmap to Net Zero

Science-based approach

The EPIF Group has committed to actively mitigating climate change by aligning with the EU's goal of achieving climate neutrality by 2050 and the Paris Agreement's aim to limit global warming to 1.5°C above pre-industrial levels. In April 2023, EPIF outlined a comprehensive decarbonisation roadmap, including ambitious targets such as reducing CO₂ emissions by 60% and phasing out coal by 2030. These targets are accompanied by detailed emission reduction pathways for each segment within the Group, aiming for net-zero operations by 2050. EPIF's strategy is rooted in scientific principles, with efforts to align its targets with the Science Based Targets initiative.

Role of gaseous fuels

EPIF aligns with projections indicating a continued need for gaseous fuels in the European energy system, albeit with a shift towards renewable options like biomethane, hydrogen, or synthetic methane. While role of natural gas will gradually decrease, it is anticipated that about 85% of current gas demand will persist until 2050³, with a changing composition favouring renewable alternatives. Initiatives like the EU Hydrogen Backbone highlight the importance of establishing infrastructure for distributing and storing this diverse mix of gases, potentially involving parallel systems for hydrogen and methane. EPIF recognizes its critical role in this transition, initiating projects to assess its assets' compatibility with hydrogen and other renewable gases, positioning itself for future transit, storage, and distribution needs.

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

Gas infrastructure transition

EPIF's existing gas transmission and distribution infrastructure is being evaluated and retrofitted to support hydrogen, with ongoing research and development projects focusing on hydrogen compatibility. Positioned strategically for future hydrogen transmission, EPIF anticipates a key role in hydrogen adoption, aligning with initiatives like the EU Hydrogen Backbone and the Central European Hydrogen Corridor. Recognizing disparities in projected hydrogen production and consumption across Europe, establishing robust infrastructure for transit and storage is imperative, leveraging existing gas infrastructure to minimize costs. EPIF's subsidiary SPP - distribúcia plays a crucial role in transitioning from natural gas to hydrogen, focusing on reducing methane leakage and preparing the network for hydrogen distribution. Meanwhile, EPIF's transmission arm, eustream, is strategically positioned to accommodate hydrogen transport, where its project aimed to refurbish one pipe for pure hydrogen transit has been recently granted Important Project of Common European Interest (IPCEI) status. Nafta, responsible for gas storage, is exploring the feasibility of storing hydrogen blended with natural gas, launching project Henri to identify suitable storage sites which has been assigned IPCEI status as well.

Heat infrastructure transition

As a key operator of district heating infrastructure in the Czech Republic, EPIF is strategically positioning itself to navigate the transition to a low-carbon economy while ensuring reliability for over 150 thousand heat end consumers and continuous contribution to grid stability. With a focus on flexibility and resilience, EPIF plans to gradually shift from a predominantly lignite-based fuel mix to one reliant on natural gas, municipal waste, and biomass by 2030. The critical aspect is the readiness of the gas turbines for future adoption of hydrogen, making natural gas a transitional fuel and preventing emissions lock-in effects from prolonged usage of fossil fuels. EPIF has progressed in selecting the specific technologies to replace lignite units, which are all eligible for investment subsidies from the Modernization Fund. All subsidy applications have been submitted and some already approved.

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 aligned sustainability policies and processes across our Group.



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Timeline EPIF

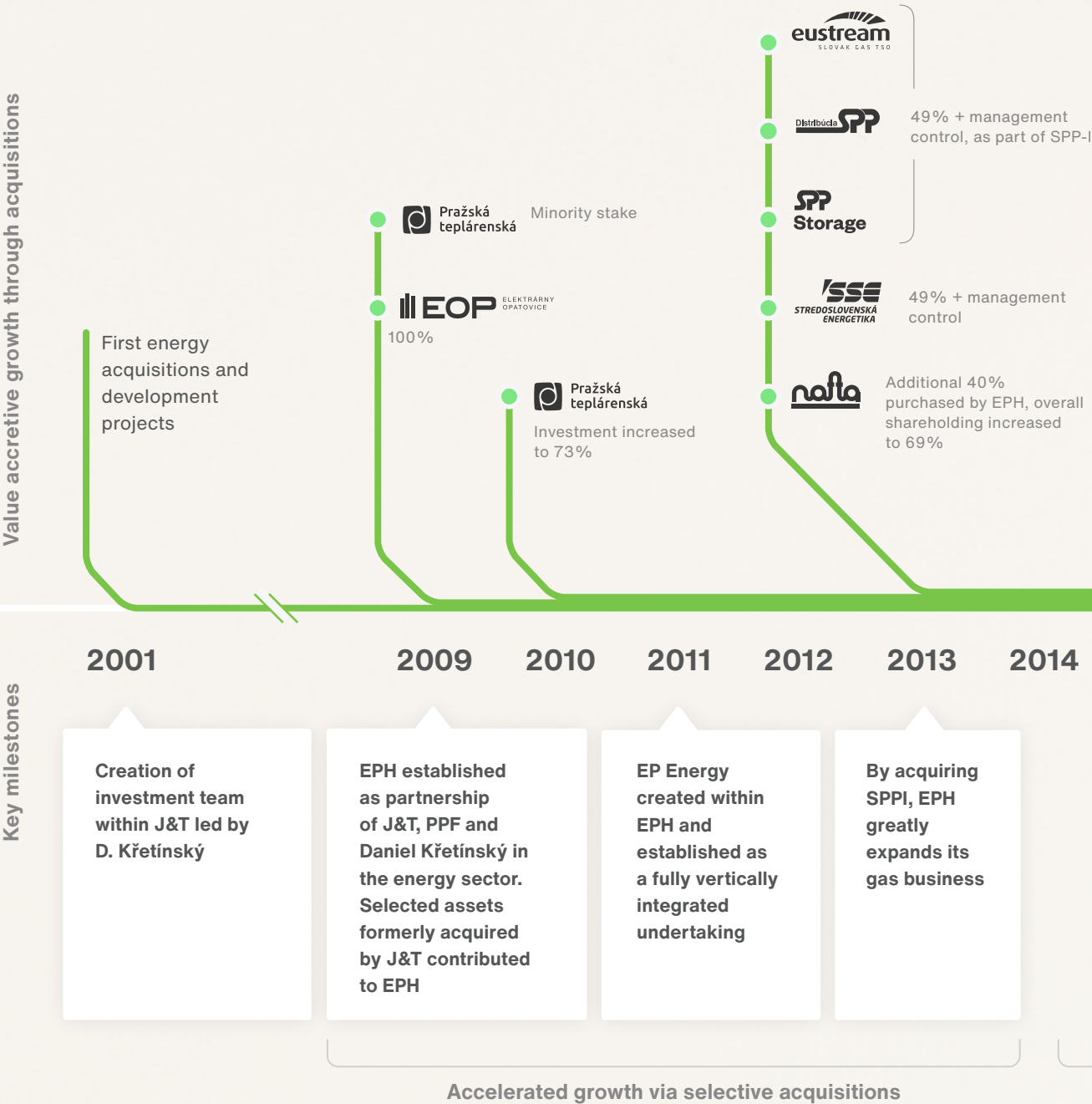
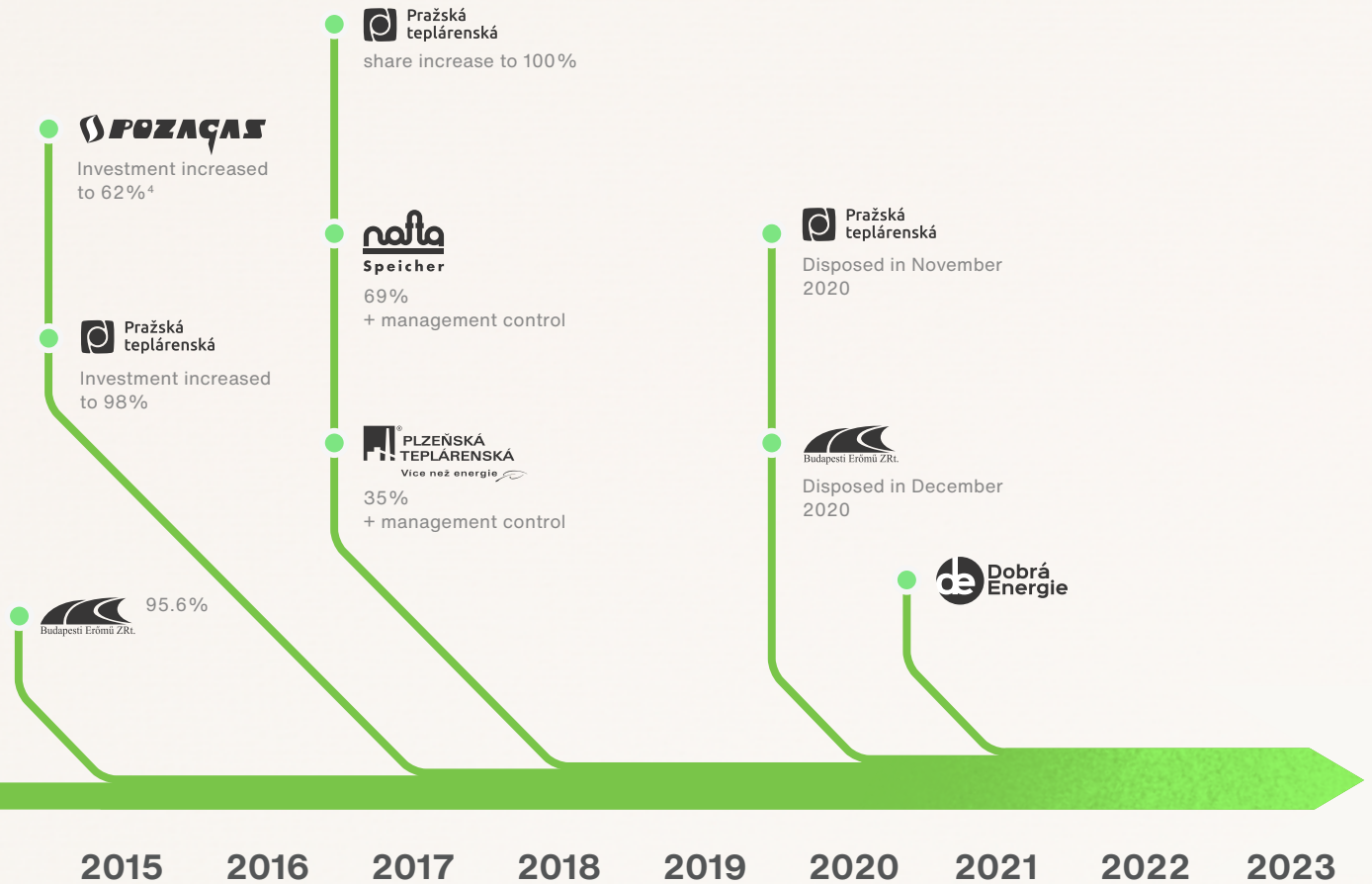


Figure 1: EPIF's timeline of development.

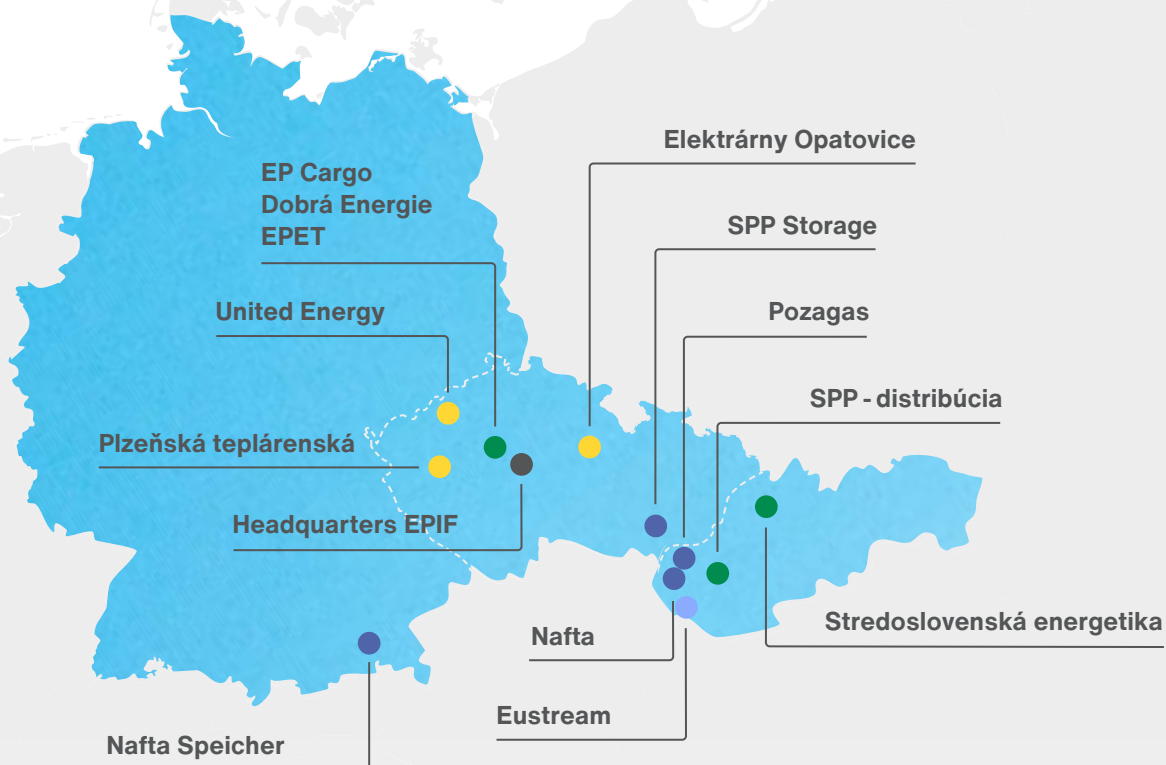


EPIF established
as platform for
EPH infrastructure
assets

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**



● Gas **Storage**



● Gas & Power **Distribution**



● Heat **Infrastructure**



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 sole 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).

Key decarbonisation levers

Eustream adjusts its network to be prepared for 2% hydrogen blend obligation for TSOs in the EU.

With four to five parallel pipelines in place, the pipeline system is well-suited for simultaneous transport of methane and pure hydrogen in a dedicated line.

Eustream is a member of European Clean Hydrogen Alliance and European Hydrogen Backbone which promote Europe-wide hydrogen adoption.

Eustream introduced a robust leak detection and repair program to reduce methane leakage.

Companies



Gas & power distribution

Overview

This business segment consists of gas distribution, power distribution, and their supply.

SPP-D is a natural monopoly in natural gas distribution in Slovakia. Through its subsidiary SSD, SSE is a monopoly power distributor in central Slovakia.

The supply of natural gas and power to end-consumers is conducted through EPET and Dobrá Energie, with supply in the Czech Republic and Slovakia, and SSE, with supply in Slovakia.

Key decarbonisation levers

We prepare the gas distribution network for the distribution of hydrogen or other renewable gases to ultimately abandon natural gas.

In the gas distribution segment, we are reducing methane leakage to ensure emission reduction already during the transitional period.

In the power distribution segment, 89% of the newly connected capacity in the past five years have been renewable energy sources, mainly solar.

We are also reinforcing the power grid to enable fast deployment of renewables.

Companies



Business segments overview



Gas storage

Overview

This business segment consists of subsidiaries that store natural gas under long-term contracts as well as on a short-term basis in underground storage (UGS) facilities. The Group has become a key player of natural gas storage in the Czech Republic, Slovakia and Austria, with a significant share also on the German market. Nafta and Pozagas are the only storage system operators in Slovakia and Nafta is also a leading company in the exploration and production of hydrocarbons.

Key decarbonisation levers

EPIF consistently evaluates possibilities for storing alternative gases within its current gas storage facilities.

Project Henri by Nafta is one of the first Important Projects of Common European Interest (IPCEI) in the hydrogen area. Nafta seeks to identify appropriate locations for storing hydrogen mixed with natural gas and the maximum possible concentration that could be stored in a porous geological structure.

Companies



Heat Infrastructure

Overview

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

Key decarbonisation levers

The Group is converting away from lignite to a balanced mix of hydrogen-ready CCGT plants, waste to energy plants, and biomass units.

We are ensuring readiness of the gas turbines for renewable gases to prevent emission lock-in from prolonged usage of natural gas.

Companies





Renewables

Overview

This business segment is primarily engaged in electricity generation from renewable sources; the Group operates solar, wind and biogas plants. 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. The facility recovers waste that would otherwise be deposited in a landfill to an uncontrolled decomposition process with leakage of methane.

Additionally, SSE owns and operates hydropower plants and solar power plants. PLTEP uses biomass as a key fuel for heat and power generation, gradually replacing lignite.

- 3 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 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 2023 operational results proved that EPIF continues to be an industry leader. The indispensability of EPIF services and diversification across the energy value chain have been the main drivers of the stable business performance over many years.

Distribution and transmission

We continue to increase the efficiency of our distribution and transmission 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 focus on integration on renewables, either directly by operating our own fleet, or by adjusting our distribution networks to enable acceleration of renewables development.

2023 Highlights

53%

In 2023, 53% of the total capital expenditures was aligned with the EU Taxonomy

17%

Owing to historical investments in technology refurbishments, EPIF heating plants can partly rely on non-coal sources. In 2023, biomass and municipal waste comprised 17% of the fuel mix in our heat infrastructure segment.

4.8%

Power distribution losses comprised 4.8% of the total electricity inflows to the network.

ESG ratings

EPIF understands that addressing sustainability matters is vital in being able to achieve overall sound operations. EPIF is committed to consistently enhance its ESG rating. Ratings are not only crucial for benchmarking against peers and other businesses but also provide a transparent assessment of our ESG performance and sustainability management.

In 2019, EPIF obtained its first-ever ESG rating from Sustainalytics, most recently updated in 2023 (for 2022). In 2020, we became the first company in Central Europe with a publicly disclosed ESG rating report from S&P Global, which was last updated in 2022. Our current ESG rates are highlighted in the table below.

EPIF explores options for other ESG evaluations to help our stakeholders understand the significance of ESG factors from both impact as well as financial perspective.

EPIF also solicited two Second Party Opinions on its Green Finance Framework from S&P Global and Sustainable Fitch. EPIF received Light Green shading from S&P and qualification of “Good” from Sustainable Fitch. Both agencies found the framework as aligned with the ICMA Green Bond Principles.

Agency	ESG rating
	19.8 (low risk) A lower score indicates better management of risks; at the time of receiving our score, we held the 12th position out of 104 companies within the Multi-utilities sector as of the latest update in November 2023 by Morningstar Sustainalytics. NEGL LOW MED HIGH SEVERE 0-10 10-20 20-30 30-40 40+
	63/100 A higher score indicates better ESG performance; this score was issued in 2022; S&P Global no longer provides updates to this ESG evaluation product.

Table 1: Current ESG Group ratings.

Distribution and transmission: Closer look

In 2023, volume of distributed gas declined to 45.5 TWh due to warmer weather and consumer savings in response to spiking gas prices. Volume of distributed power then remained relatively stable compared to 2022. Following the Russian invasion of Ukraine, the overall volume of gas transited through the network stabilized at approximately 16 bcm. Eustream remained one of the two European gas corridors for Russian gas, through which gas flows have not been fully interrupted. Going forward, eustream shall remain a vital regional multidirectional crossroads able to serve gas flows in all directions regardless of the gas source and flows pattern, contributing to the security of supplies.

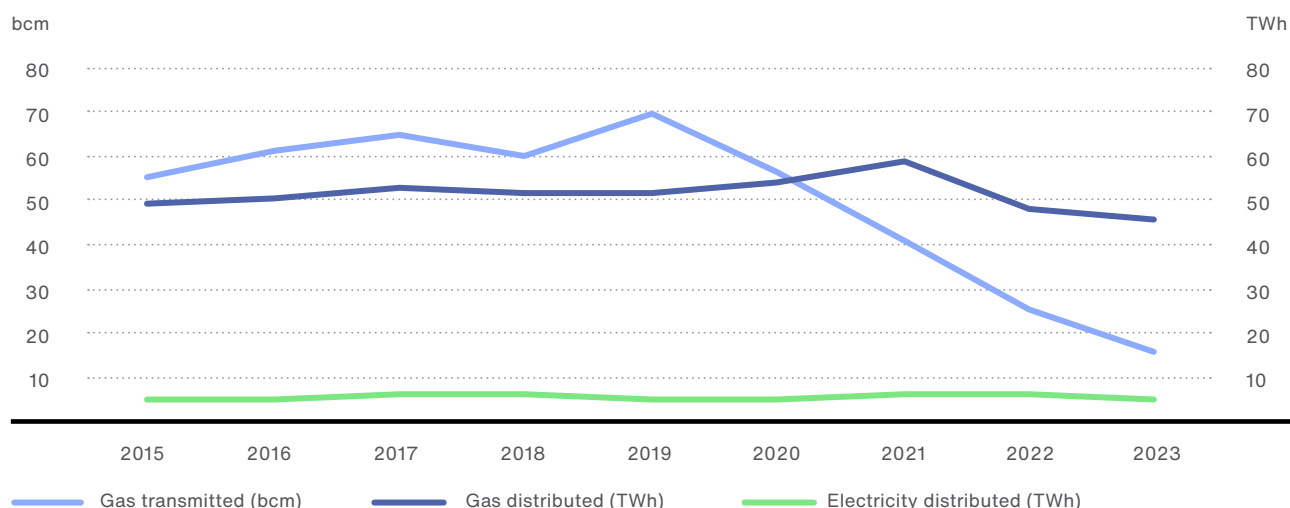
Electricity distribution losses

As one of the key electricity distributors in Slovakia, through our subsidiary 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 5.5% in 2018 to 4.8% in 2023.

SSD		2018	2019	2020	2021	2022	2023
ELECTRICITY INFLOWS	GWh	7,751	7,758	7,542	7,991	7,769	7,598
LOSSES	GWh	425	414	421	442	351	367
LOSSES IN %	%	5.5%	5.3%	5.6%	5.5%	4.5%	4.8%

Table 2: Distribution losses.

Distribution and transmission



Graph 1: Distribution and transmission.

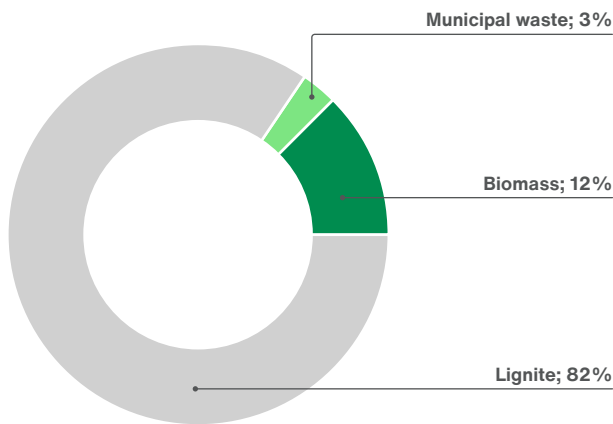
Generation assets: Closer look

Production

In 2023, EPIF experienced a decrease in its heat production, with heat generation seeing a decrease of 4% compared to last year due to warmer weather coupled with customer savings in response to high inflation impacting household budgets. There was also a significant decrease of 40% in the power generation from conventional sources, which was in line with a decrease of 41% in energy generation from lignite. Our lignite heating plants served as an important stabilisation factor in the unprecedented energy crisis triggered by the Russian invasion of Ukraine in 2022, causing lower availability and high price of natural gas in Europe. Higher utilisation of domestically sourced lignite was always meant as a temporary measure and in 2023, EPIF continued to progress with the development projects to shift its energy production towards less emission intensive sources.

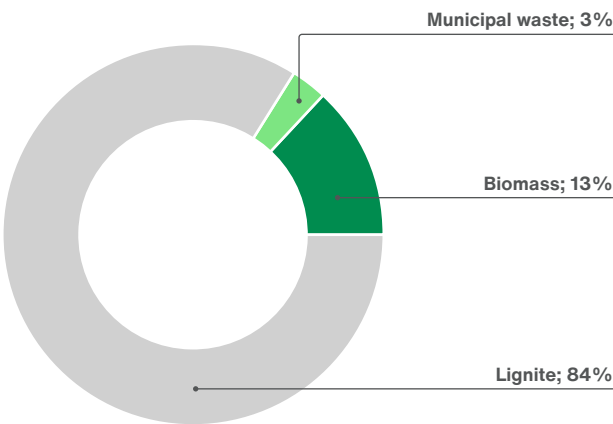
With regards to our renewable energy sources, EPIF experienced an increase this year in its power and heat production from certain sources. The most notable increase was with heat production from biomass, which rose by 16%. This highlights the Group's efforts towards relying more on production from cleaner energy sources.

Power production 2023:
energy share



1,574 GWh
Total power production

Heat production 2023:
energy share



2,359 GWh
Total heat production

Graph 2: 2023 Power and heat production by energy source.

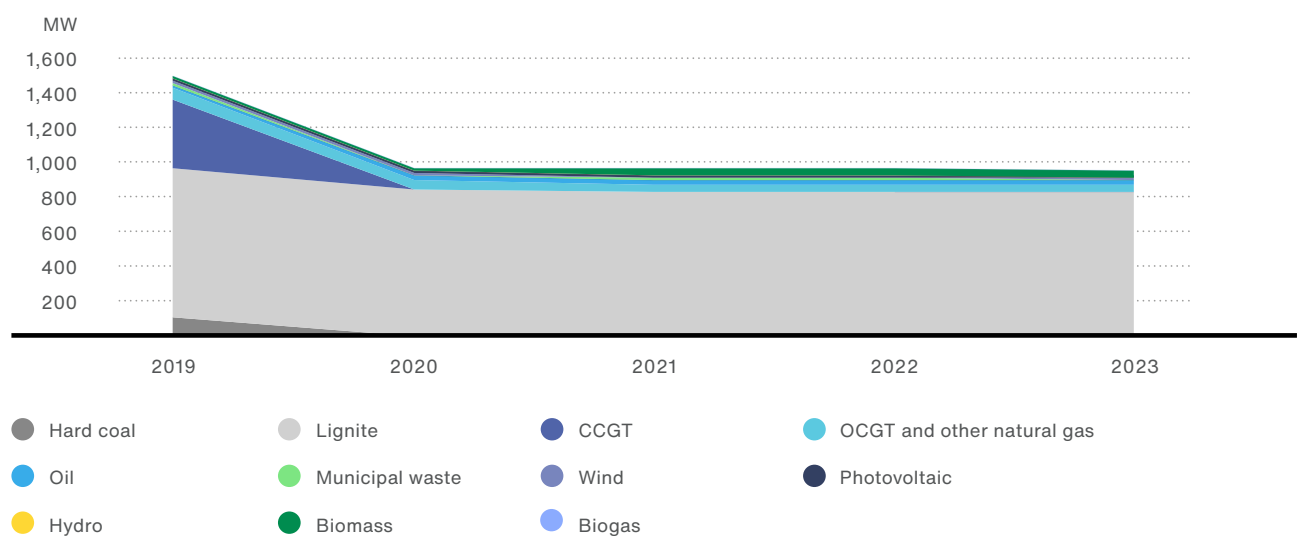
Installed capacity

In comparison to the 2019, in 2023, we significantly decreased the Group's installed power and heat capacity, by 35% and 46% respectively. This was mainly due to the disposal of two of our entities at the end of the year 2020, Pražská teplotárenská 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 capacities, even

though Pražská teplotárenská primarily sourced heat externally. In the presented period 2019–2023, EPIF did not acquire any new heat or power generation entities.

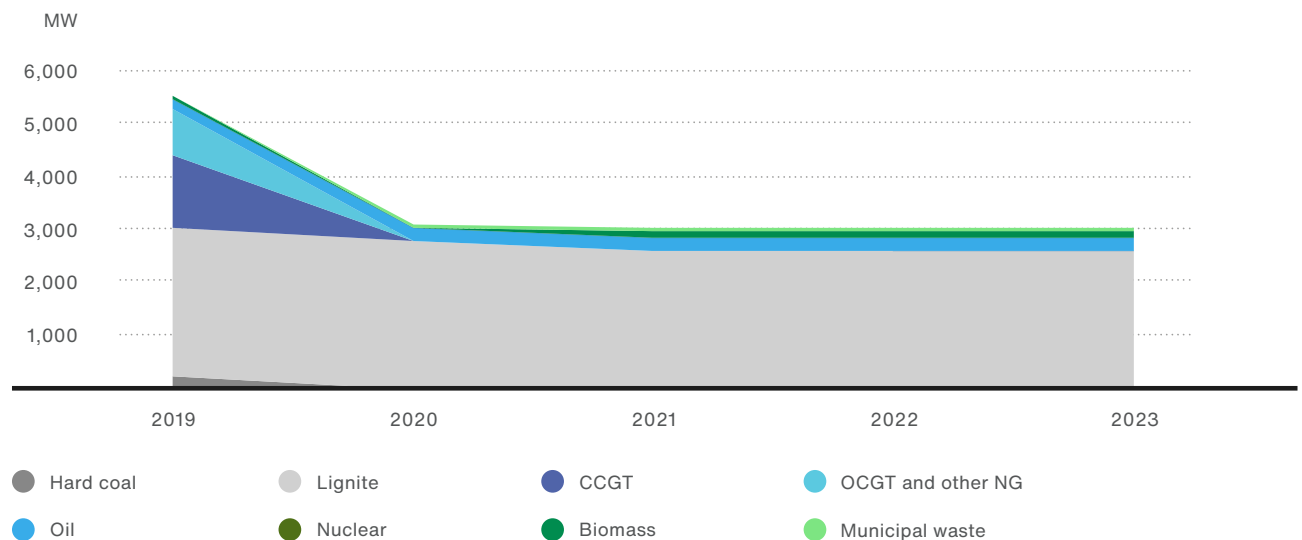
With regards to our renewable sources, there was an increase in power and heat capacity in 2023 compared to 2019 by 26 MW and 116 MW respectively as certain lignite boilers were refurbished to enable biomass combustion.

Net installed capacity: power



Graph 3: Net installed power capacity.

Net installed capacity: heat⁵



Graph 4: Net installed heat capacity.

⁵ Represents thermal capacity of boilers.

Environment

EPIF is committed to conducting our 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 its 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 a significant contributor to 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.



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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 greenhouse gas ("GHG") emission reductions.

The Group follows the global trends relating to climate change. Notably, the 2023 United Nations Climate Change Conference (COP28) concluded with an agreement signalling the 'beginning of the end' of the fossil fuel era, paving the way for a rapid, fair, and equitable transition supported by significant reductions in emissions and increased financial resources. EPIF fully supports the goal of this initiative and is actively working on measures across its segments to achieve substantial reduction in its carbon footprint.

Operating in the EU, EPIF is in alignment with its strategies, frameworks, and legislations. In 2021, the EU mandated climate neutrality by 2050 with the European Climate Law and set an interim target to reduce GHG emissions by 55% by 2030. The Fit for 55 legislative package outlines the roadmap for achieving these goals. 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 fuels⁶.

Transition plan for climate change mitigation

We recognise the urgency to address climate change and improve the decision-making around it. Our 2023 analysis, guided by main principles of the TCFD and the ESRS, offers insights into climate-related risks and opportunities across EPIF segments. EPIF aims to be aligned with the European decarbonisation goals and GHG emission reduction targets.

Greenhouse gas emissions

Our second annual GHG audit confirms progress in Scopes 1 and 2 emissions management, while planning to cover also Scope 3 for the year 2024 as part of our standardized approach to track and reduce emissions towards our established decarbonisation targets.

Sustainable renewable sources

The integration of green hydrogen and other low-carbon gases into our gas transmission and distribution networks can play a pivotal role in transition to low-carbon economy. We will convert our lignite-fired heating plants, to a balanced mix of gas and biomass units by 2030, complemented by waste incinerator plants, supporting planned coal phase out.

Other air pollutants

We carefully monitor the air pollutants associated with our operations focusing on decreasing emissions such as SO₂, NO_x, and dust. Our approach to management is centred on the continuous improvement, modernisation, and optimisation of our processes, significantly reducing these pollutants through substantial investments in desulfurization and denitrification technologies across our power plants.

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 change, as it affects our planet and our well-being.

⁶ European Parliament (2022). EU responses to climate change. <https://www.europarl.europa.eu/news/en/headlines/society/20180703STO07129/eu-responses-to-climate-change>



2023 Highlights

28 %

Since 2015, EPIF has reduced its direct GHG emission intensity by 28%. The pace of emission intensity reduction will be accelerated once our ongoing projects are completed.

Reduced emissions

In 2023, EPIF significantly reduced its emissions of SO₂, NO_x, and dust by 42%, 34%, and 41%, respectively, compared to the previous year.

13 %

In 2023, EPIF's most significant business segments, those that contribute to a total of 90% of our Adjusted EBITDA, only contributed to about 13% of our Scope 1 GHG emissions.

-33 %

In 2023, EPIF significantly reduced its Scope 1 GHG emissions by 33% compared to last year.

External assurance of GHG emissions

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

Transition plan for climate change mitigation

Transition and physical risks

This year, we prepared a preliminary list of climate-related risks and opportunities to establish a strong foundation for future comprehensive and scientifically sound analyses. The objective of this assessment was to enhance understanding of the main transition and physical climate-related risks impacting our assets. As we integrate improved data inputs and assessment

tools, modifications to these initial results may occur. As part of the ESRS⁷ alignment process, EPIF aims to perform a robust climate-related analysis guided also by the TCFD⁸ to assess our climate-related risks and opportunities. The results shall further enhance a quality of our decision-making and management capabilities of climate-related matters.

Physical risks	A key physical risk that we currently monitor is the vulnerability of our gas and, primarily, power distribution infrastructure to extreme weather events, such as storms, floods, and heatwaves. These conditions necessitate the protection of operational facilities and costly upgrades to ensure reliability and continuity. Additionally, these weather events can disrupt supply chains by affecting the availability of raw materials or the logistics of energy systems, including impacts on transportation routes and infrastructure reliability. Chronic changes in temperature can also alter energy consumption patterns, affect cooling and heating demands, and operational efficiency. Rising temperatures may intensify water stress, particularly affecting our operations dependent on water for cooling. We expand on this in the ‘Water’ section of this Report.
Transition risks	The main transition risk includes our assets becoming non-competitive or obsolete due to rapid market shifts towards low-carbon solutions and regulatory changes favouring renewable energy. This risk is amplified by the end-consumer preferences shifting towards greener energy options. Furthermore, geopolitical dynamics affect the demand for gas transit services, potentially impacting our ability to access certain markets or ensure steady revenue streams. Over time, we may face increased costs associated with implementing new core operational technologies and adapting our existing infrastructure to comply with stricter carbon and methane regulations. Additionally, the pace of innovation in renewable energy, energy storage solutions, and low-carbon technologies presents both risks and opportunities, influencing our ability to transition to low-carbon energy sources.
Opportunities	EPIF’s main transition opportunity lies in our commitment to decarbonisation, targeting net-zero operations by 2050, and the associated strategic decisions on energy investments and technology feasibility. More specifically, EPIF can advance in renewable energy sources including green hydrogen and biomethane. Our strategic positioning in gas supply could place us as a leader in hydrogen distribution and storage through infrastructure retrofitting. We see an advantage in our current gas infrastructure to even divide transmission of gases into two possible streams, one being modern and transmissioning alternative gases and the second being traditional with gradual shift from fossil natural gas to other less-emission-intensive gases to meet the demand of the transforming market. In the context of ever-increasing extreme weather events, we recognize the building of reliable infrastructure and enhancing asset reliability for our customers as a key opportunity.

7 European Commission. (2023). Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards (Text with EEA relevance). Official Journal of the European Union.

8 Task Force on Climate-related Financial Disclosures. (2020). Guidance on Scenario Analysis for Non-Financial Companies. TCFD.

Retrieved from [https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:L_202302772&qid=1707415965606]

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 energy system development will continue to be guided by these long-term decarbonisation objectives.

In April 2023, EPIF took a proactive stance by adopting the following decarbonisation targets:

- a** Reduce scope 1 & 2 CO₂ emissions by 60% by 2030 compared to the 2022 level
- b** Phase out coal by 2030
- c** Reduce methane emissions in line with the Global Methane Pledge
- d** Achieve carbon neutrality in respect of Scope 1 & 2 emissions by 2040
- e** Achieve net zero operations in respect of Scope 1 & 2 emissions by 2050

Activity	Taxonomy reference	Capex 2023 [EURm]
Transmission and distribution of electricity	4.9.	59
Transmission and distribution networks for renewable and low-carbon gases	4.14.	33
District heating/cooling distribution	4.15.	10
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	4.30.	7
Total Taxonomy-aligned Capex		108
Total Capex incurred in 2023		202

Table 3: Quantification of EPIF's transition plan funding in 2023, with reference to the taxonomy-aligned CapEx sustainable activities for climate change mitigation and climate change adaptation.

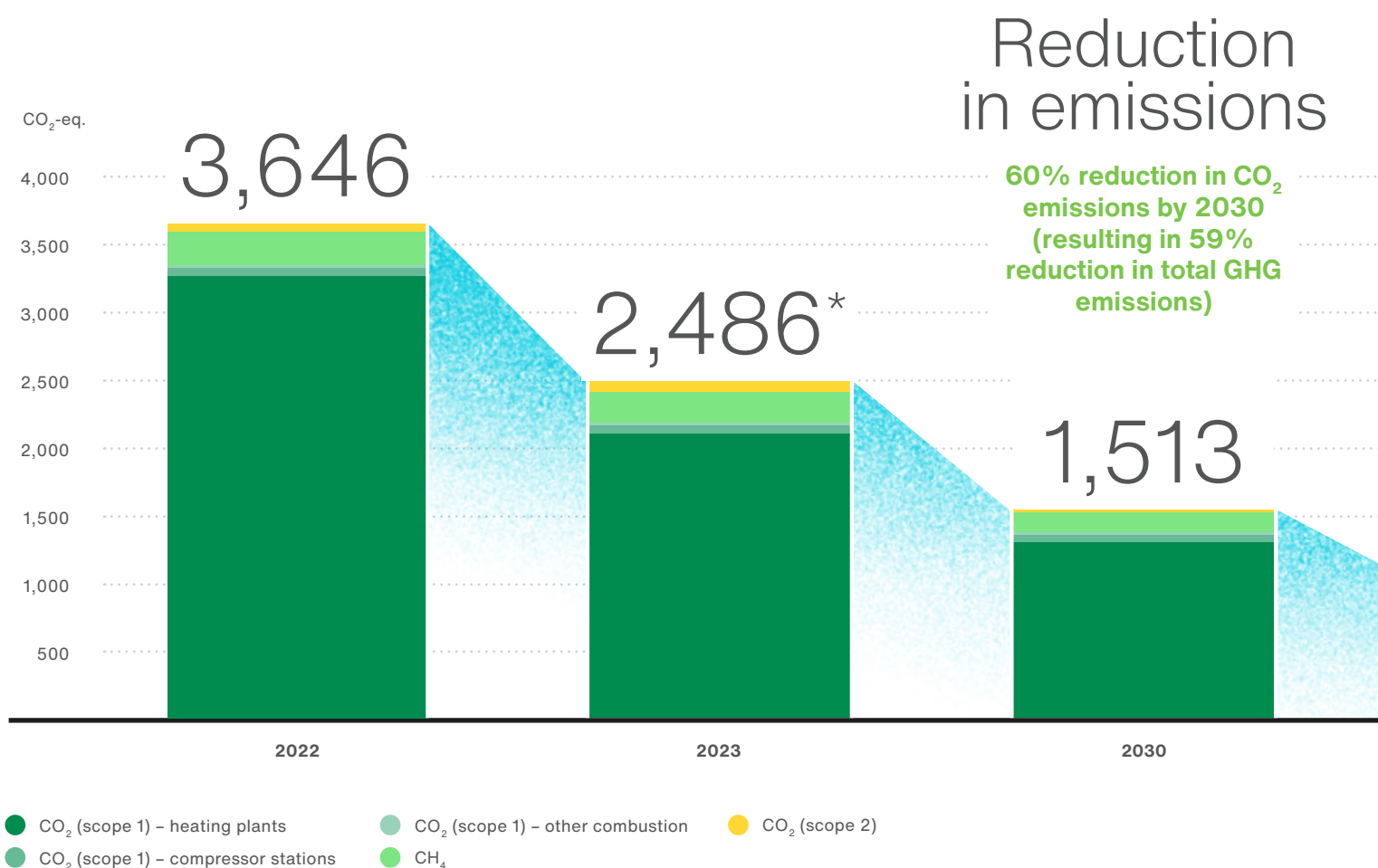
Emission reduction pathway

In April 2023, the Board of Directors of EPIF approved a comprehensive set of new decarbonisation 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 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 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 emissions by 2050.

Projected GHG emissions



Graph 5: Decarbonisation targets.

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

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 decarbonisation targets. These plans also include specific decarbonisation levers.

The chart shows a significant decrease in CO₂ emissions from 2022, used as the baseline year, to 2023, the latest year recorded. This decline was primarily due to the reduced activity of lignite heating plants in response to normalization of power spreads. Achieving the 2030 goal mainly depends on the successful transition of all heating plants from lignite to hydrogen-ready gas units, waste incinerator plants and biomass units.

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 decarbonisation goals set forth by EPIF.

In 2023, EPIF achieved major progress across its segments. At the Heat Infrastructure segment, investment subsidy applications for all decarbonisation projects were submitted to the Modernization Fund and some already approved. At the gas midstream segments, two projects secured a status of the Important Project of Common European Interest (IPCEI). In August 2023, EPIF also linked its financing to the execution of the transition plan by establishing its inaugural Green Finance Framework.

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

Carbon neutrality

**Residual
CO₂ emissions
to be offset in 2040
to achieve carbon
neutrality**

152

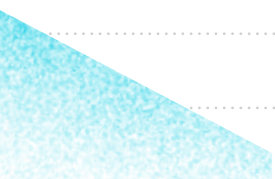
2040

Net Zero

**Residual
CH₄ emissions
to be neutralised
in 2050 to achieve
Net Zero**

91

2050



Carbon credits, removals and storage

Residual CO₂ emissions in 2040 and CH₄ 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 offset the remaining CO₂ emissions through projects realised internally or financed through carbon credits. These may include 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 in 2050 will be neutralized through permanent carbon removal such as biogenic energy carbon capture and storage.

Heat infrastructure

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. The heating plants are primarily lignite-based, with the share of lignite in the fuel mix at 83% in 2023, being supplemented by biomass and municipal waste as complementary sources. In an increasingly decarbonised 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, 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, with the potential to ultimately reach 100%. EPIF is committed to using solely renewable gases in the gas turbines for heat and power generation by 2035, in line with the EU Taxonomy criteria, subject to commercial availability of these gases (hydrogen, biomethane, synthetic methane) and adequate infrastructure in place for their distribution. As EPIF's influence on the development of the market with renewable gases is peripheral, EPIF's commitment needs to be perceived as a commitment to technical readiness to combust renewable gases. EPIF aims to contract technologies readily available to combust certain proportion of hydrogen from the outset (ca 15% by volume), with the optionality to be included in the contracts with gas turbine manufacturers to increase the share up to 100%.

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 Modernisation Fund, specifically through the HEAT program dedicated to the transformation of the Czech district heating sector towards a low-carbon fuel base. All subsidy applications have been submitted and some already approved. 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 utilised solely as a backup source for unforeseen events beyond that date.

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

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 decarbonisation 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 decarbonisation 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 utilised currently ends up in landfills, with only four waste incinerator plants in operation, which is significantly lower than the average in other European countries.⁹ The 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 utilise this waste as a valuable resource, in alignment with the evolving regulatory framework aimed at reducing landfilling and promoting sustainable waste management practices.

⁹ For comparison, there were 11 waste to energy plants in Austria, 30 in Switzerland and 100 in Germany in 2020. Source: <https://www.cewep.eu/waste-to-energy-plants-in-europe-in-2020/>

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)¹⁰

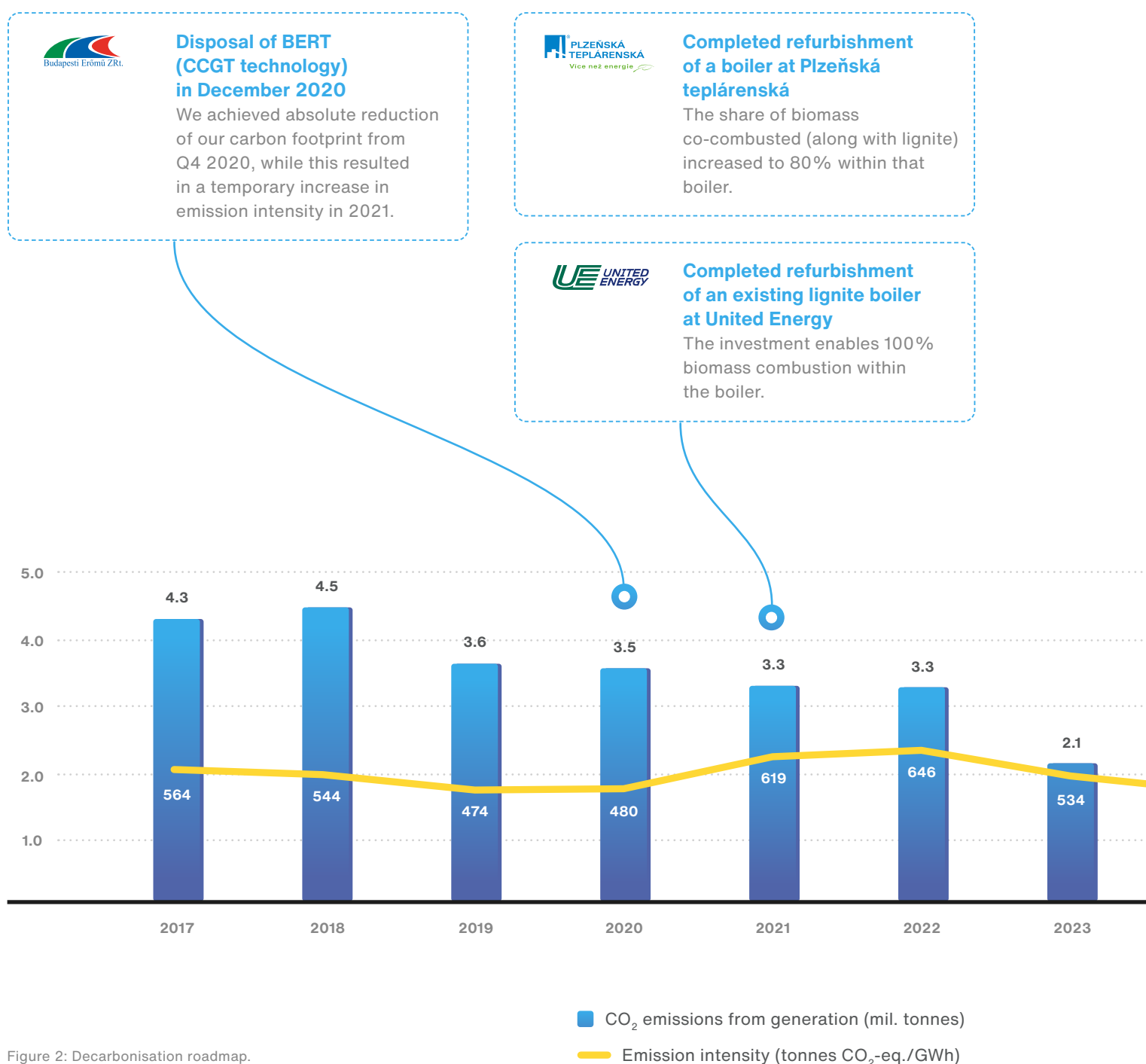


Figure 2: Decarbonisation roadmap.

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

We strive to replace the remaining lignite units with H2-ready CCGT units gradually in 2026–2028. We further aim to develop a waste incinerator plant to enhance our fuel mix diversification.



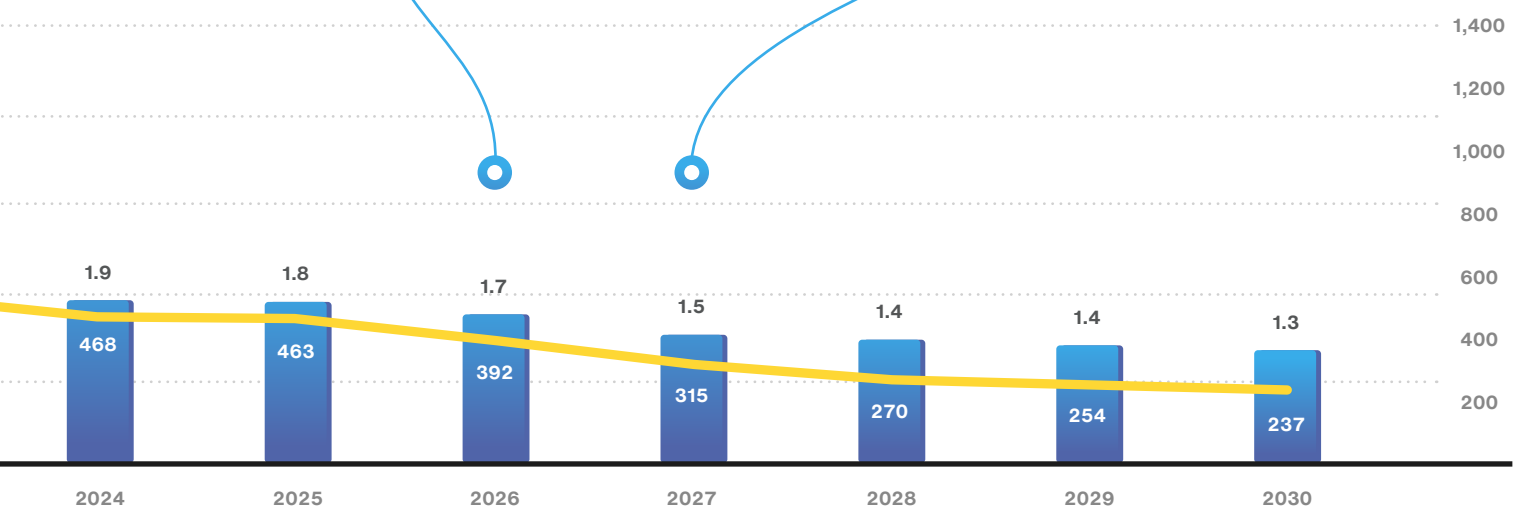
Gradual replacement of lignite units at Plzeňská teplárenská

By 2028/2029, we aim to replace the remaining lignite units at both facilities operated by PLTEP with H2-ready CCGT units, complementing the existing biomass unit and waste incinerator plant.



Replacement of remaining lignite fired units at United Energy

We plan to commission H2-ready CCGT units in 2026, which will be complemented by a waste incinerator plant and the existing biomass boiler.



10 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.

Role of gas in the energy transition

Prior to examining individual segments within the gas midstream and downstream infrastructure, it is our intention to communicate our perspective on the role of gaseous fuels during the transitional period and in a fully decarbonised world.

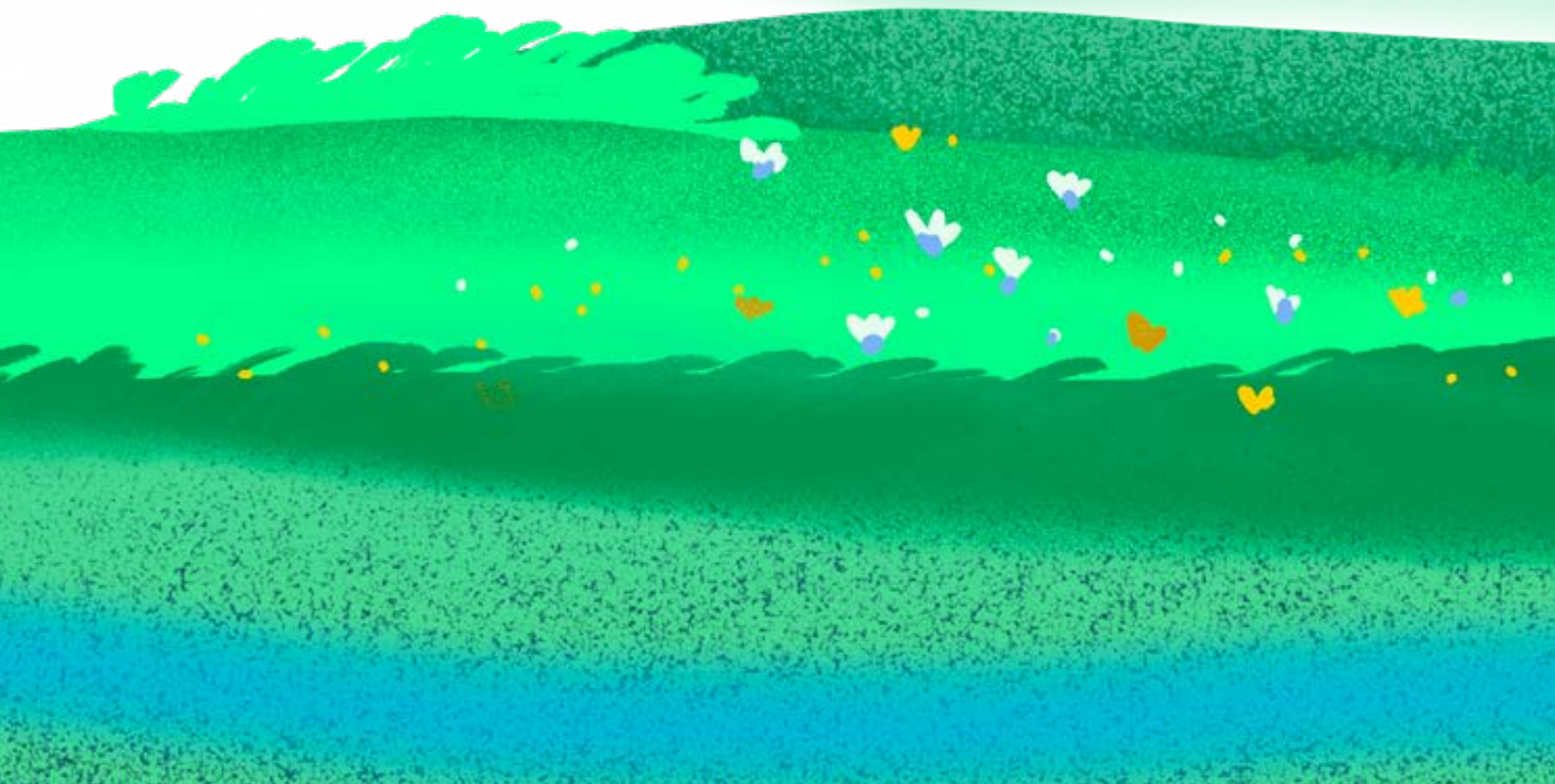
Aligned with projections from reputable institutions and decision-making bodies such as the European Commission, we anticipate an ongoing need for gaseous fuels in the European energy system. The gradual reduction in the use of fossil natural gas shall be accompanied with a concurrent increase in the 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.¹¹ 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, utilisation, and storage (CCUS) technology.



¹¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=SWD%3A2021%3A455%3AFIN&qid=1639998727689>

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 minimise 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.



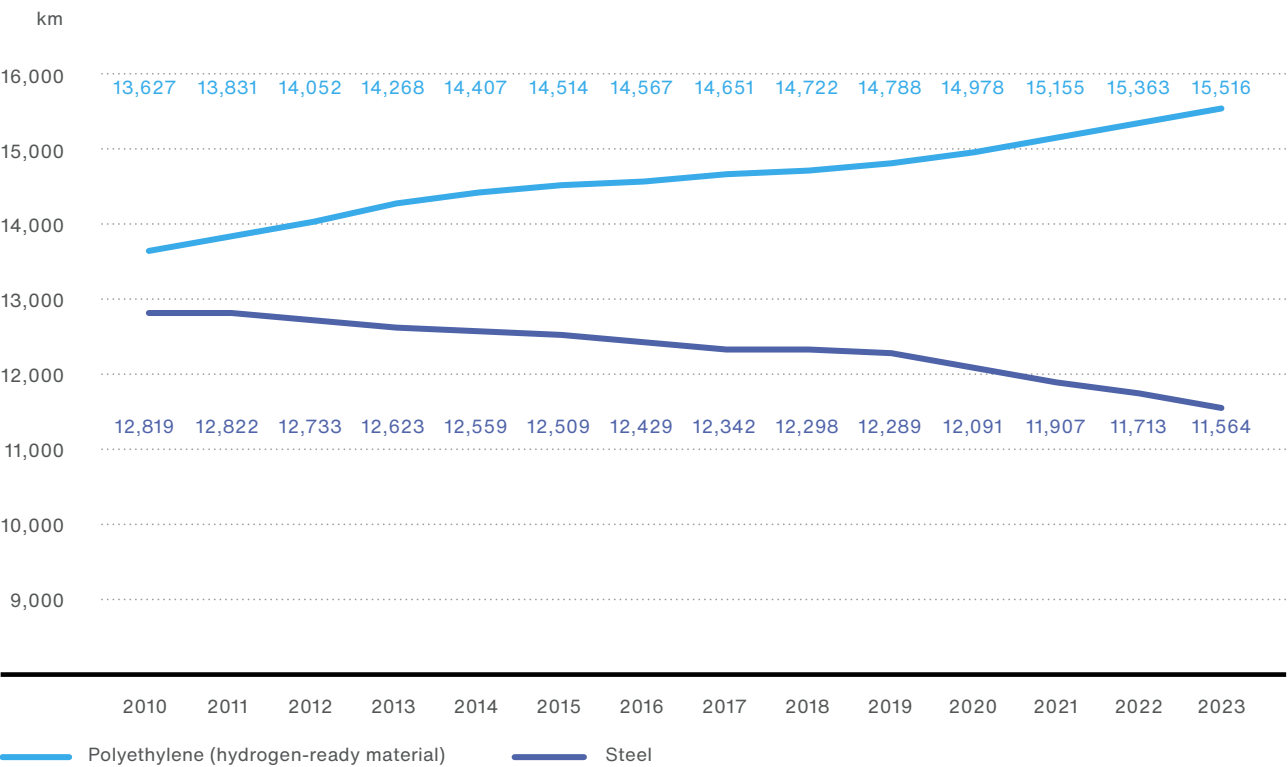
Gas distribution

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 suitable transitional fuel that facilitates the integration of renewable energy sources. Recognising the need to eventually replace natural gas with low-carbon alternatives, our decarbonisation 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 decarbonising 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 fertiliser 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 6: Composition of the local gas networks (km).

Our progress

The historical development of the percentage share of polyethylene pipes is presented in the chart on the left. 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, SPP-D managed to achieve a reduction of 37% in methane emissions already between 2020 and 2023.

In 2022, SPP-D 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 neutralize such emissions through carbon removals in line with EPIF net zero target. These emissions are projected to constitute less than 3% of our 2022 total GHG footprint and neutralizing this residual portion is in line with the science-based net zero pathway as recommended by the Science Based Targets initiative.

Key decarbonisation 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. The costs of refurbishment of existing infrastructure is relatively modest compared to development of a new dedicated pipeline. Therefore, utilisation 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. The necessary adjustments at the eustream's network are primarily expected to involve the replacement of metering equipment and other components of the network.

Eustream's pipeline system is also 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.

Eustream's plan to enable the international transmission of clean hydrogen was granted the Important Project of Common European Interest (IPCEI) status in February 2024. This marks a significant milestone in our long-term efforts to facilitate the supply of clean hydrogen to European markets and accelerate the decarbonisation of Slovak industry. Obtaining IPCEI status opens a realistic way for securing grants from national or EU sources, moving the whole project closer to realisation.

Important Projects of Common European Interest (IPCEI)

status for Eustream's plan to enable the international transmission of clean hydrogen

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 project Henri 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.

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.

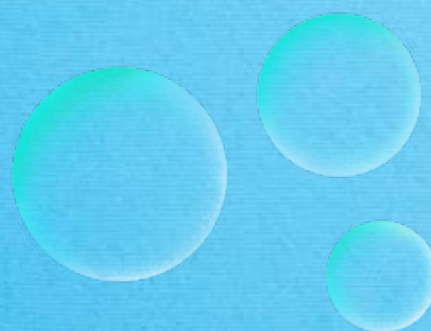
Challenges

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 utilised, albeit with the gradual substitution of fossil gas with renewable gases such as biomethane towards 2040. The pace of reducing CO₂ 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 CO₂ emissions will be significantly influenced by the utilisation 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 efforts to neutralize these emissions through carbon removals might be necessary.

Key decarbonisation pillars

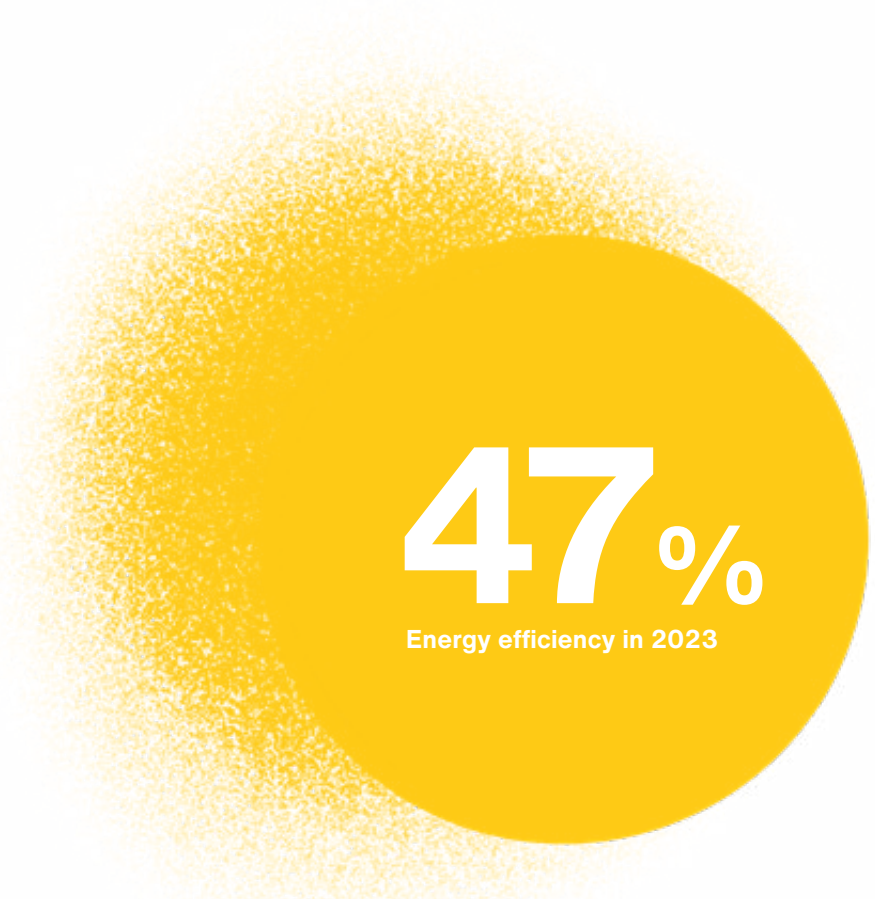
- 1 Robust Leak Detection and Repair program in place
- 2 Transition of the compressor fleet from natural gas to renewable gases and electricity
- 3 Hydrogen alignment – initial low share blending with envisaged full dedication to hydrogen



Energy consumption and efficiency

In 2023, EPIF's total energy consumption decreased by 30% compared to the last year. On average from 2019 to 2023, we produced 5,854 GWh of heat and power energy from a fuel equivalent of 13,140 GWh. EPIF also reported a solid energy efficiency of 47% in 2023 as a significant portion of energy is produced in cogeneration mode.

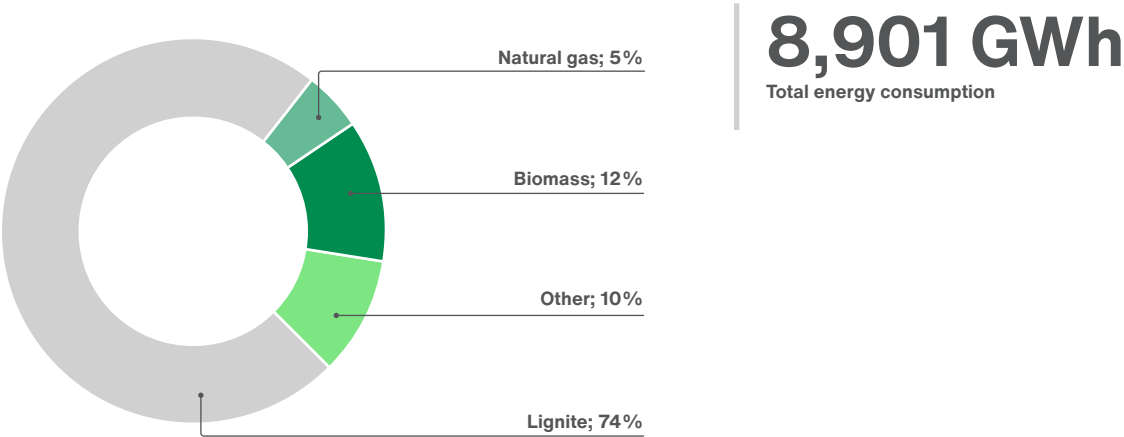
After a 50% decline in natural gas consumption in 2022, we continued this trend in 2023 and experienced a decrease by 20%, as eustream utilised electric compressors rather than gas compressors in the light of elevated gas prices and potential gas shortages. In 2023, energy consumption from lignite accounted for 6,578 GWh, which was a decrease of 35% compared to the last year. However, lignite still formed 74% of our overall energy consumption, as our heating plants still rely on lignite as the key fuel source. Lignite was mainly used for generation in the efficient cogeneration mode, while sole power production in the condensation mode was limited, EPIF managed to achieve a lower emission intensity by 17% compared to 2022. 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, all investment subsidy applications submitted and some already approved.



47%

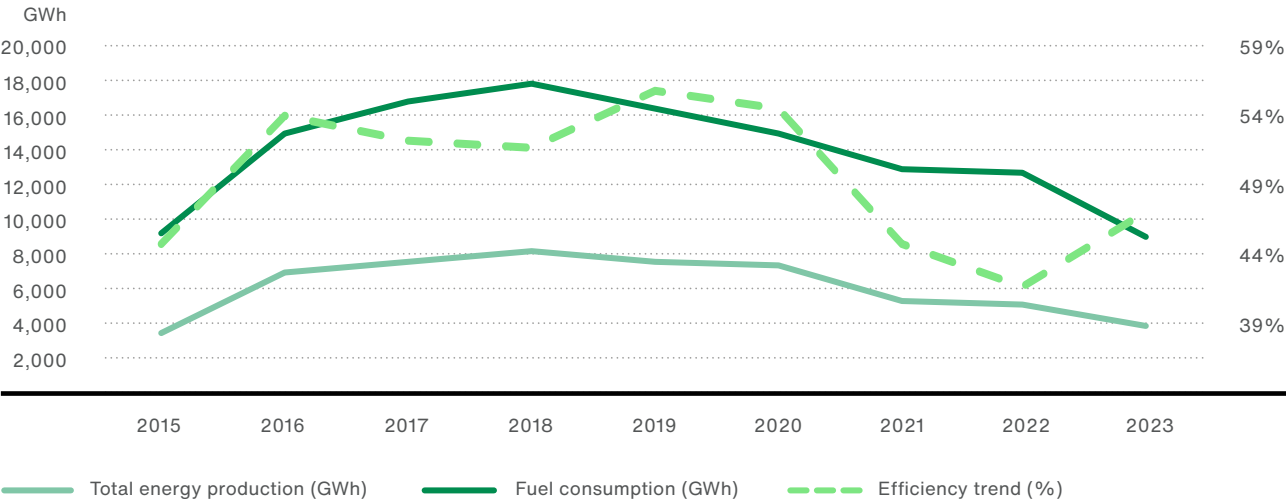
Energy efficiency in 2023

Energy consumption 2023: fuel share



Graph 7: 2023 Energy consumption by fuel share.

Energy efficiency



Graph 8: Energy efficiency trend.

Greenhouse gas emissions

Gross Scopes 1, 2, 3 and Total GHG emissions

This is the second year that GHG emissions¹² classified under EPIF's Scope 1 and 2 were externally audited. We consider this assurance to be a significant step towards ensuring that the goals in the Group's transition plan are appropriately evaluated

The Group aims to further work towards including Scope 3 emissions in the process. Under the GHG Protocol,¹³ 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. In 2023, EPIF produced a total of 2,415* thousand tonnes of direct (Scope 1) emissions, of which 2,181* thousand tonnes (or 90%) were direct CO₂ emissions. Additionally, the total indirect (Scope 2) GHG emissions amounted to 71* thousand tonnes of CO₂-eq.

EPIF also collects other greenhouse gas emissions as defined by the Kyoto Protocol. The remaining greenhouse gases were relatively marginal in 2023, amounting to 90 tonnes of CO₂-eq. Currently, sources of our locked-in GHG emissions, which are bound to our operations, are described below in respective scopes.

Both CH₄ and CO₂ are produced through natural and human-related activities, making them the most common greenhouse gases and contributors to human-induced global warming.

¹² GHG emissions are those currently defined by the United Nations Framework Convention on Climate Change, and the Kyoto Protocol; they include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and fluorinated gases.

¹³ <https://ghgprotocol.org>

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



Carbon dioxide CO₂

CO₂ 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.



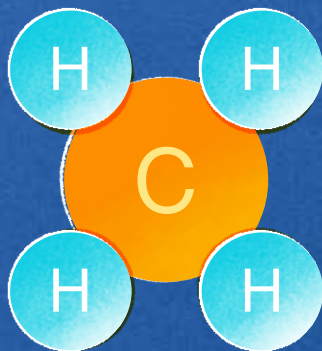
Heat Infrastructure



Gas Transmission



Gas Storage



Methane CH₄

CH₄ emissions are predominantly related to leakage of gas from our gas transit, distribution and storage facilities.



Gas Transmission

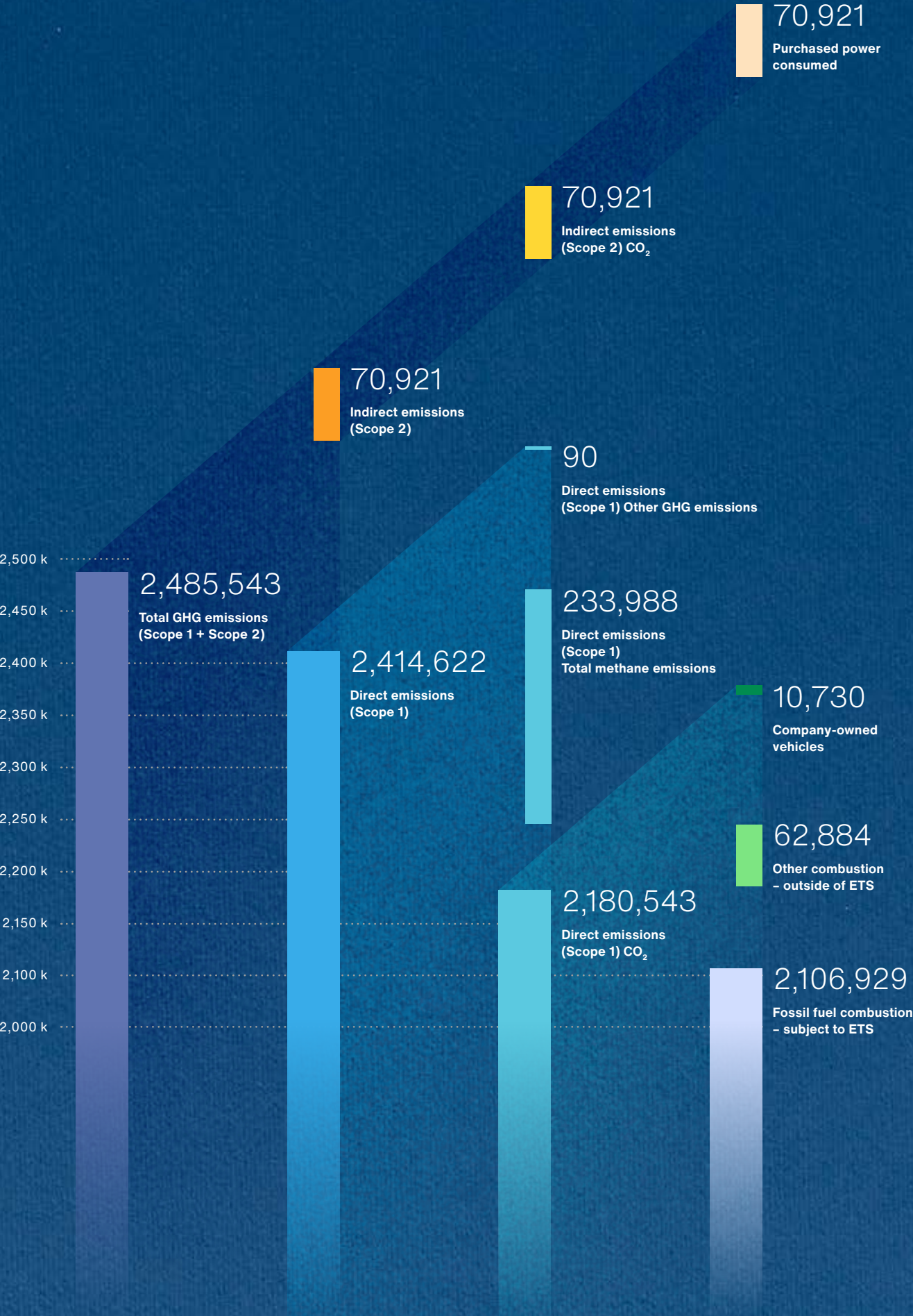


Gas Storage



Gas Distribution

EPIF's GHG emissions overview*



Scope 1 emissions

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 ETS¹⁴), company-owned vehicles, and methane leakage from our gas networks and storage facilities. Direct CO₂ emissions from the combustion of biomass are usually reported as supplementary information and are not included in Scope 1.¹⁵ Direct emissions are crucial for EPIF, representing 97% of our total emissions, excluding Scope 3. The primary source of our Scope 1 emissions, accounting for 87%, comes from the combustion of fossil fuels, which falls under the ETS. These emissions primarily occur within our Heat Infra segment. Another considerable contributor to our direct emissions is methane, resulting from leakages or intentional releases like venting or flaring in our gas operations.

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 limited by the generally low emission intensity of the Slovak power generation sector, which is predominantly powered by nuclear and hydroelectric plants. Scope 2 emissions comprise only 3% of our total Scope 1 and 2 emissions.

Scope 3 emissions

Scope 3 emissions include all other indirect emissions that are a consequence of the EPIF's activities but occur from sources not owned or controlled by the Group. Scope 3 allows EPIF to consider our value chain emissions, providing a comprehensive view of our overall impact. 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. Additionally, significant emissions originate from the provision of power and gas by EPIF subsidiaries involved in retail supply to end consumers. EPIF currently assesses its Scope 3 footprint and aims to report on these emissions in 2025 for the year 2024.

¹⁴ ETS stands for Emissions Trading System, which is an EU market-based cap-and-trade mechanism used to regulate and reduce greenhouse gas emissions.

¹⁵ Based on biomass consumed in 2023, the biogenic Scope 1 CO₂ emissions are estimated at 420 kt.

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

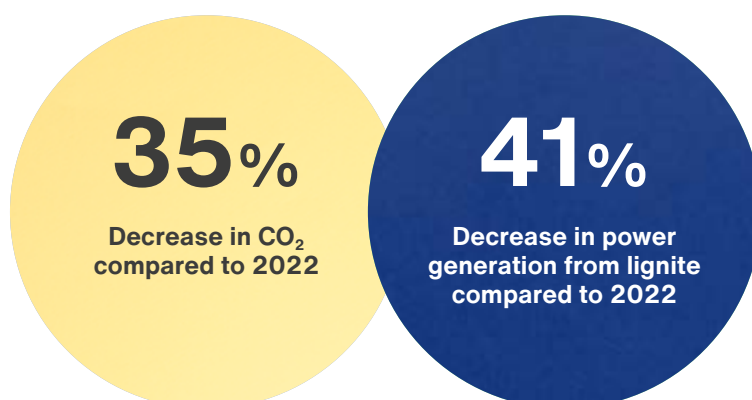
Segmental view on EPIF carbon footprint

Our most significant business segments based on Adjusted EBITDA, consisting of gas transmission, gas storage, and gas and power distribution (contributing to 90% of Adjusted EBITDA), only emitted about 15% of EPIF's total GHG emissions.

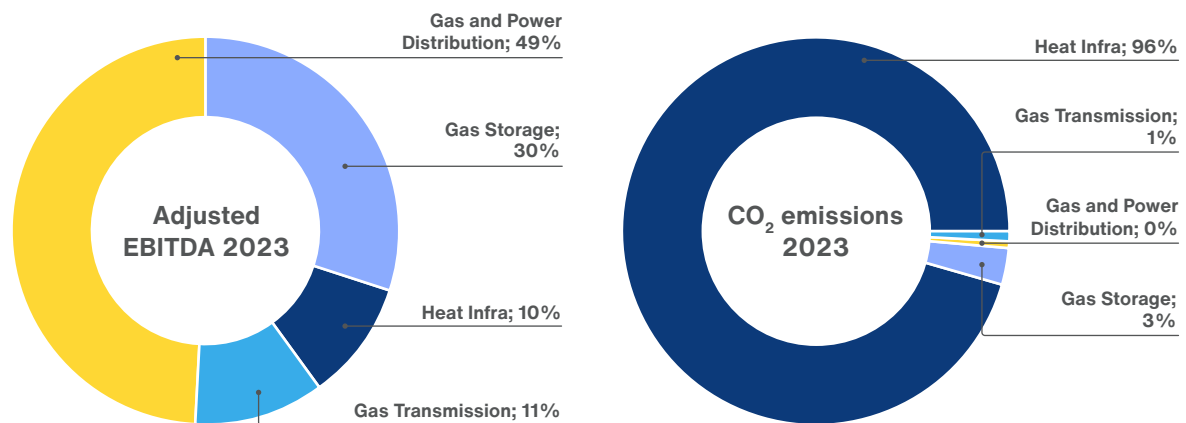
CO₂ emissions

Compared to 2022, EPIF saw a significant decrease in the total amount of CO₂ emissions within its business segments, by 35%. More specifically, in the heat infrastructure segment the total CO₂ emissions were reduced by 35% compared to last year.

This positive change was mainly driven by a 41% decrease in power generation from lignite. Furthermore, in 2023, gas transmission CO₂ emissions maintained its low levels from 2022 due to continued lower transmission volumes and increased utilisation of electric compressors in response to higher price and potential shortages of natural gas. Similarly, gas storage segment decreased its CO₂ emissions by 17%.

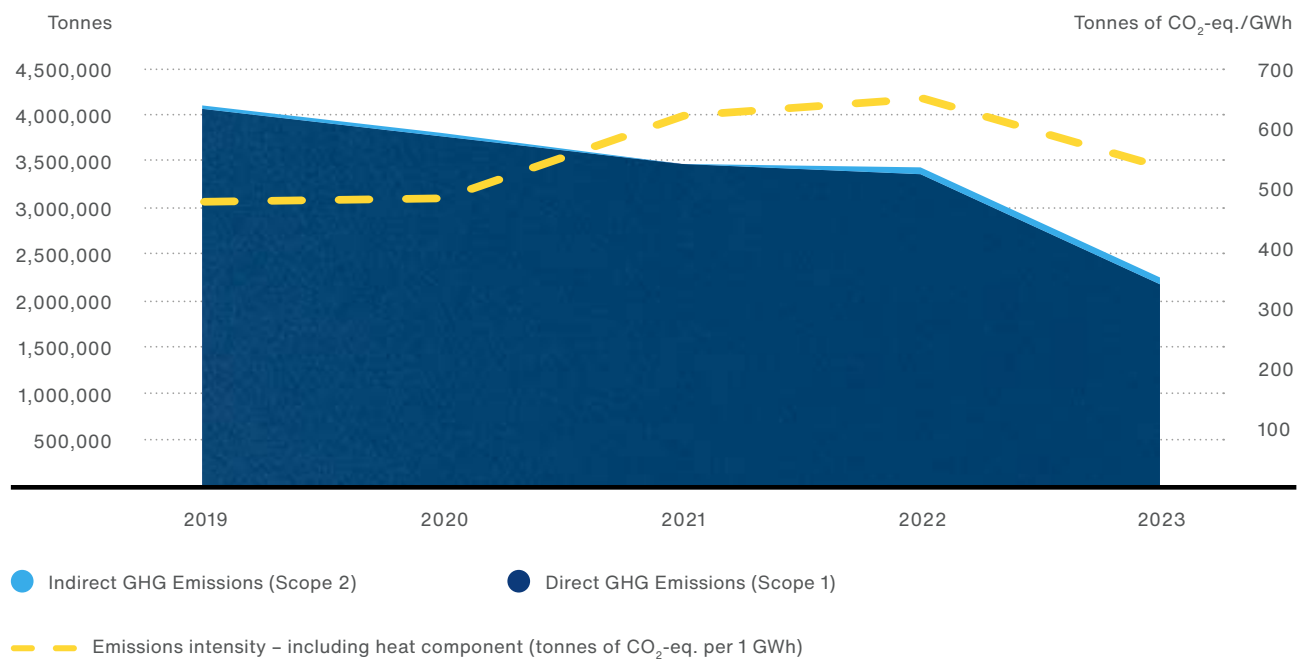


Adjusted EBITDA and CO₂ emissions by segment



Graph 9: Adjusted EBITDA and CO₂ emissions by segment.

Direct and indirect GHG emissions



Graph 10: Scope 1 and 2 emissions.

Methane emissions

For the third year, we are addressing our methane emissions, which represent an additional 234 thousand tonnes of CO₂-eq. 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 a 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 or during flaring.



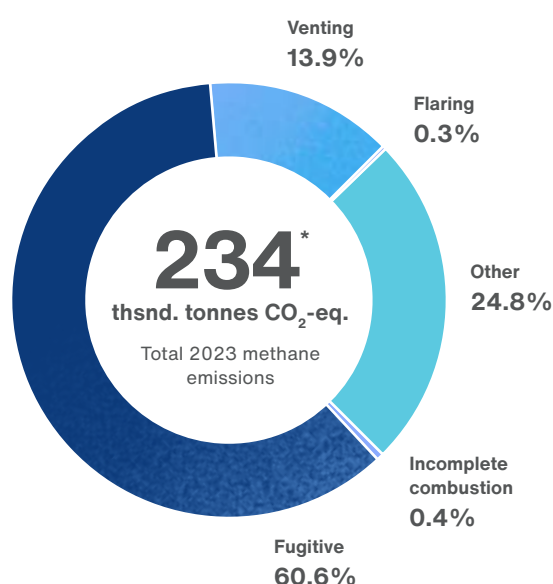
Venting

Intentional release of gas for the purpose of repair and maintenance of pipes and compressors.

Other

In 2023, EPIF reported an extraordinary gas leak in the gas transit pipeline caused by a local incident which was safely managed.¹⁶

Methane emissions: 2023 share by activity



Graph 11: Breakdown of methane emissions by source.

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

¹⁶ More details could be found in Slovak language here: <https://www.eustream.sk/sk/o-nas/media/spravy/unik-plynu-lokalite-silickej-planiny.htm>

Methane emission reduction activities

The majority of the EPIF's methane emissions are linked to SPP-D, eustream and gas storage entities managed by Nafta, which make up 48%, 39% and 13% of these emissions respectively.



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



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

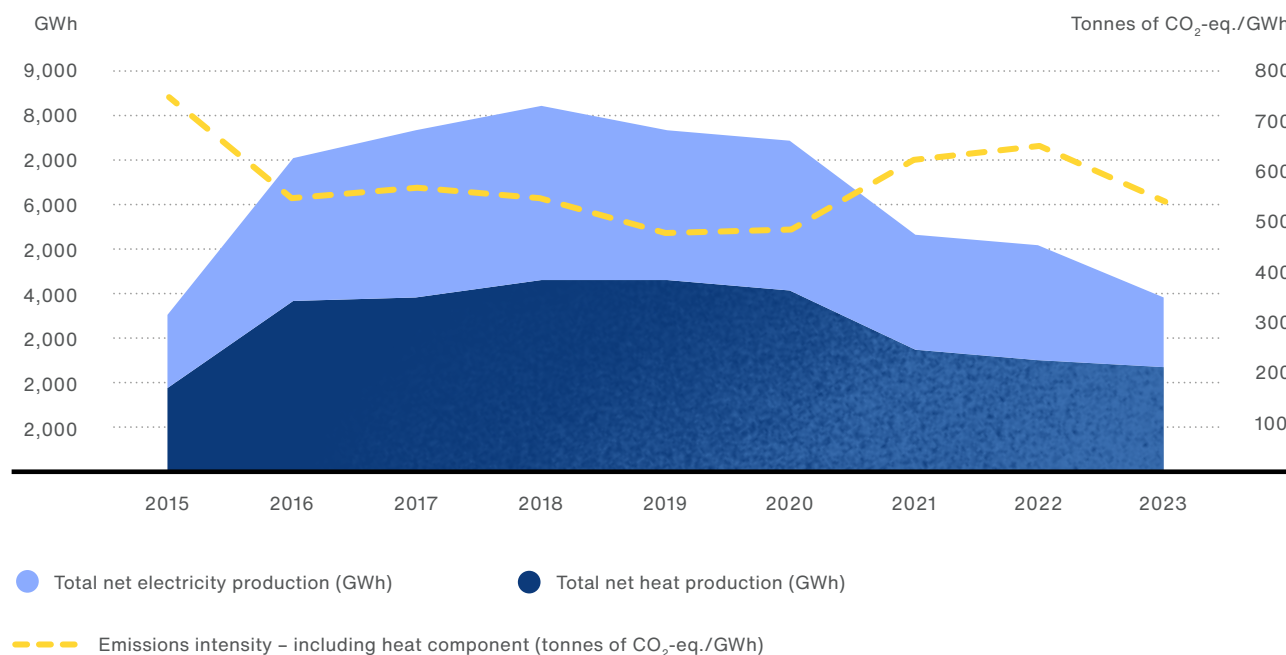
Carbon intensity and efficiency

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 17% decrease across the Group with respect to its direct (Scope 1) GHG emission intensity compared to 2022. This decrease was due to a higher share of more efficient cogeneration production as sole power production was restricted in response to normalized power spreads.

Importantly, EPIF aims to continue to invest in hydrogen-ready CCGT units, that have lower emission intensity in general. When producing sole power in condensation mode, CCGT units leverage the simultaneous use of gas and steam turbines to produce electricity more efficiently. By capturing and reusing heat that would otherwise be wasted, they achieve overall efficiencies ranging from 50% to 60%, and in optimal conditions, up to 64%¹⁷. This is significantly higher compared to conventional gas-fired units, which typically have efficiencies of 35% to 42%. In the cogeneration mode, the overall efficiency of the CCGT units can reach 85–90%. All our heating plants will undergo refurbishments to transition away from lignite as a primary fuel and increase their production efficiency as discussed in our transition plan section 'EPIF's roadmap to Net Zero'.

Net energy production and its emission intensity



Graph 12: Emission intensity based on energy production.¹⁸

¹⁷ GE Power. (2017, December 4). HA technology now available at industry-first 64 percent efficiency [Press release].

¹⁸ 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 hydrogen-ready CCGT units, biomass units, 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. The conversion projects will be finished by 2030.

CCGT units	Biomass units	Waste incinerator plants
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 decarbonisation strategy with envisaged combustion of renewable gases such as hydrogen or biomethane in the long term.	Biomass represents a suitable component 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. All biomass utilised by EPIF entities obtained certifications recognized by the voluntary schemes issued by the EU.	Municipal waste in sufficient quantities is produced without further utilisation 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 realisation.
EPIF plans to install the following technologies: ● 4× 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	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	EPIF envisages the following roles for waste incinerator plants: ● PLTEP has operated a waste incinerator plant since 2019 ● UE aims to develop a waste incinerator plant by 2026, while EOP contemplates development by 2030

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 zero-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 gases¹⁹ 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 kgCO₂/kgH₂



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 kgCO₂/kgH₂



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

0 kgCO₂/kgH₂



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

¹⁹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=SWD%3A2021%3A455%3AFIN&qid=1639998727689>

Vision for hydrogen

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 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.²⁰

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.

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

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 shall 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. The adjustments should consist primarily of replacing the metering equipment and other network components. Eustream's plan to enable the international transmission of clean hydrogen was granted the Important Project of Common European Interest (IPCEI) status in February 2024. This marks a significant milestone in our long-term efforts to facilitate the supply of clean hydrogen to European markets and accelerate the decarbonisation of Slovak

industry. Obtaining IPCEI status opens a realistic way for securing grants from national or EU sources, moving the whole project closer to realisation. 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.²¹

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.²²

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

²¹ OGE (2022). H2EU+Store – Green Hydrogen for Europe. <https://oge.net/en/press-releases/2021/h2-eu-store-green-hydrogen-for-europe>

²² 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.²³



Gas storage

Storage synergies

The transition towards low-carbon energy increases the demand for large-scale energy storage. Storing hydrogen is better positioned for long-term energy storage than batteries or pumped 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 project Henri, which received support as one of the first Important Projects of Common European Interest (IPCEI) in the hydrogen area. The first phase of this project 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.

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

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 included 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.'²⁴

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 a 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.

²⁴ 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 CO₂ and 150 tonnes of SO₂ emission annually.

Overall, United Energy uses biomass that meets the requirements of sustainable sourcing, the approved certification by the European Commission, 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 forestry residues, agricultural waste, and the woodworking industry.
Due diligence	Sample of biomass suppliers tested each year with regular site visits performed.
Distance of transport	Biomass is transported along a 150 km circle.
Certificates	The certificate was completed and implemented in March 2023.

Table 4: Main characteristics of the biomass used at United Energy.

Case Study

Biomass implementation in the Group



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 PLTEP. 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 CO₂ by 108 thousand tonnes per year.

Furthermore, to achieve a decrease in supply chain emissions, PLTEP 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.

Recently, 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 forestry residues, agricultural waste, and the woodworking industry.
Due diligence	Sample of biomass suppliers tested each year with regular site visits performed.
Distance of transport	Biomass is transported along a 200 km circle.
Certificates	The certificate was obtained in 2022.

Table 5: Main characteristics of the biomass used at PLTEP.

Enabling biomethane penetration

As a monopoly operator of the gas distribution network, EPIF can facilitate biomethane adoption by enabling connection of biomethane facilities to the grid. The first connected biomethane production facility in Jelšava, Slovakia, marks a significant milestone. The composition of biomethane is almost identical to natural gas, but unlike this fossil fuel, it is produced from local renewable raw materials or directly from waste. This specific type of biomethane produced by waste treatment can have up to negative carbon footprint.

The Jelšava plant purifies biogas from organic waste to obtain pure biomethane that is then injected into our network. From May 2023, the facility increased its output to 180 MWh of biomethane per day.

In the short term, EPIF's subsidiary SPPD will be able to connect approximately 34 biogas stations to its high-pressure network after their conversion to biomethane production. However, the total potential for biomethane production from biodegradable municipal waste, kitchen and restaurant waste and livestock excreta, according to the latest Integrated National Energy and Climate Plan of the Slovak Republic, can reach up to almost 400 million m³ of biomethane.

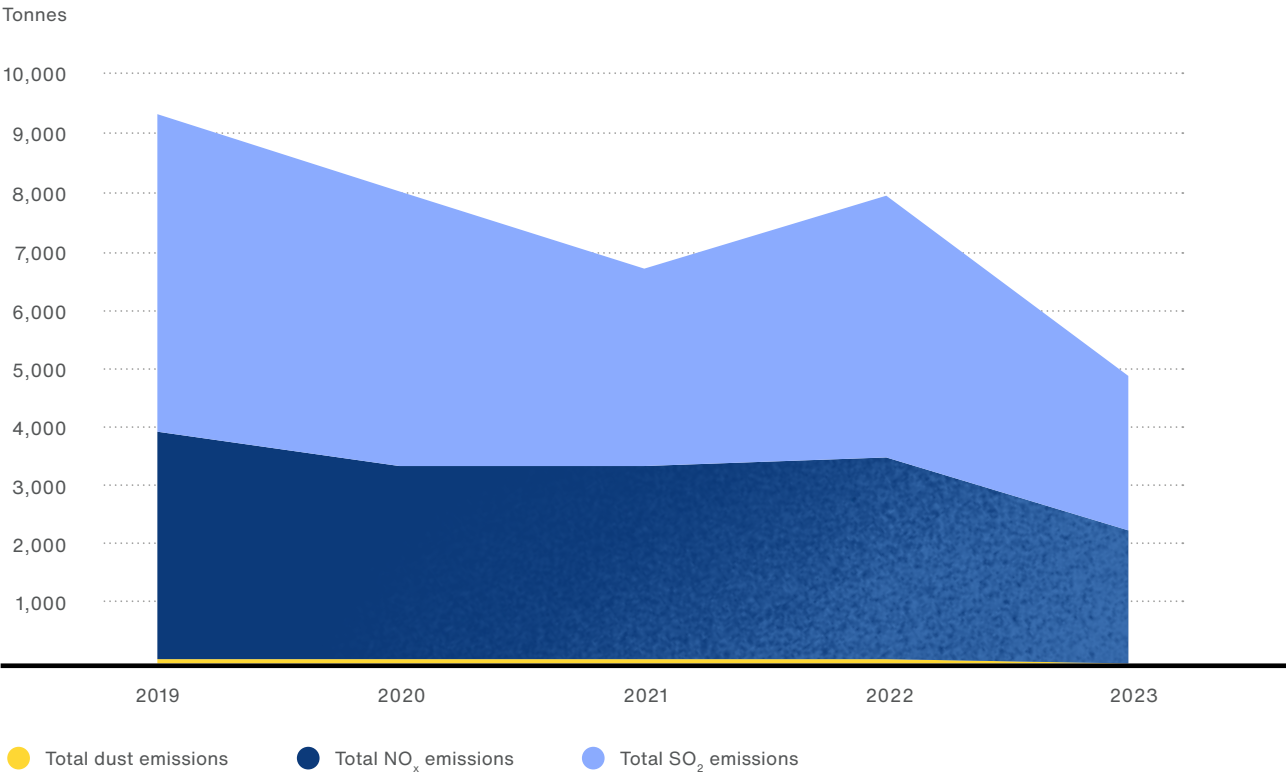


Other air pollutants

Air pollution emissions

The most significant atmospheric pollutants associated with our activities are sulphur dioxide (SO₂), nitrogen oxides (NO_x) and dust. In 2023, EPIF saw a 41% decrease in power generation from lignite. Consequently, our sulphur dioxide emissions equally decreased by 42% compared to last year. Similarly, nitrogen oxides emissions decreased by 34% and dust emissions decreased by 41% compared to 2022. Table 5 highlights EPIF’s approach to achieving emission reductions.

Total air emissions



Graph 13: 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 CO₂ but also other air emissions.

Plzeňská Teplárenská Energetika

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

Plzeňská Teplárenská Teplárna

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

Elektrárny Opatovice

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

United Energy

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.

Emission source	2015–2023 change [%]	2022–2023 change [%]	EPIF's management approach
SO₂ emissions	78 % ↓	42 % ↓	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	33 % ↓	34 % ↓	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	73 % ↓	41 % ↓	Dust particles are primarily emitted through our coal-fired power plants. EPIF manages these emissions through highly sophisticated filters.

Table 6: 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 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.



2023 Highlights

11 %

In 2023, EPIF decreased its total water withdrawal and discharge by 11% and 8% respectively compared to last year.

15 %

In 2023, EPIF increased the share of its recycled hazardous waste from 15% to 25% year-on-year.

96 %

In 2023, 96% of EPIF's energy by-products were further utilised.

212 million EUR

In 2023, EPIF reported provisions of EUR 212 million to reclamation and decommissioning projects.

LIFE project

In 2022 and 2023, 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.

Water

EPIF understands the crucial role that access to clean water plays in our environment and society, be it on the global or local scale. Therefore, we have recognised that there is 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 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.

Most 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 heating plants, the water withdrawal and discharge from our operations follow the same trend. In 2023, we saw a decrease in our total water withdrawal and discharge by 11% and 8% respectively compared to last year. Our water intensity per MWh produced increased by 14% compared to 2022 as reliance on cooling towers was limited at times of elevated power prices.

Water stress and water risk analysis

To analyse water stress in our most water-intensive assets, we used the newly available World Resources Institute’s Aqueduct Water Risk Atlas²⁵, which provides detailed data. 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 use the composite index ‘Overall Water Risk’ which aggregates 13 individual indicators from three main categories: Water quantity risks, Water quality risks, and Regulatory and reputational. The aggregation is done using default weighting for each category, set at 69%, 12% and 18% respectively.

Qualitative descriptors	Normalized numerical value
Low	0–1
Low – Medium	1–2
Medium – High	2–3
High	3–4
Extremely High	4–5

Table 7: Overall Water Risk scale.

We have analysed our water-intensive assets which are our heat and power cogeneration sources. In 2023, these plants withdrew 83.6 million m³, which amounts to almost 100% of total water withdrawal. Out of this volume, 81.3 million m³ was discharged back to water bodies. Based on the analyses, our water withdrawal occurs in low water stress areas according to Aqueduct Water Risk Atlas.

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

Furthermore, in 2023, we expanded our water stress analysis to include future outlooks recently published by World Resources Institute. We have analysed our assets within additional two timeframes, 2030 and 2050, broadening the current baseline for the indicator 'Overall Water Risk'. Additionally, we included all available scenarios – optimistic, business as usual, and pessimistic²⁶:

- The '**optimistic**' scenario (SSP1 RCP2.6) represents a future that limits the rise in average global surface temperatures by 2100 to 1.3°C to 2.4°C compared to preindustrial levels (1850–1900).
- The '**business as usual**' scenario (SSP3 RCP7.0) represents a middle-of-the-road future where temperatures increase by 2.8°C to 4.6°C by 2100.
- The '**pessimistic**' scenario (SSP5 RCP8.5) represents a future where temperatures increase up to 3.3°C to 5.7°C by 2100.

The results of this forward-looking water stress analysis have revealed that two out of three assets' locations, specifically Elektrárny Opatovice and Teplárna Komořany, will around 2030 shift from low-medium to medium-high overall water risk. This shift is consistent across all described scenarios and will persist into 2080. We strive to further build upon this initial assessment by performing more robust climate physical risk assessment at asset level.

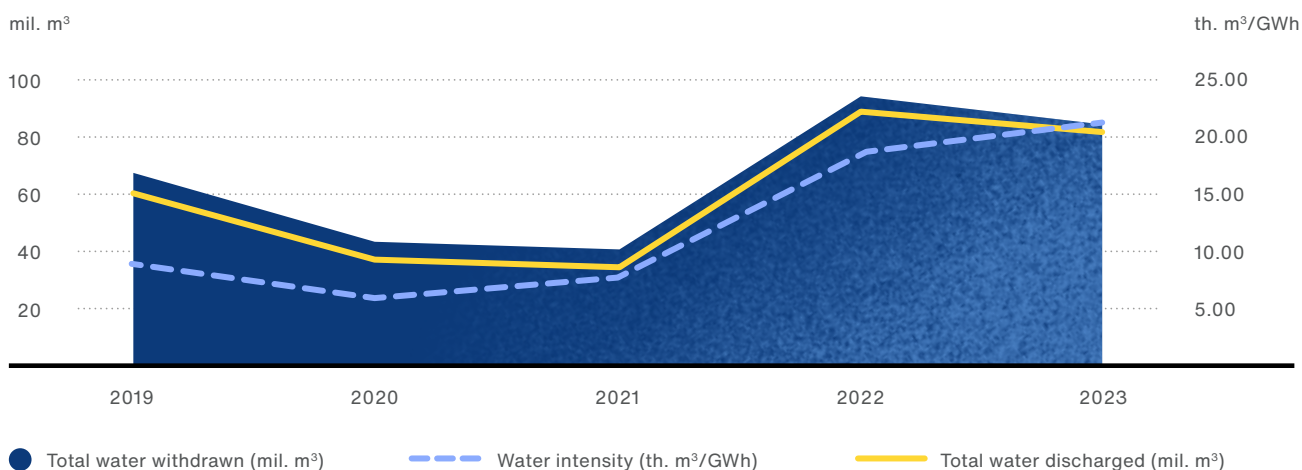
Our water management

EPIF has focused its efforts on reusing and recycling the water that we withdraw, with the 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 subsidiaries have 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 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.

Water withdrawal and discharge



Graph 14: Water withdrawal and discharge.

²⁶ More information about the scenarios and uncertainty controls is available in Aqueduct 4.0 at <https://www.wri.org/aqueduct>

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 2023. Therefore, our water efficiency programmes are concentrated in the Heat Infrastructure segment of our business.

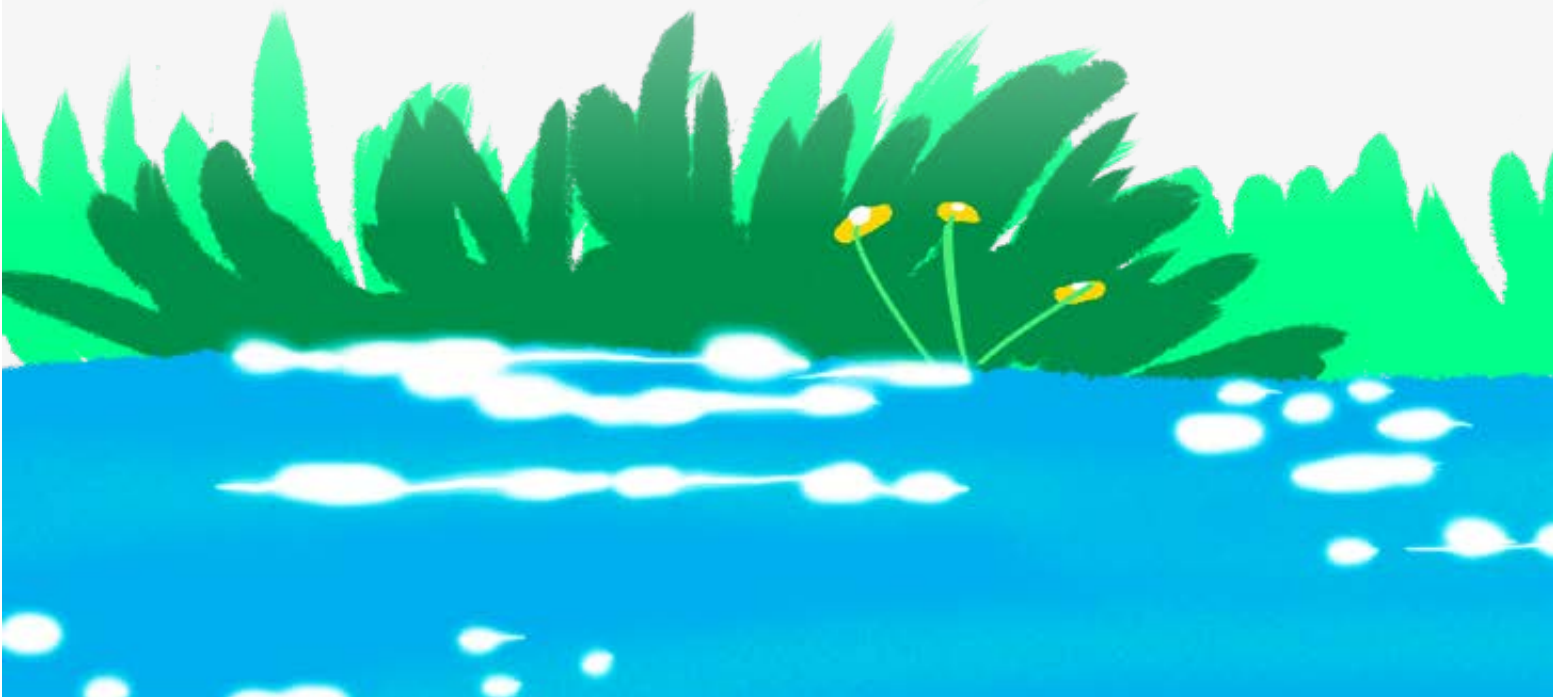


Plzeňská teplárenská

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.

Water basin	Total water withdrawn [thsnd. m³]
Elbe River	79,698
Mže River	2,335
Ohře River	1,555
Others	38

Table 8: Total water withdrawn in 2023 by water basin.





Elektrárny Opatovice

The heating plant operated by EOP possesses flexibility regarding its cooling process. It has the capability to utilise flow-based cooling from the Elbe River or partially depend on a cooling tower. This flexibility benefits EOP, particularly for future scenarios where the plant's operations could be at risk due to water shortages during specific periods and sole reliance on flow-based cooling could make the heating plant vulnerable.



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 2023, EPIF increased its total waste production by 11% compared to last year. The increase in total generated waste this year is attributable to more replacements within the gas distribution network. Unlike last year, where activities primarily took place outside of built-up areas resulting in minimal construction waste due to the practice of returning all excavated soil back to its original location, this year's investments were more frequently performed occurred within more developed areas. At EPIF, we continue to focus on improving our efforts and subsequently reducing our generated waste.

Our waste management

In 2023, 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 manages

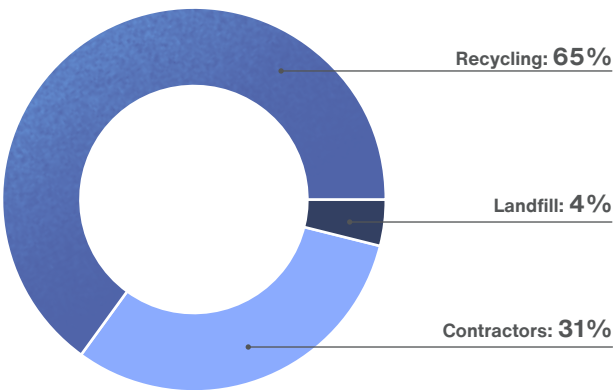
to increase the share of recycled non-hazardous waste compared to last years. This is represented by a 47 % increase in waste recycled compared to 2019. The hazardous waste is more difficult to dispose of properly, EPIF uses third parties who have the required expertise to properly dispose of it. In 2023, the share of recycled hazardous waste recycled increased from 15 % to 25% compared to last year. EPIF has limited means to precisely track the final destination or further use of the waste disposed of by contractors. Overall, EPIF always strives to choose the most appropriate waste disposal methods, 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.

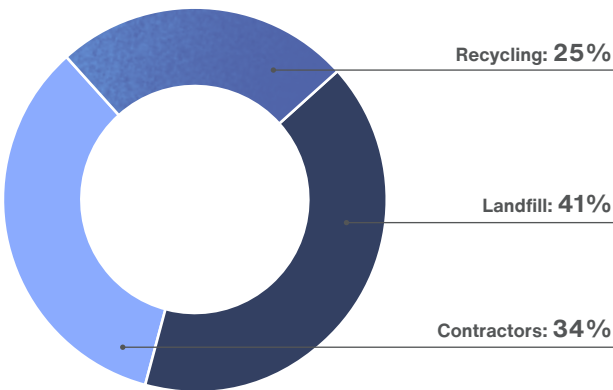
Notably, all residual waste is disposed of in compliance with respective regulations in which our Group operates.

In addition to our waste disposal through recycling and use of the landfill, EPIF also disposes of its waste through third parties and suppliers (e.g. construction services), where we are limited in tracking the final destination or further use of waste, marked as “contractors” in the graphs below.

Waste disposal 2023: non-hazardous share



Waste disposal 2023: hazardous share



Graph 15: Disposal method share of total waste produced in 2023.

Case Study

Waste management



Plzeňská teplárenská

At Plzeňská teplárenská, we invest in metal separation, having increased the volume of separated iron gradually to almost 2,600 tonnes in 2023. 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.



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, ca 65–70% of waste is planned to be recycled, while up to 25% of the remaining waste will be used as a renewable energy source.



SPP - distribúcia

As the largest contributor of waste produced by the EPIF Group (61% in 2023), 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 and to be prepared for transition, construction waste will be unavoidable. Therefore, we concentrate our efforts on maximising the reusing and recycling of waste. As most of our construction waste is disposed of by our suppliers, who provide the construction services to our network, we include a binding condition in our 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 2023 confirmed that SPP - distribúcia met the requirements of ISO 9001, ISO 14001, and ISO 45001 standards.

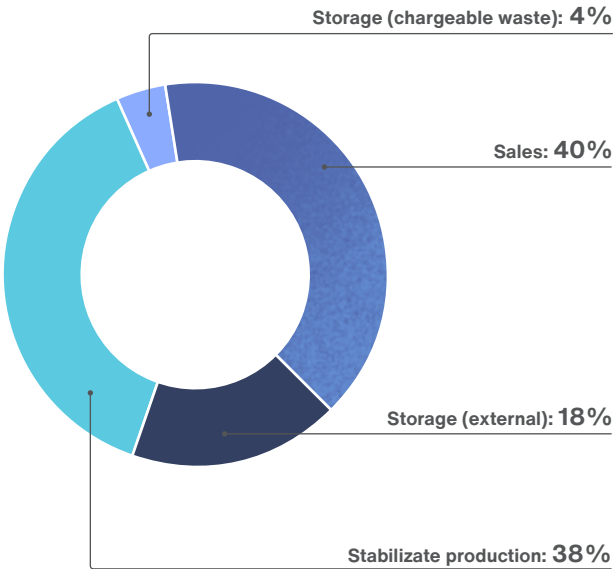
By-products

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 2023 EPIF's by-product generation decreased by 42% in line with lower heat and power generation from lignite.

By-product management

EPIF's by-products are all subject to regular certification and third-party authorisation. This is important to ensure that our by-products do not contain dangerous elements, such as heavy metals. As a result, we have historically complied with market requirements relating to the sale of our by-products. Notably, 96% of our by-products are further utilised.

By-products 2023: means of disposal share



Graph 16: Disposal method share of total by-product production 2023.



Utilisation of energy by-products

Our heat and power generation assets produce fly ash, slag, gypsum from the combustion of lignite as secondary energy products, which are further used towards land reclamation and the adjustment of terrains, or it is sold particularly for construction purposes. In 2023, EPIF generated 796 thousand tonnes of by-products. Our companies ensure that all energy by-products are certified before they continue to explore other options for their use.

Fly ash

used mainly by construction companies for production of concrete, aerated concrete, bricks, cement, dry plaster and mortar mixtures, artificial aggregates, and ceramics. Utilisation of coal ash in the construction industry saves the primary materials which would be used instead (limestone, clay, sand). The major customers sourcing fly 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

used to construct road embankments, backfill road support structures, fill and backfill utility network linear structures (water, sewage and gas pipelines) and also as base sand in manufacturing fired bricks. Slag is an alternative to gravel, eliminating the need for its extraction. Key customers comprise brick plants and road construction companies.

Energy gypsum

used in the production of plasterboard and plaster, as a setting time regulator and activator in the hardening process of aerated concrete, in cement production, and in the production of plaster mixes. Additionally, gypsum can be utilised as an agricultural fertiliser, reducing the volume of gypsum that needs to be mined.

Granulated and stabilized mixtures

are certified compounds made from energy by-products and binders, primarily used to reinforce the subgrade in road construction, other linear structures, dams, terrain modelling, land reclamation, and similar projects.

CalSulf

is an agricultural fertiliser used for the basic sulphur and calcium fertilisation of agricultural crops in all soil and climatic conditions. It can be particularly recommended for fertilising oilseed crops (such as winter rapeseed, sunflower, poppy and mustard), sulphur-demanding plants, cereals, clover crops, and for fertilising vegetables, especially brassicas.

Besides the described by-products, EPIF also produces additised granulate, formed by combining several by-products with additional materials such as hydrated lime and water. This mixture is mainly used for terrain adjustments as part of recultivation works.

Biodiversity and reclamation

EPIF recognizes the importance of protecting biodiversity at all levels - genetic, species, and ecosystem. We understand the value that biodiversity brings, including increased ecosystem resilience, which ensures the continuous provision of essential ecosystem services such as air and water purification, soil fertility and climate regulation. 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 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.

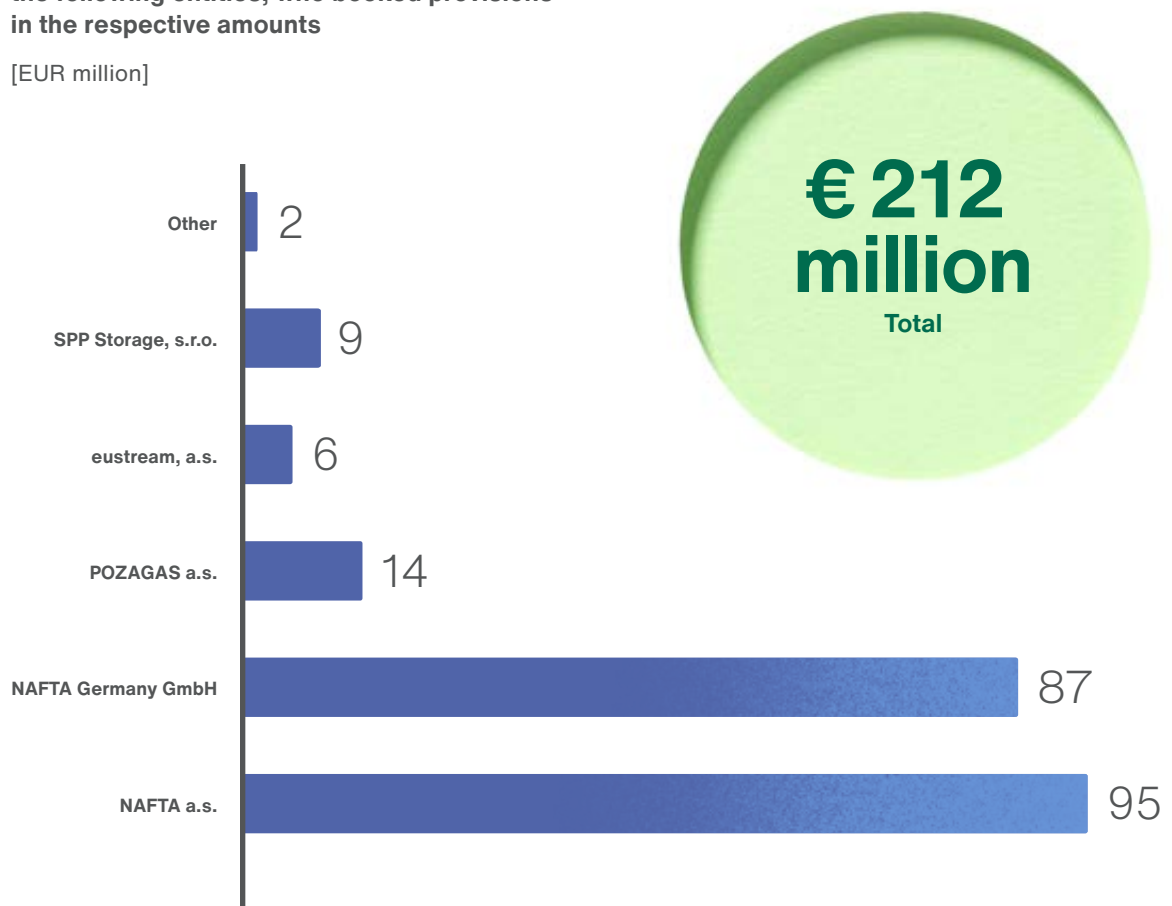
Activities within the Group's reclamation process might potentially include:

- 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 17: 2023 Reclamation and decommissioning provisions.



Case Study

Biodiversity programmes and initiatives



Stredoslovenská Distribučná

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 2022–2023, 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 kilometres 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 2023, the following security features were installed in our distribution network:



Picture 1: Relocation of a stork nest.



Electric equipment protectors

113 pieces



Flight diverters

341 pieces



Nesting barrier

8 pieces



Nesting barrier

8 pieces

Picture 2: Security features.



Plzeňská teplárenská

Supporting the bee population

PLTEP 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 its waste incinerator plant 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 2023, 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 PLTEP, 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. At one of these nesting boxes, at a height of about 100 meters, the peregrine falcon family welcomed three new chicks in 2023.

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.



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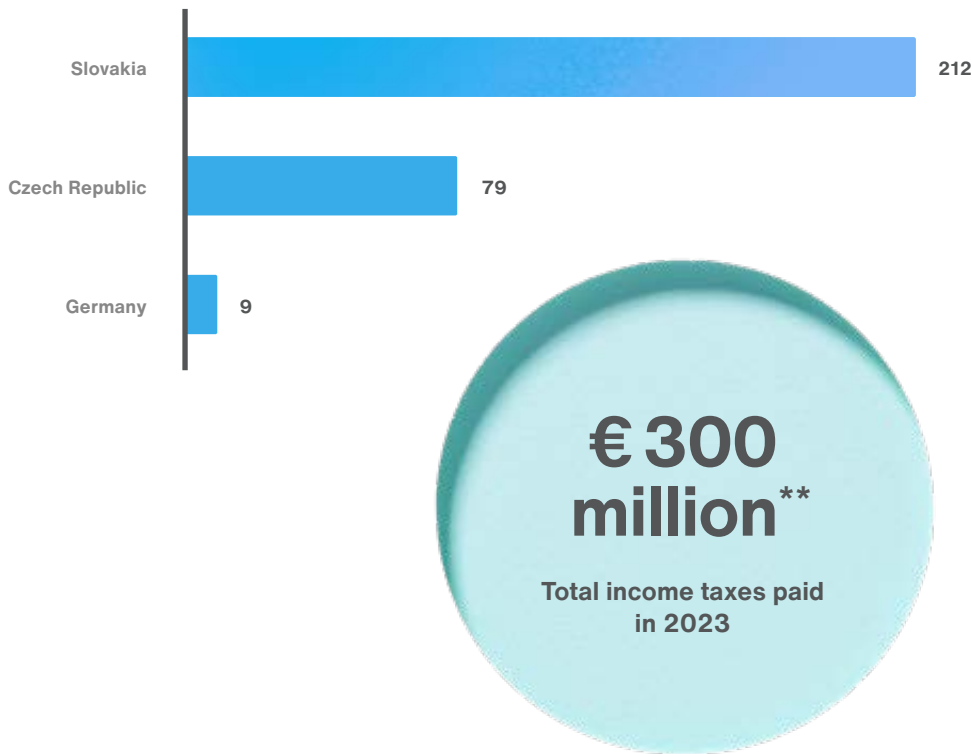
Corporate governance

EPIF’s 2023 Tax contribution

In 2023, EPIF paid taxes of EUR 300 million, mostly in Slovakia. This is approximately by one third more compared to last year and is driven mainly by better results in the Czech republic.

2023 Taxes paid: country share

[EUR million]



Graph 18: Taxes paid in 2023.

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

EPIF management and shareholder structure

EPIF's governance is based on a two-tier management structure consisting of the Board of Directors and the Supervisory Board. Since August 2021, Garry Mazzotti has been the CEO of EPIF, replacing Daniel Křetínský, who remains the Chairman of the Board of Directors. Garry Mazzotti also holds the role of ESG Officer within the Group.

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.

EPIF is a sub-holding of EPH that was created as a result of reorganisation measures in 2016. In 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.



Governance of sustainability matters

The governance framework at EPIF for managing sustainability matters integrates a structured approach with defined processes, controls, and procedures. Sustainability matters have become a permanent item on the **Board of Directors** agenda, facilitated by regular updates on progress towards our emission reduction targets and other sustainability metrics. The Board of Directors sets the strategic direction by approving the ESG strategy and climate-related goals of the Group, ensuring sustainability is embedded across key decision-making areas, including action planning, budgeting and mergers and acquisitions. In budgeting processes, particularly concerning Capex, we ensure these are consistent with our sustainability targets. Significant share of EPIF's Capex is EU Taxonomy eligible. In M&A activities, sustainability impacts and ESG performance of potential acquisitions or disposals are also considered, which underscores the importance EPIF places on maintaining a sustainable business portfolio.

The **ESG Officer**, a position held by EPIF CEO Gary Mazzotti, oversees sustainability responsibilities. The ESG Officer's role extends to informing the Board of Directors about sustainability-related matters, supported by a structured process of monthly emissions reporting and tracking of key performance indicators by the Group's companies.

To ensure effective information exchange between corporate teams, management and the Board of Directors, the **Sustainability Team** was established. The Sustainability Team oversees the operations of EPIF and facilitates cooperation with all the relevant departments: Controlling Department, which is responsible for data collection and reporting, Compliance Team which is responsible for EPIF Group policies, M&A Team to ensure that sustainability matters are reflected in potential acquisitions and disposals, Financing and Treasury Department to ensure compliance with financial sector policies, as well as Investor Relations Department to facilitate communication with investors.

The governance framework is further supported by the **Health, Safety and Environmental Committee** and the **Green Finance Committee**. The Health, Safety and Environmental Committee reviews relevant policies, provides guidance, and makes recommendations regarding key health, safety and environmental and security decisions. The Health, Safety and Environmental Committee also provides quarterly updates to the Board of Directors. The **Green Finance Committee** is responsible for selecting projects eligible for green financing, ensuring they meet criteria set out in the Green Finance Framework. The Committee also oversees the Green Finance Framework updates as well as the allocation and impact reporting, including external assurance statements.

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

Martin Bartošovič

Director of Gas Storage

Tomáš Mareček

Director of Gas Transmission

Václav Paleček

Finance Director

František Čupr

Director of Gas and Power Distribution

David Onderek

Director of Heat Infrastructure

Tomáš Miřacký

Director of Financing and Treasury

EPIF Supervisory Board

Jan Špringl

Chairman of the Supervisory Board

Jan Střiteský

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 3: 2023 Governance structure.

Governance

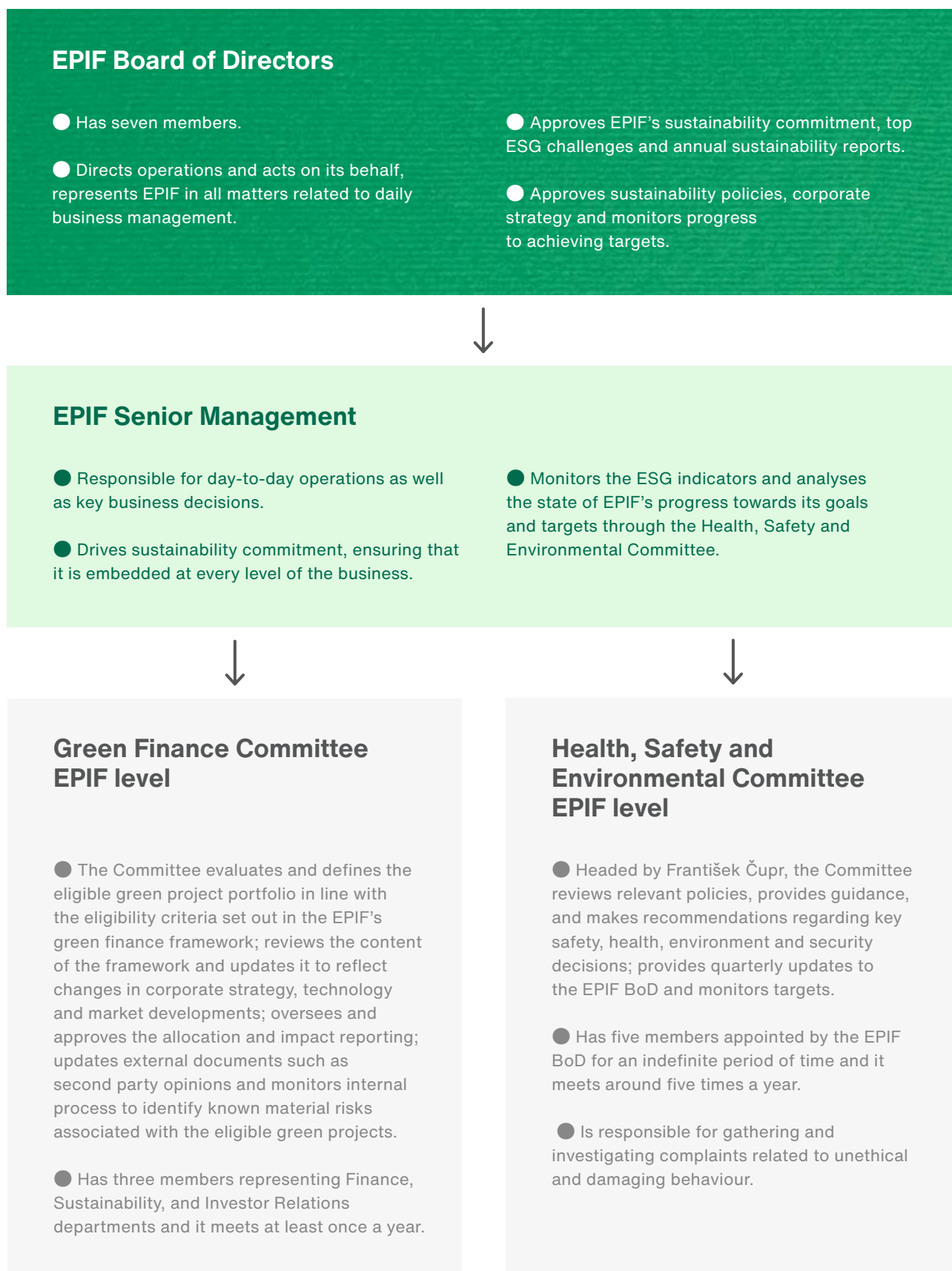


Figure 3: 2023 Governance structure (continues).

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.

Figure 3: 2023 Governance structure (continues).

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.

Daniel Křetínský is the main driving force behind the energy transformation to green and renewable energy sources. Thanks to his sustainability activities, EPIF continues in its transformation and under his leadership the entire Group plans to be coal-free by 2030 at the latest.

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.

As ESG Officer, Mr. Mazzotti is actively involved in the Group's overall ESG agenda while transforming challenges in the field of sustainable development into opportunities. Thanks to his Group-wide activities, not only EPIF but also the entire EPH Group manages to meet the most stringent requirements, but in many cases EPH Group itself is leading by example. Gary Mazzotti's role in these processes is indispensable, and Mr. Mazzotti himself is an important driving force in helping to implement and roll out processes that facilitate the green energy transformation of the entire Group.

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.

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.

Under his leadership, EPIF established its inaugural green finance framework and issued its first green instruments in March 2024. With his many years of experience in the energy sector, he can draw on his extensive knowledge of the business environment, which he is currently applying in his negotiations with government authorities and in the sustainable development plans for the entire EPIF Group.

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.

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.

From his position as Chairman of the Supervisory Board of the EPCG Foundation, Marek Spurný is an important driver in helping those in need. The EPCG Foundation focuses primarily on the elderly who want to live in dignity in their homes and then on families who have lost one of their providers due to sudden fate. Mr. Spurný is actively involved in helping and decides on the distribution of aid to those who really need help.

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.

From his position as a member of the Supervisory Board of LEAG Holding, Milan Jalový is instrumental in the company's transition to sustainable energy sources. LEAG Holding is an important energy supplier as well as employer for the whole of Germany and the transition to green energy is crucial for the entire region.

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, board of directors of 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.

Václav Paleček is active in several subsidiary companies of the EPIF Group, including a portfolio of renewable energy sources, where Mr. Paleček acts as a director. He is a member of EPIF Green Finance Committee and oversaw the issuance of inaugural green instruments in March 2024.

Peter Ďurík

Head of Financing

Mr. Ďurík has been with the EPH Group since 2015. In 2023, he took on his current role as Head of Financing. Mr. Ďurík is responsible for contact with banks and investors to ensure compliance with bank sectoral policies and ESG requirements.

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.

Tomáš Mareček is the chairman of the board of directors of the subsidiary of the EPIF Group, eustream. From this position, he actively supports the company’s transition to hydrogen, which will ensure the distribution of hydrogen energy to a large number of countries in Central Europe. Specific achievements include projects like H2 Infrastructure – Transmission Repurpose (H2I-TR), which has a status of the IPCEI, bringing together hydrogen projects from across the European Union. Thanks to his leadership, eustream has become a significant player in the field of hydrogen energy.

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.

František Čupr oversees the transformation of the gas and power distribution network operations to a net zero future shaped by growing shares of renewable energy.

Martin Bartošovič

Director of Gas Storage

Mr. Bartošovič serves as CEO of Nafta, a member of the Board of Directors of Pozagás, 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 SLOVGEO TERM. He previously worked for A.T. Kearney and ING Barings.

Similarly to the gas transmission segment, also the gas storage segment needs to be prepared to store renewable alternatives to natural gas. Mr. Bartošovič leads Nafta among innovators testing the storage of renewable energy sources in underground natural gas facilities.

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 EP Energy.

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.

David Onderek is the primary driving force of the transformation of district heating assets in the Czech Republic away from lignite to sources with lower carbon footprint.

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 do not support political parties, neither directly nor 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 2023.

2023 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 2023, our subsidiaries

**did not face
any material fines.**



In 2023, EPIF introduced a **new
whistleblowing
channel**,

which is designed to further strengthen the protection of persons who wish to report concerns or incidents that violate the law, the Group policies or internal regulations.



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 regularly assess and refine our internal processes under the supervision of the Compliance Committee to minimize opportunities for bribery or corruption.

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 available in English.



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

Compliance with sanctions against Russia

EPIF 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.



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 4: Group principles.

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 EPIF'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. Besides the Whistleblower Policy, EPIF introduced an internal whistleblowing system.
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.

Figure 5: Group ESG policies.

Protection of whistleblowers

In line with Whistleblower Protection Act, EPIF introduced a new internal whistleblowing system in 2023. It further strengthens protection of whistleblowers beyond The EPIF Group Policy on Reporting of Serious Concerns (Whistleblower Policy) enacted in 2021. The internal whistleblowing system encourages reporting of concerns regarding violation of applicable laws, EPIF policies and internal regulations by offering confidentiality to ensure that individuals do not fear retaliation for their disclosures. Reports can encompass a range of issues, from infringements that have already occurred to those that are anticipated, promoting a proactive approach to compliance and ethical conduct within the Group.

The internal whistleblowing system is intended for all persons who perform activities for EPIF, including employees, contractors, business partners, job applicants and others.

The process for reporting is structured to encourage thoroughness, requiring individuals to fill out a detailed form with as much information as possible. Upon submission, the report is handled by a designated, authorized person, and the whistleblower is informed of receipt within seven days, along with a unique case number and verification code. This code allows for ongoing communication and follow-up, ensuring that the whistleblower is kept informed of the progress and outcomes of their report. The initial assessment of the report aims to determine its alignment with the Whistleblower Protection Act and if remedial action is necessary, with feedback provided within a specified timeframe.

Prevention and detection of corruption and bribery

The EPIF Anti-Corruption and Anti-Bribery Policy outlines a comprehensive approach to mitigating risks related to corruption and bribery, embedding basic principles of ethical conduct, ensuring continuous monitoring and review, providing clear guidelines on raising concerns, and detailing consequences for breaches of the policy. To combat corruption and bribery risks, EPIF conducts regular risk assessments to understand its exposure and adopts adequate measures that are continuously refined.

The basic principles of the EPIF Group's Anti-Corruption and Anti-Bribery Policy are structured to ensure integrity and compliance across all operations. We strictly adhere to the 'four-eyes' principle, ensuring all legally binding documents and money transfers are approved by at least two representatives, which helps to prevent unilateral decisions that could potentially involve corrupt practices. The Policy outlaws facilitation payments, regardless of local customs, to uphold its stance against corruption. When it comes to gifts and hospitality, the Policy mandates that these must fall within customary business practices and not be intended to influence business decisions, with a clear maximum value established to guide appropriateness. Political contributions are avoided to prevent any implication of attempting to gain improper business advantages, while charitable contributions are scrutinized to ensure they do not serve as a facade for bribery. The Policy also requires employees to avoid any conflicts of interest, promoting transparency and the prioritisation of EPIF's interests in all business decisions.

Internal control systems and procedures are audited regularly to counter bribery and corruption, maintaining the integrity of EPIF's operations. Employees and business partners are also encouraged to report any suspicions of bribery, corruption, or policy breaches as early as possible. Violations of the Policy may lead to disciplinary actions, including termination of employment, claims for damages, and criminal prosecution.

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 and ethical business conduct. EPIF also integrates social and environmental criteria into the supplier selection process. Our suppliers are encouraged to follow good labour practices, ensuring ethical treatment, fair work conditions, and a strict anti-corruption stance. The suppliers are also expected to keep the environmental impact of their activities, products, and services at a minimum. This includes compliance with relevant environmental laws, efficient resource use, waste reduction, and initiatives aimed at reducing emissions and protecting biodiversity.



2023 Highlights

In 2023, 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 2023, there were no significant changes to EPIF's supply chain. Additionally, there were no reported environmental incidents this year.

EPIF's Green Finance Framework

In line with our long-term sustainability commitment, EPIF established the Green Finance Framework to reinforce our decarbonisation strategy and to link the proceeds from future financing to execution of our transition plan.

EPIF has clearly defined vision for all assets in a zero-carbon energy system and its future Capex spending will be centred on adaptation of its infrastructure base for a decarbonised future.

Main principles of the Green Finance Framework

Use of proceeds	● Refinancing of existing assets or financing of new Capex and Opex ● Key green project categories are renewable energy and energy efficiency
Process for project evaluation and selection	● The whole process is overseen by the Green Finance Committee in accordance with eligibility criteria
Management of proceeds	● Proceeds are managed in a portfolio approach ● Capex and Opex will qualify with no lookback period ● EPIF will ensure the green asset and capex values exceed the green bond proceeds
Reporting	● Annual allocation and impact reporting
External review	● Second Party Opinions on the Green Finance Framework by the S&P Global (light green shading received) and Sustainable Fitch (qualification of “Good” received) ● Allocation and impact reports will be externally assured
Alignment with best market standards	● ICMA Green Bond Principles 2021 ● LMA/LSTA/APLMA Green Loan Principles 2023 ● Close alignment with the substantial contribution criteria of the EU Taxonomy for climate change mitigation

Key assets eligible for green financing and drivers or future Capex spending



Gas distribution grid

- Reducing methane leakage to ensure emission reduction already during the transitional period
- Preparing the network for the distribution of hydrogen or other renewable gases to ultimately abandon natural gas



Power distribution grid

- Scope 2 emissions from purchased power for network losses to be reduced by increasing reliance on zero-emission power
- Reinforcing the grid to enable fast deployment of renewables



District heating systems

Cogeneration plants, including adjacent heating networks

- Conversion away from lignite to a balanced mix of gas-fired plants, biomass units and waste to energy plants
- Ensuring hydrogen readiness of the gas turbines to gradually increase share of renewable gases and ultimately replace natural gas

EPIF expects to expand the portfolio of eligible assets in the future once there is increased visibility on the timing of adoption of renewable gases across the entire portfolio of EPIF's assets.

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 and are audited by National Security Bureaus.

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.



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.

Directive EU 2022/2555 (NIS2) further expands EU security requirements and scope of covered organizations and sectors to improve the security of supply chains, simplify reporting obligations, and enforce more stringent measures and sanctions throughout Europe. EPIF Group is analysing the impact of NIS2 on its companies and estimating the effort needed to meet the requirements.

Sophisticated security attacks require highly specialized expertise. EPIF very quickly engages Security Operations Centers (SOCs) with experienced specialists to complement the IT and security teams in its companies. This will increase their ability to quickly detect suspicious situations and reduce the response time needed to mitigate incidents and potential service outages.

EPIF’s main steps to ensuring resilience against cyber threats

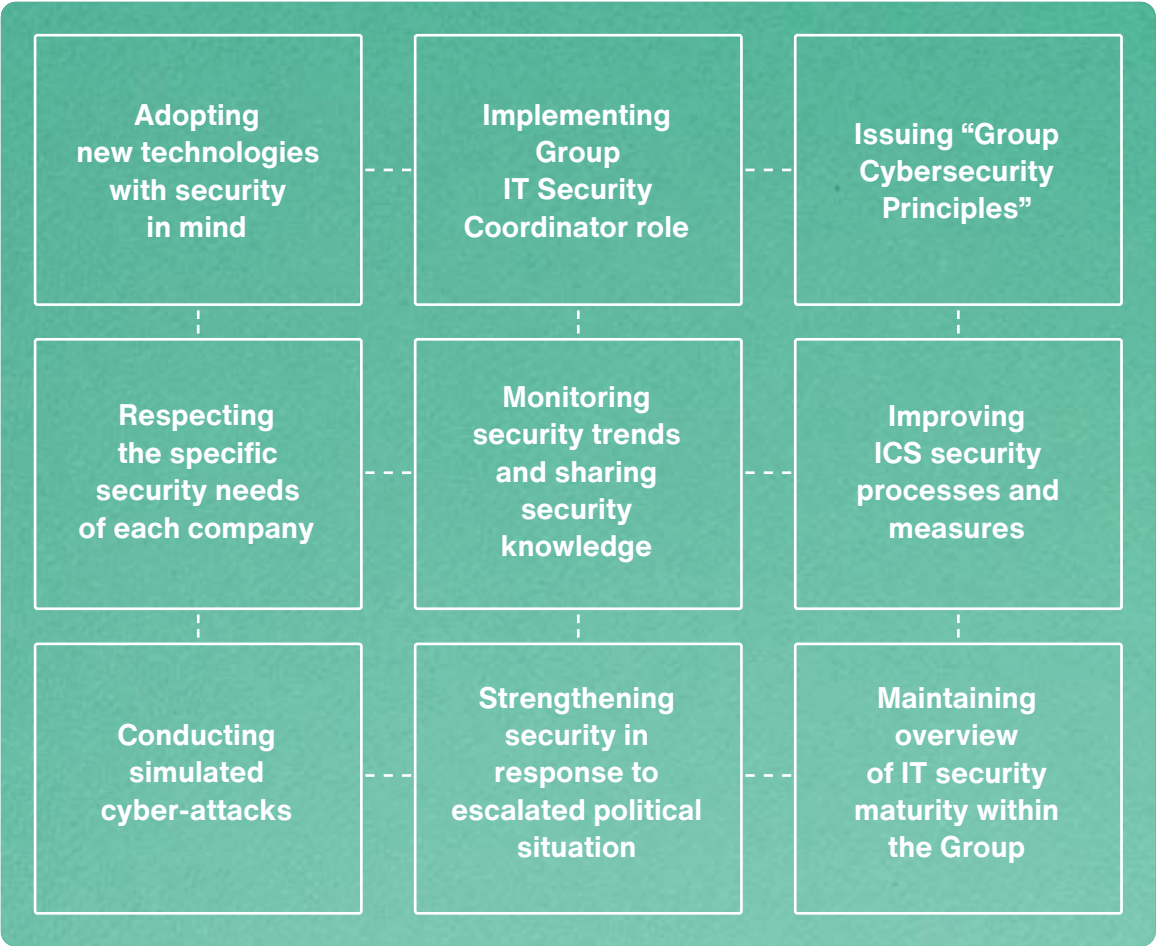


Figure 6: Steps to ensuring resilience against cyber threats.

Risk and crisis management

Strong mechanisms for evaluating risks and coordinating an effective response helps to enhance the resilience of business activities, 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

Since February 2022, following the Russian military invasion of Ukraine, EPIF has 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

Climate change related risks include physical and transition risks. Physical risk arises from extreme weather events, which may lead to supply interruptions. Transition risk poses a threat of increasing operating costs if not being ready for the new energy system to come.



2023 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.

EPIF risk matrix



Figure 7: Risk matrix.

27 Members as of 31 December 2023.

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 9: 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 (92% 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 9: 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 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.
- We have a transition plan in place to ensure compatibility of our assets with the net zero energy system.

Table 9: Overview of the Group's risk management (continue).

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 2023, 93% and 81% of EPIF's EBITDA and revenues were covered by ISO 14001 respectively. In the area of quality management, 77% and 85% 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 2023, 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 overview²⁸

Certification Standards (environmental and safety)

EPIF Group companies

ISO 14001	        
ISO 50001	 
ISO 3834-2	 
ISO 9001	        
ISO 45001	       

Table 10: Overview of the Group's certifications in 2023.

²⁸ 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.

Sustainable Development Goals

At the midpoint review towards the 2030 Sustainable Development Goals, it's clear the world faces significant challenges, with half of the 140 evaluable targets off track and over 30% showing no progress or regression since 2015²⁹. EPIF recognizes the urgency of these findings and is committed to contribute by focusing our efforts on strict regulatory compliance, modernisation of our facilities and robust monitoring. We report on our alignment with the United Nations Sustainable Development Goals on the highest level of seventeen goals.

We have identified key SDGs that are highly relevant to our energy business, where we see significant opportunities to make a meaningful contribution.



29 United Nations Department of Economic and Social Affairs, Statistics Division. (2023). SDG Progress at the midpoint. Retrieved from <https://unstats.un.org/sdgs/report/2023/progress-midpoint/>.

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 for the energy and utilities sector. Around 90% of EPIF's Adjusted EBITDA is derived from gas transmission, gas and power distribution, and gas storage activities, which comprised only 15% of EPIF's greenhouse gas emissions in 2023 (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, for example, natural gas, biomass, and municipal waste. Following this, we are committed to the full segment decarbonisation 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. Despite this uncertainty, we consistently invest in projects that 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.



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.



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. Our recent efforts include increased digitalisation of activities and services, and enhanced transparency.



Ensure sustainable consumption and production patterns

EPIF prioritises energy efficiency because of its economic and environmental benefits. 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 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 by 2050 in respect of Scope 1 and 2 GHG emissions. 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. Our business conduct inherently supports and fosters a transparent, inclusive, and just environment in all aspects of our work. Moreover, we aim to fight corruption and bribery, ensure our decision-making includes everyone's voice, provide clear information about our sustainability efforts, and support laws that promote fairness and development.

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.



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Annex

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.

H&S 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 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.

H&S certifications

The Group is compliant with the certification standards and legislative requirements for health and safety within the countries where 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.

2023 Highlights

ISO 45001 certification highlights the health and safety management systems in place within the Group. In 2023, 81% of EPIF's employees worked in companies that held the certification³⁰.

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.



Injuries overview³¹

	 Employees	 Contractors
2023		
Total worked hours	9 mil. 1% increase from 2022	12 thsnd. 33% decrease from 2022
Registered injuries	18 decreased by 40% from 2022	0 no change from 2022
Fatal injuries	1 no change from 2022	0 no change from 2022
Injury freq. rate	2.0 1.3 point decrease from 2022	0.00 no change from 2022

Figure 8: 2023 Injury data within the Group for employees and contractors.

³⁰ This is not an indication of unsafe and unhealthy environments at our other locations.

³¹ 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 September 2023, a fatal injury occurred at SSE involving own employee who was hit by an electric shock during maintenance works at the distribution network. The incident is described further below.

8 Pillars of H&S 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 11: 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 - D 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-D regularly provides medical examinations for its employees.

Table 11: Pillars of health and safety management within the Group (continue).

Case Study

Stredoslovenská distribučná:

Health and safety



At EPIF, ensuring the safety of our employees and contractors is our top priority. The likelihood of injuries and the volume of incidents reported vary among our subsidiaries, with a notable risk at Stredoslovenská distribučná (SSD), which manages the power distribution network of more than 35,000 km in central Slovakia. The company employs more than 1,300 workers and sources additional services from external contractors. The higher incidence of reports from SSD primarily stems from the extensive amount of technical field work and high-voltage operations involved. SSD recognizes the risks inherent in such activities and therefore prioritizes rigorous monitoring and continuous improvement of its safety processes.

SSD closely follows indicators, such as SIFp (serious injuries or fatalities potential), which refers to an incident exposure that has a credible potential to result in a fatality, illness, life-threatening or life altering injury, regardless of the outcome. Operating vehicles, falls from heights, and working with electrical facilities, are among the most frequent work-related activities connected with serious injuries. To minimize injury potential, SSD implements high-quality safety procedures, standards, and rules that are frequently updated. Furthermore, SSD complies with ISO 45001:2018 standards, and sets clear leadership intent and commitment across the board to improve safety performance. Over recent years, SSD has boosted its safety budget by approximately 20% which has included

upgrading personal protective equipment and hiring two additional technicians to better connect with and support field workers. SSD updated and added new communication on safety, introducing new digital tools and video engagements to better involve employees at various levels. Finally, in response to a fatal injury in 2022, SSD as one of the measures taken, hired a leading provider of operations management consulting services as its external consultant to perform a detailed assessment of procedures, controls, and overall company culture in the health & safety area. 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. The company has commenced implementation of the recommendations across its operations.

Regrettably, despite all the safety measures in place, SSD reported a fatal accident in September 2023, where one of our employees suffered an electrical injury when performing network maintenance. While the investigations have not attributed responsibility for the incident to SSD, we remain committed to further enhancing the safety procedures, standards, and rules. Additionally, we are actively engaging employees using modern communication tools to instill operational discipline and heighten risk awareness within our safety culture.

Logistics operations: New train driver simulator

The segment of logistics which EPIF entity EP Cargo is part of, is developing and testing a train driver simulator, aiming for it to be ready for training and testing drivers by July 2024. This simulator is designed to help train drivers practise handling dangerous situations on the railways by creating simulations of conditions that are hard to replicate in real life, such as diverse weather situations, low visibility, technical issues, and unexpected obstacles. There are two versions of the simulator: one featuring a life-like model with a large-format screen for a realistic view from the cabin, and another utilising a model of the station with control lever combined

with virtual reality glasses to offer an immersive control and visual experience.

While Czech regulations do not yet mandate simulator training as in some neighbouring countries, acquiring this simulator is recognized as a critical step towards enhancing operational safety and preparedness for complex real-world scenarios. LokoTrain also intends to make the simulator accessible to other carriers, contributing to a broader enhancement of safety culture within the railway industry. This aligns with the EU's future safety commitments and standards, as well as the objectives of the logistics operations.

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 valuable asset – our people.



2023 Highlights

5,781 professionals

In 2023, EPIF employed 5,781 professionals across 4 countries, 6% of which held top or middle management positions.

184 persons

EPIF does not discriminate within its employment process, and as a result, we proudly employed 184 persons with various disabilities in 2023. We commit to fully understanding their working needs so that we may provide the most appropriate support for their day-to-day activities.

221,000 hours

In 2023, EPIF supported its employees by providing over 221,000 hours of training. It means more than 38 hours per employee, a 20% increase compared to last year.

92 %

92% of our employees were covered by various collective bargaining agreements in 2023.

EPIF employment and employee standards

EPIF is 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.

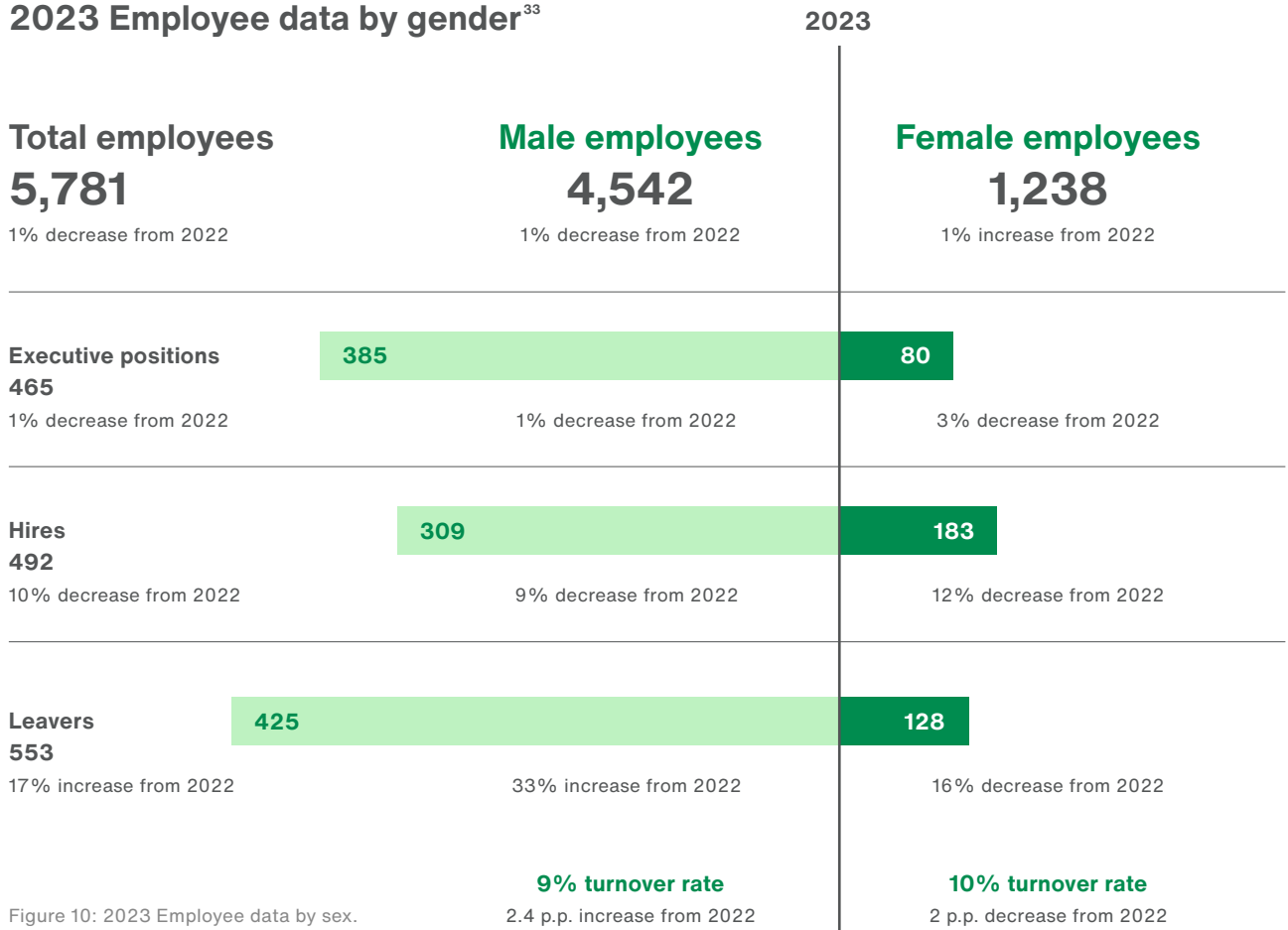
Headcount by country³²



Figure 9: Headcount by country.

32 The figures represent average full-time equivalent employees in 2023.

2023 Employee data by gender³³



2023 Total employees by age group

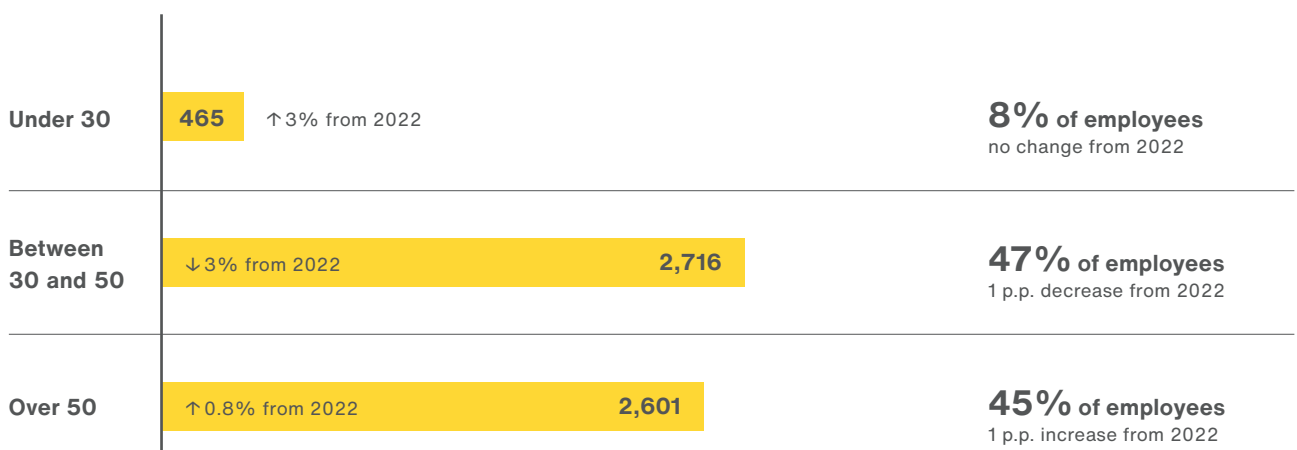


Figure 11: 2023 Employee data by age groups.

³³ 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.

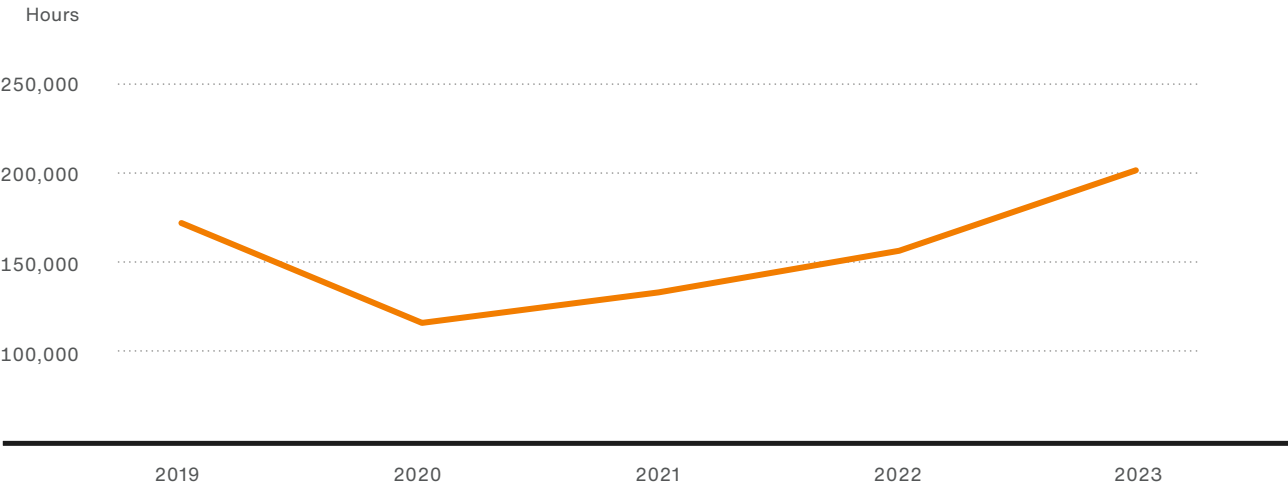
In 2023, we saw an increase of 19% in the total amount of employee training hours when compared to last year. This is even more than before COVID-19 pandemic that caused us to provide fewer hours of training in the recent years. Even though most of our training sessions were transferred to online platforms during the pandemic, the majority of the technical trainings could not be provided without physical attendance.



222 thsnd. hrs.
of employee training
↑ 19% from 2022

38.4
training hrs. / employee
↑ 20% from 2022

Total employee training



Graph 19: Employee training hours within the Group.

Case Study

Employee and employment programmes



Stredoslovenská distribučná

Replacing experienced employees leaving for retirement with younger employees proves to be challenging, particularly for technical roles in traditional industries. SSD intends to attract suitable candidates through the following initiatives:

- 1 Trainee programme – programme for recruitment of university students to selected positions with subsequent recruitment of the students to the workplace. In 2023, SSD accepted 7 university students to the trainee programme, 4 of whom were subsequently employed for a full-time position at the company. There is an Agreement on Cooperation and Promotion within the framework of filling jobs with students of Electrical Engineering between SSD and the University of Žilina. Lectures for students are also organised under the Agreement.
- 2 Cooperation with high schools – programme for recruiting high school students of electrical engineering for apprenticeships with subsequent recruitment of the students for electrical engineering positions. On average, SSD accepts 11 high school students for apprenticeships, 4 of whom are subsequently employed for a full-time position at the company. SSD cooperates with 4 vocational high schools on the basis of a Cooperation Agreement. SSD expanded cooperation with Vocational High School for Electrical Engineering of Žilina, providing them with equipment for a classroom.

To meet the shortfall in manpower due to impending retirements, the following programmes are in place:

- 1 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 the Staffing Strategy, specifically succession planning and talent management topics.
- 3 Preparation and implementation of the TRAFO Management Training Programme, which will also be linked to the topic of Occupational Health and Safety culture in 2024.
- 4 Preparation and continuation of the implementation of the New Manager programme.
- 5 Preparation and continuation of the implementation of the Safe Working Practices training for specific positions at the company.

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. As in previous years, SPP-D offered the employees both compulsory and periodical training as well as training activities aimed at developing specific skills in professional areas, managerial competencies, IT skills and interpersonal skills.

Another year of the Full Gas career programme was successfully completed in 2023. The programme aims to further develop key employees in managerial and expert positions and maintain valuable specific know-how in the company. In March 2022, SPP-D relaunched a new Gas Academy programme, which aims to create a staff reserve to fill the positions of foremen or technicians. The programme ended in July 2023.

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 vocational 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.



eustream

At eustream, our experienced employees are the key pillar of the reliability of our operations. One of our priorities is therefore provision of employee trainings and development programmes.

In 2023, the following programmes were prepared for our employees:

- 1 Succession programme for internal company employees, whose objective is to support and stabilise promising employees, expand the competencies of managers and focus on specialised positions.
- 2 Graduate programme for university graduates with up to two years of experience after graduation from university.

Internship programme for students in the 4th and 5th year of university studies and for graduates with no experience, where interns work successively in different organisational units under the supervision of a mentor.



Plzeňská teplárenská

In November 2022, Ing. Václav Pašek, PhD. (CEO of PLTEP) and Ing. Jaroslav Černý (Director of 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 PLTEP, Jan Skřivánek stated that 'we are working towards opening a new training centre for students in the fields of Mechanics for plumbing and electrotechnical equipment, Electromechanics for equipment and devices, and Electricians for high current. The centre has been created by modifying the existing heat exchanger station on Komenského street.' 'This way, we will begin tailoring the education of our experts,' the Director added.

Fully equipped facilities have been built for the students in the existing heat exchanger station, which includes a classroom, workshops, and a locker room. Additionally, there will be also a fully functional model of the heat exchanger station and it is planned for the roof of the building to be fitted with photovoltaics. Additionally, the installation of a charging electric station is being considered. Thanks to a subsidy from the Pilsen Region, the training centre will be equipped with the necessary tools for teaching. Opening of the new training centre is scheduled to open in spring 2024.

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 PLTEP should also commence for the students and teachers of the secondary vocational school.

PLTEP 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,³⁴ with roughly 27% and 18% of women in non-executive, and top and middle management respectively. In 2023, this was represented by a 21% and 22% 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 EPIF, 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 the ILO Convention No. 111 concerning Discrimination in Respect of Employment and Occupation as well as the ILO Declaration on Fundamental Principles and Rights at Work.

³⁴ 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 EPIF, 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 creates what EPIF 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 Group.



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.



Ms. Hana Krejčí

Ms. Krejčí is a member of the Supervisory Board of eustream a.s. She also holds a position of the finance director and member of the Board of Directors of EP Industries, a major industrial group in the Czech Republic.



Ms. Rosa Maria Villalobos Rodriguez

Ms. Villalobos Rodriguez has been a member of the Supervisory Board of EPIF 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 her noteworthy duties are responsibilities for managing specific transactions such as restructuring, refinancing, and reorganization.



Ms. Romana Zadrobílková

Ms. Zadrobílková is the first woman holding a position of executive director in the history of Elektrárny Opatovice. 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 and 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.

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 in alignment with 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

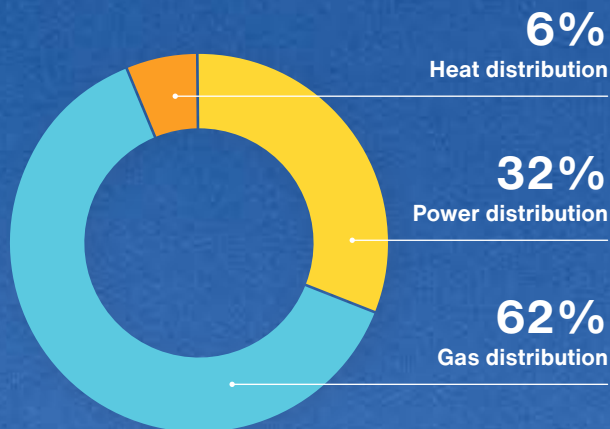
We take various measures to regularly update our customers on information relating to the safety risks associated with our products and services. As an example, our companies have hotlines in place where customers can call in case of emergencies. Additionally, our subsidiaries' websites are frequently updated with important and relevant customer information, such as planned outages. In the case of an emergency, the 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.



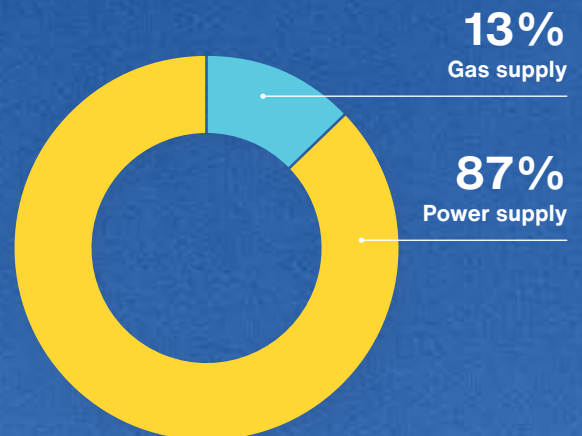
2023 Highlights

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 and help customers realise energy savings as EPIF aims to address its indirect carbon footprint as well.

2023 scope of our customer relationships



2,462 thsnd.
Number of connection points



895 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-D continues to connect new households or commercial customers every year, although Slovakia is already heavily gasified with 94% of population being connected 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 SSE, 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 (EPET) and Stredoslovenská energetika (SSE), 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 declaration³⁵ 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.



³⁵ ANDE (2022). Deklarace o společném postupu v oblasti změny dodavatele. <https://andecr.cz/deklarace/>

Case studies

Customer energy efficiency programmes



Plzeňská teplárenská

At PLTEP, 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 prize by the Association for District Heating of the Czech Republic in 2019 during the District Heating and Energy Days.



Stredoslovenská energetika

At SSE, 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.

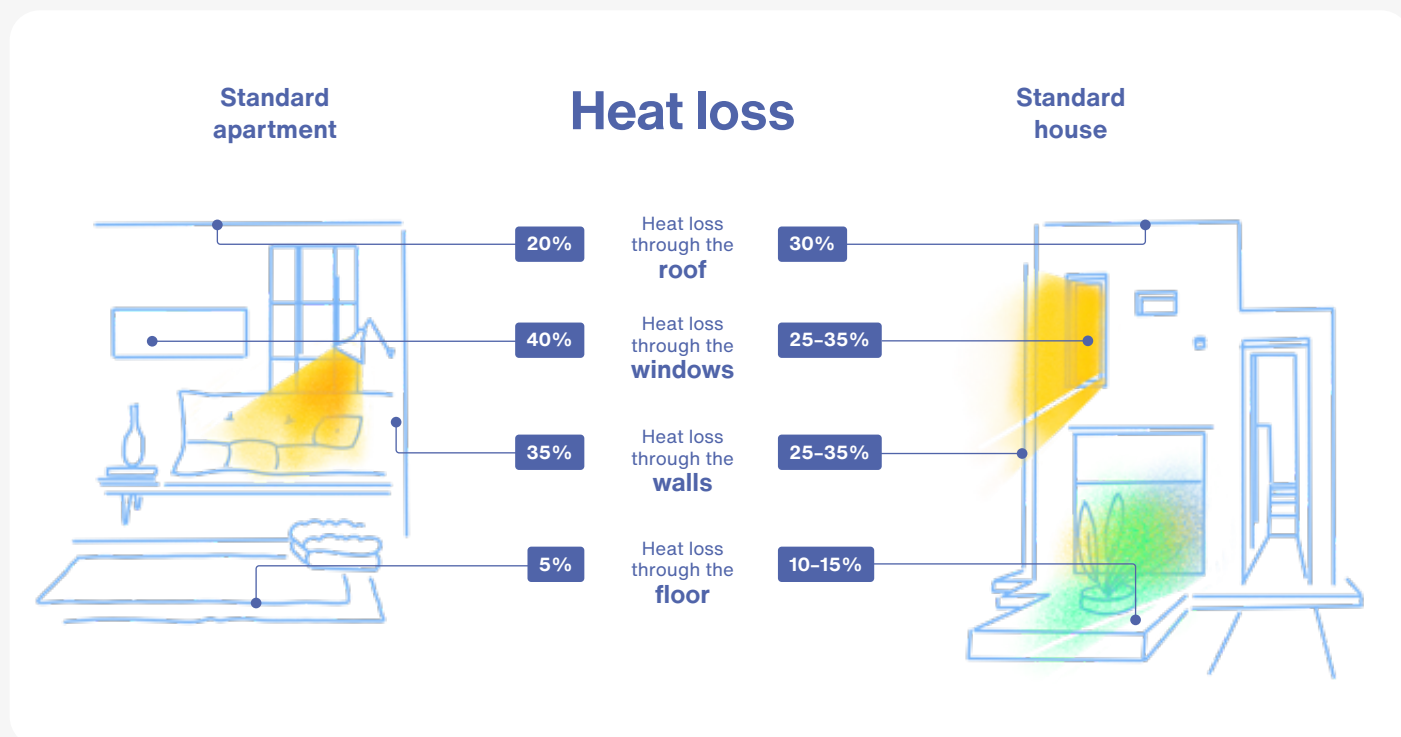


Figure 12: Heat loss infographic for Stredoslovenská energetika.

In addition to further educating households in Slovakia about the path to practical and easy achieve energy efficiency, SSE 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 SSE, 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 CO₂ emissions by 55.5 kg³⁶ 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.

36 Source: SEE (2023). Emisie CO₂. <https://www.seas.sk/o-nas/zivotne-prostredie/ochrana-ovzdušia/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 and social efforts, which can be identified through the EPH Foundation.

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:

EPIF 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 of our Group's community activities, such as those relating to the support of local charities, social initiatives and community development programmes.

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 **EUR 1.4 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 Ukraine.



2023 Highlights

In 2023, EPIF contributed to several social programmes and projects, where:

EPH Foundation
distributed

€ 1.2 million

EP Corporate Group Foundation
distributed

€ 10.1 million



In 2023, EPH continued to support those impacted by the war in Ukraine, where:

EPH Foundation distributed € 16 thousand to help organisations deliver materials to aid those impacted by the war in Ukraine.

EP Corporate Group Foundation distributed approximately EUR 1.4million to Ukrainian refugees who were not registered in the Czech Republic, where the EPCG Foundation overall aimed to improve refugee living conditions and integration into Czech society.



EPH Foundation



Founded in 2014, the Slovak EPH Foundation has been deeply engaged in addressing social challenges since 2016. With its foundation in compassion and empathy for those in need, all its efforts support a deep sense of unity.

Guided by unshakable principles, including the preservation of traditions, natural and cultural heritage, promotion of regional and community advancement, and support for education, innovation, sports, scientific progress, human rights, and environmental conservation, the Foundation remains committed to helping in numerous 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

In 2023, the EPH Foundation supported the following programmes:

Pillar of support	Programme	Amount granted
Disadvantaged groups	Support point	€ 120,000
	Individual aid for people in need	€ 170,000
Regional development	Municipalities	€ 360,667
	In my surrounding	€ 60,000
Partnership program	Partnership projects	€ 537,202
Total		€ 1,247,869

Table 12: Amount granted by EPH Foundation.

Programme descriptions

Support point (Oporný bod)

This program focuses on providing essential services such as support for obtaining medical aids and equipment for hospices and social service homes, including mobility devices and adjustable beds for senior care facilities.

In my surrounding (V mojom okolí)

In today's fast-paced world, taking a moment to prioritise our health is essential. That's why the EPH Foundation supports projects that enhance quality of life and promote leisure activities. In 2023, the foundation fulfilled these commitments primarily through the revitalization of cultural landmarks, the establishment of relaxation zones and sports facilities, as well as organizing informative lectures on diverse topics, among other initiatives.

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.

Individual aid for people in need

In 2023, through this programme, the EPH Foundation in cooperation with the Slovak charities, supported people in need. 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.

Partnership programmes (Partnerské projekty)

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.

Examples of realised projects

Project	Programme	Activities and project goals	Contribution
In hospice without any pain (V hospicu bez bolesti)	In my neighborhood	EPH Foundation secured thanks to this project medications and medical supplies for the hospice, ensuring quality care for approximately 160 patients annually. The purchased materials covered needs for 3 months, significantly improving care quality and easing the burden on families. This project positively impacted a wide range of people dealing with illness and allowed quality care for about 60 patients over 4 months.	€ 3,000
State-of-the-art cycling routes near Nitra (Nové cykloturistické trasy v okolí Nitry)	In my neighborhood	Creative individuals successfully cleaned a 11 km cycling route and continuously maintain its accessibility for cyclists and hikers. The applicant organized, or helped organize, 4 communal events, engaging over 200 participants of all ages. The Nitra region marked the entire route for cyclists, implemented by the Slovak Cycling Club. The route has also been included in cycling maps.	€ 1,500
Roofs reconstruction in kindergarten in Gajary (Rekonstrukce střech v mateřské škole Gajary)	Municipalities	The aim of the project was roofs reconstruction of the kindergarten buildings in Gajary. The village of Gajary received another subsidy for the reconstruction of the kindergarten – insulation and heating reconstruction. However, the reconstruction of the roofs was also necessary, for which we used a subsidy from the EPH Foundation.	€ 32,000
Reconstruction of the main pumping station in front of the WWTP (Rekonstrukce hlavní přečerpávací stanice před ČOV)	Municipalities	The goal was to reconstruct the sewage pumping station (SPS) in front of the wastewater treatment plant (WWTP). The main SPS in front of the WWTP was in a state of emergency. The pumps were getting clogged, requiring regular maintenance. The technical audit revealed that pumps with a much lower output than were originally designed were installed in the SPS. The implementation of the project had an impact on all residents of the village: ● Economical – reduction of service costs and elimination of malfunctions/crashes ● Ecological – benefit for the environment – prevention of sewage leakage	€ 13,000

Table 13: Examples of realised projects.

Project	Programme	Activities and project goals	Contribution
Purchase of a 12-channel ECG device of the IMAC120 series (nákup 12 kanálového EKG prístroje série IMAC120)	Support point	Funds from the approved project were used to purchase a 12-channel ECG device for a palliative care inpatient hospice.	€ 3,000
Rehabilitation for health 2023 (Rehabilitáci za zdravím 2023)	Partnership programmes	The aim of the Rehabilitation for Health project is to provide financial assistance for members of APPA Club³⁷ for special rehabilitation in selected rehabilitation centres, home rehabilitation under the supervision of a professional physiotherapist or in the purchase of health and rehabilitation aids. Thanks to the financial contribution from the EPH Foundation, we will be able to support: ● Undergo special rehabilitation in cooperating rehabilitation centers ● Undergo home rehabilitation Or buy a rehabilitation or medical aid.	€ 60,000

Table 13: Examples of realised projects (continue).

EP Corporate Group Foundation

Nadace
EP Corporate Group

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 have 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 the following main pillars:

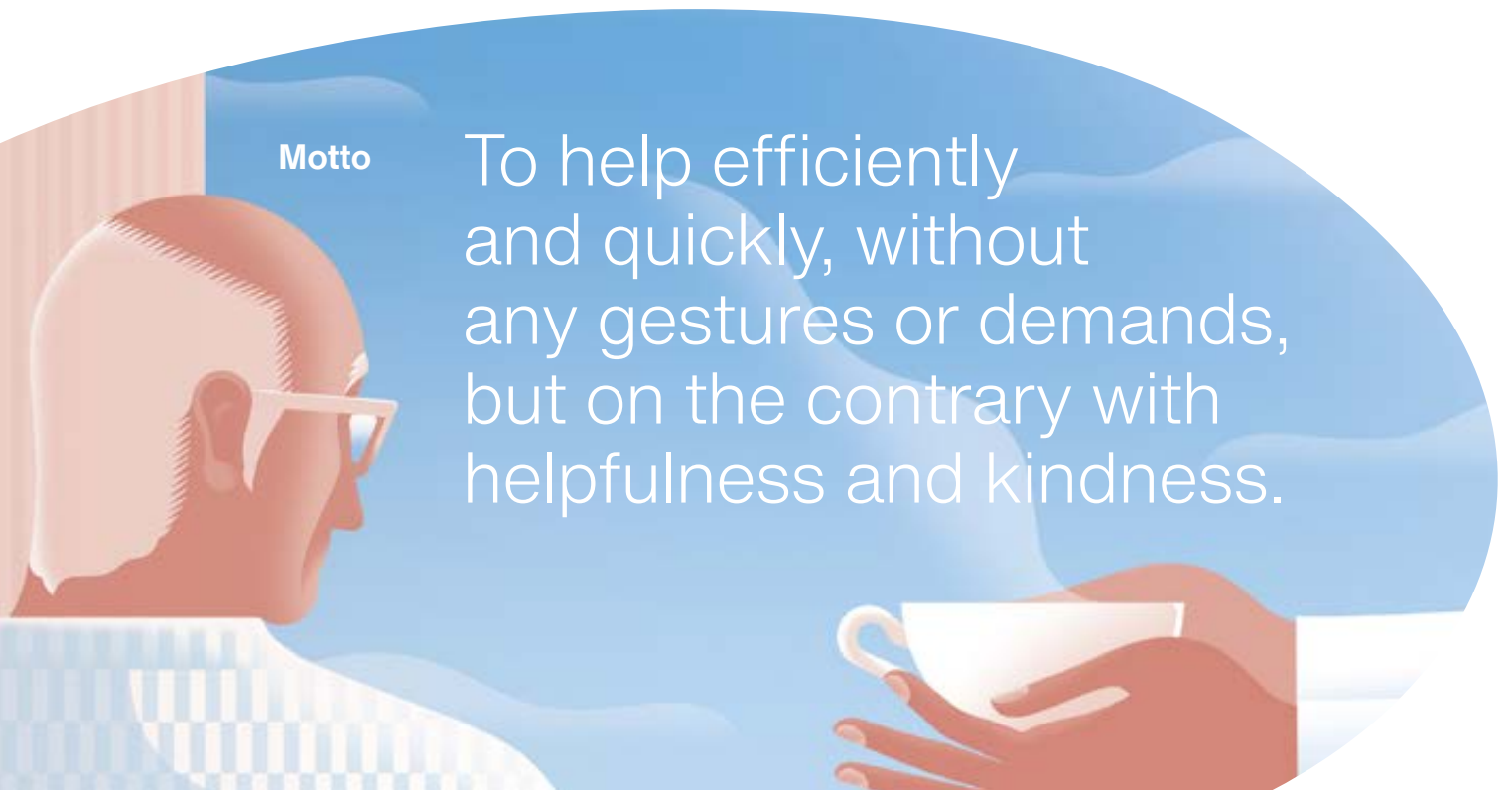
- 1 support for families with children that lost one or both parents, and
- 2 help for the elderly, especially those living on their own.

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 organizations who provide direct care for the elderly in need. In addition to these two main pillars, the Foundation has two more pillars of support:

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

Motto

To help efficiently and quickly, without any gestures or demands, but on the contrary with helpfulness and kindness.



Management of EP Corporate Group Foundation

The Foundation is headed by three competent women who boast many years of experience in the non-profit sector. With a common vision and motivation, they strive to help as many those who need it as possible and therefore make a significant impact on our society.



Ms. Jitka Pražáková
Executive Director

Mrs. Pražáková boasts 18+ years' experience in the non-profit sector, driving diverse charitable, cultural, and educational initiatives across financial institutions and corporate foundations. Notably, she worked in the non-profit environment of Česká spořitelna Foundation or Jakub Voráček Foundation, where she championed projects supporting patients with multiple sclerosis. Within the Czech Ministry of Health, she pioneered the Patient Hub, enhancing the capabilities and professionalization of patient organizations. In Prague's Vršovice district, she established community spaces fostering collaboration among segment of patient organizations, empowering sustainable leadership and advocacy within healthcare system.



Ms. Petra Kačírková
Executive Director

Mrs. Kačírková boasts 25+ years' experience in the non-profit sector. Leading an international NGO branch, she drove systemic shifts in childcare from institutional care towards community-based services and foster care advocacy. Her expertise spans sector development, community care support, and systemic transformation. Adept at raising awareness and lobbying, she facilitated workshops on diverse topics in many countries. Additionally, she had contributed to innovative projects in mental health care and served on the government's Committee for Children's Rights.



Ms. Markéta Edlmanová
Executive Assistant

Mrs. Edlmanová has dedicated the past 5 years to charitable work in her spare time. Initially inspired during maternity leave, she joined a project supporting single mothers, overseeing donor and recipient communication and managing administrative tasks. While previously in corporate environments, her passion for the non-profit sector led her to shift her focus in this direction.

Successful and current projects

Pillars of support	Programme	Amount granted (EUR)
Families after losing one or both parents	We Can Do It 2023	3,767,700
	Public Consulting Centres in Hospices 2023	373,974
	Scholarship Fund for Children after Death of Parents 2023	27,038
	Fund for Disabled Children after Death of Parents 2023	37,489
Elderly people in need	Home is Home 2023	3,810,602
	Increasing quality of care	189,344
	Being together feels better	250,976
Board of Trustees Emergency Fund	Second Home III	977,383
	Housing support by EP Real Estate	22,119
	Fund for Talented Children of Workers 2023	104,974
	Additional Activities and Projects	218,686
Program Advocacy Activities	Change is Possible	342,773
Sum of all programs		10,123,058

Table 14: Successful and current projects.

What Daniel Křetínský wishes for the EPCG Foundation

"Quantifying goals for a foundation is incredibly challenging, as each applicant shares their unique story, and our foundation merely serves as a tool to enhance their narrative. Thus, my foremost wish is for our foundation to reduce the number of individuals in Czech Republic facing hopeless situations and significantly increase those finding new direction and renewed hope. Our foundation should serve as the guide to facilitate this transition."

4 pillars of support

Program loss of family member

Initiative called 'We Can Do It 2023'

The board of directors of the EP Corporate Group Foundation approved a financial contribution for 143³⁸ families in the total amount of CZK 90,451,177 (EUR 3,767,700) as a part of grant call 'We Can Do It'. This initiative is intended for families who have lost at least 40% of their family income due the death of one or both parents of minor children. The EP Corporate Group Foundation financially supports these families for two years.

Initiative called 'Public Consulting Centres in Hospices 2023'

The board of directors of the EP Corporate Group Foundation approved a financial contribution for 21 mobile and inpatient hospices in the total amount of CZK 8,977,987 (EUR 373,974). Public Consulting Centres in mobile and inpatient hospices will provide a psychosocial care to families that were affected by the death of one or both parents, whether it was an expected or sudden death.

Initiative called 'Scholarship Fund for Children after Death of Parents 2023'

The board of directors of the EP Corporate Group Foundation approved a financial contribution for 5 families in the total amount of CZK 649,091 (EUR 27,038). The aim of Scholarship Fund is to support pupils and students in study-related activities and furthermore to support active, gifted and successful children and students in extracurricular activities.

Initiative called 'Fund for Disabled Children after Death of Parents 2023'

The board of directors of the EP Corporate Group Foundation approved a financial contribution for 8 families in the total amount of CZK 900,000 (EUR 37,489). The aim of Fund for Handicapped Children is to support families who have not only gone through the painful experience of losing a loved one, but also care for child with all types of disabilities (physical, intellectual, visual, hearing impairment, multiple disabilities and mental illnesses).

38 Please note that while the Foundation's website states assistance to 144 families totaling CZK 92,557,996, one applicant sadly passed away during the application process, resulting in

a discrepancy in the reported figures. The numbers provided in this report reflect the most current data available.

Program elderly people in need

Initiative called 'Home is Home 2023'

The board of directors of the EP Corporate Group Foundation decided to support 40 non-profit organizations providing care for elderly in difficult life situations. They approved granting these organizations a financial contribution in a total amount of CZK 91, 481,117 (EUR 3,810,602).

Supported organizations offer care services and other types of assistance to elder persons living in their own homes. The obtained resources will be primarily spent for example, on the purchase of the compensatory aids for the elderly (wheelchairs, reclining beds, walkers, and others), furthermore on the expansion of available and offered services, which will lead to the creation of several new jobs or the preservation of jobs such as personal assistants, carers, social workers, psychotherapists or occupational therapists.

Initiative called 'Increasing the quality of care'

The board of directors of the EP Corporate Group Foundation decided to support 47 non-profit organizations providing care for elderly in home environment. They approved granting these organizations a financial contribution in a total amount of CZK 4,545,588 (EUR 189,344).

Methods and tools for community care are continuously developing and new findings are waiting to be implemented to daily care routine. To enable professional carers to keep pace with new approaches to be able to increase quality of support, foundation allocated resources for trainings in topics such Reminiscence techniques, Work with the life story or Prevention of the distress and the vulnerability in home environment. Furthermore, training topics are aimed to the techniques supporting mental health needs, in order to reflect significantly increasing number of elder people suffering from different forms of dementia.

Initiative called 'Being together feels better'

The board of directors of the EP Corporate Group Foundation decided to support 17 non-profit organizations coordinating community support for elderly done by volunteers. They approved granting these organizations a financial contribution in a total amount of CZK 6,025,188 (EUR 250,976).

Many elder persons due to decrease of independent skills isolate themselves in their home and do not feel strong enough to go out for community activities. To support volunteer networks and activities is effective tool how to decrease social isolation of elder people and help them to participate in community events, visit theatre or football matches, as they had been use to. Volunteers can accompany elder person or can pay regular home visit to enable them to spend time in company. Again, it contributes significantly to prevent decrease of the quality of life in the retirement.

Board of trustees emergency fund

Initiative called 'The Second Home'

The board of directors of the EP Corporate Group Foundation decided to support 22 non-profit organizations coordinating support for Ukrainian war refugees. They approved granting these organizations a financial contribution in a total amount of CZK 23,464,041 (EUR 977,383).

Supported organizations offer for Ukrainian war refugees support in the stabilisation of housing and in the inclusion in Czech labour market to enable them to be as soon independent on state support as possible. Finances had been allocated for support of job opportunities, housing or Czech language classes, for example.

Additional activity towards the housing support of Ukrainian women with children and individuals which has started in 2022, supported by EP Real Estate, continued in 2023 as well. CZK 531,000 (EUR 22,119) had been allocated for accommodation of 18 persons.

Initiative called 'Fund for Talented Children of Workers 2023'

The board of directors of the EP Corporate Group Foundation approved a financial contribution for 3 EPH workers in the total amount of CZK 2,520,110 (EUR 104,974). The aim of the opening of the Fund for Talented Children is to systematically support pupils and students in activities related to study and education, as well as to support active, gifted and successful children and students in extracurricular activities.

Additional Activities and Projects

The board of directors of the EP Corporate Group Foundation approved a financial contribution for 2 non-profit organizations and 2 people in difficult life situation in the total amount of CZK 5,250,000 (EUR 218,686).

Program advocacy activities

Initiative called 'Change is Possible'

The board of directors of the EP Corporate Group Foundation decided to support 5 non-profit organizations that seek to draw attention to and promote the interest and rights of bereaved people or elderly in need. They approved granting these organizations a financial contribution in a total amount of CZK 8,228,944 (EUR 342,772). The aim of this initiative is to

support and strengthen non-profit organizations that encounter a long-term problem in their work in the social field that significantly complicates the lives of the people they care for or to whom they provide services. These nonprofit organizations are doing their best to draw attention to the problem, but they have not been successful in pushing through the change.

Assurance



1	Foreword
2	EPIF and its business
3	Environment
4	Governance
5	Social
6	Assurance
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8	Annex



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Independent Limited Assurance Report

to Management Board of EP Infrastructure, a.s.

Report on the Specified Indicators

We were engaged by EP Infrastructure, a.s. ("the Company") to report on selected quantitative disclosures for the Company and its subsidiaries (together, "the Group"), defined below as "Specified Indicators", as included in the Group's sustainability report for the year ended 31 December 2023 ("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 following GRI Sustainability Reporting Standards: GRI standard 305-1 and GRI standard 305-2 ("the Reporting Criteria"). The Specified Indicators subject to this limited assurance engagement are marked with an asterisk ("*") in the Report, and are as follows:

- Direct GHG Emissions (Scope 1) - CO₂ emissions, Direct (Scope 1) GHG emissions, on pages 36, 50, 52, 224, 225 and 226 of the Report,
- Direct GHG Emissions (Scope 1) - Methane emissions, Direct (Scope 1) GHG emissions, on pages 52, 56, 224 and 225 of the Report,
- Indirect GHG Emissions (Scope 2) - CO₂ emissions, Energy indirect (Scope 2) GHG emissions, on pages 50, 52 and 227 of the Report.

Responsibilities of the Company's Management Board

The Company's Management Board is responsible for preparing the Report and the Specified Indicators 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, using assumptions, and making judgments and estimates, that 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.

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 3410 'Assurance engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board. This standard requires 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 Management 1, which requires the firm to design, implement and operate a system of quality management including policies or 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 other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In obtaining an understanding of the Specified Indicators 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 Report and the Specified Indicators therein 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.



We also read other information included in the Report that contains the Specified Indicators and our report in order to identify material inconsistencies, if any, with the Specified Indicators.

Reporting Criteria

The criteria against which the Specified Indicators were evaluated are included in the following GRI Sustainability Reporting Standards: GRI standard 305-1 and GRI standard 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 36, 50, 52, 224, 225 and 226 of the Report,
- Direct GHG Emissions (Scope 1) - Methane emissions based on GRI standard 305-1 Direct (Scope 1) GHG emissions, on page on page 52, 56, 224 and 225 of the Report,
- Indirect GHG Emissions (Scope 2) - CO₂ emissions based on GRI standard 305-2 Energy indirect (Scope 2) GHG emissions, on page 50, 52 and 227 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, for the purpose of including the independent limited assurance report in the Group's sustainability report for the year ended 31 December 2023 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 2023. As such, it should not be used for any other purpose or in any other context.

Prague
31 May 2024

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

A handwritten signature in blue ink, appearing to read 'P. Kliment', written over the printed name.

Pavel Kliment
Partner
Registration number 2145



Appendix 1

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

- A risk analysis, including a media search, to identify information relevant to the Specified Indicators for 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 quantification and reporting of the Specified Indicators. This did not cover evaluating the design and implementation of specific control activities or testing their operating effectiveness.
- Evaluation of whether the 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.
- Inspection and evaluation of selected internal (internal system reports, measuring protocols etc.) and external (assurance reports from technical audits) documentation relevant for the Specified Indicators and the scope of the engagement. This included among other things, inspection, observation, confirmation, recalculation, reperformance and inquiry or the combination of these procedures.
- Analytical evaluation of data and trends in the Specified Indicators reported by all sites.
- Visits at five sites in the Czech Republic and Slovakia to assess the accuracy and 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.



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Agreed-Upon Procedures Report on Specified Indicators

to Board of Directors of EP Infrastructure, a.s.

Purpose of this Agreed-Upon Procedures Report

Our report is solely for the purpose of assisting EP Infrastructure, a.s. group ("the Engaging Party", "the Company") in assessing the accuracy and completeness of the amounts of the selected indicators ("Specified Indicators"), defined below and included in the EP Infrastructure, a.s. group sustainability report for 2023 (hereinafter "the Report") and may not be suitable for another purpose.

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 Report.

Responsibilities of the Engaging Party

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

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

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Engaging Party, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.



Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with the ethical requirements in accordance with Act No. 93/2009 Coll., on Auditors, and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

Procedures:

We have performed the procedures agreed upon with the Engaging Party, for the Czech Republic and Slovakia, or at group combined basis, as applicable, in respect of the following specified indicators ("Specified Indicators"):

- Total Energy consumption based on GRI standard 302-1, on page 223 of the Report,
- Total Quantity of water withdrawal based on GRI standard 303-3, on page 229 of the Report,
- Total Quantity of water discharged based on GRI standard 303-4, on page 230 of the Report,
- Total Registered injuries – Employees based on GRI standard 403-9 on page 236 of the Report.

Our procedures

1. Test the mathematical accuracy of the amounts of the Specified Indicators as included in the Group data matrix used by the Engaging Party in the preparation of the Report ("Data Matrix");
2. Check whether the method used for calculating the Specified Indicators presented in the Report, as set out in the Data Matrix, is in line with the requirements of GRI Sustainability Reporting Standards for such indicators;
3. For a sample of entities, as selected by the Engaging Party, trace the amounts of the Specified Indicators in the Report to the corresponding amounts in the Data Matrix. Also, check the amounts reported by the companies in their respective web-based/Excel- based questionnaires to the underlying supporting documents, including protocols or minutes from measuring signed by relevant responsible persons, invoices from energy or water suppliers, details from HR system and reports from internal warehousing systems;
4. For entities based in the Czech Republic, other than those covered by the procedure 3, above, trace the amounts for the Specified Indicators, from the particular entity's individual questionnaire to the corresponding amounts in the Data Matrix.



5. Trace the amounts of Total Sales and Income tax paid for the year ended 31 December 2023, as presented on pages 1 and 88 of the Report, marked with ("**"), to the corresponding amounts in the Company's consolidated financial statements as of and for the year ended 31 December 2023 that form part of the Company's 2023 Annual Report.

Findings:

1. We performed the procedure as planned with no exceptions noted.
2. We performed the procedure as planned with no exceptions noted.
3. We performed the procedure as planned with no exceptions noted.

The following entities were determined by the Engaging Party for agreed upon procedure: Eustream, a.s. (Slovakia), Elektrárny Opatovice, a.s. including data per EOP Distribuce, a.s. (Czech Republic) and Pízeňská teplárenská a.s. (Czech Republic).

4. We performed the procedure as planned with no exceptions noted.
5. We performed the procedure as planned with no exceptions noted.

Prague, 31 May 2024


KPMG Česká republika Audit, s.r.o.

EU Taxonomy assessment



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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 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 were 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 of 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, EPIF performed its inaugural 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 six environmental objectives which are described by the EU Taxonomy. 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
4.8	Electricity generation from bioenergy
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
4.30	High-efficiency co-generation of heat/cool and power from fossil gaseous fuels

Application by EPIF

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 policies 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. The policies are publicly available on EPIF website <https://www.epinfrastructure.cz/en/esg-policies/>. 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 concluded 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*”.

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 represent durable assets which are recycled once they reach the end of their useful lives. This practice is commonly mandated by relevant laws, and companies are obligated to allocate funds for the associated decommissioning costs.
- **Biodiversity** – Biodiversity considerations including the Environmental Impact Assessment are commonly a vital part of the permitting procedures, ensuring that facilities are not located near biodiversity-sensitive areas or do not pose any threat to these 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). 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, 89% of the newly connected capacity have been renewable

energy sources, such as solar and hydroelectric facilities. 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 (115 kg/MWh in 2022) is significantly below the average intensity of the EU countries (251 kg/MWh in 2022). The fuel mix in Slovakia is dominated by nuclear plants and hydroelectric power stations. Share of emission-free electricity is expected to further increase after ongoing closures of remaining coal power plants.

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

- **Climate change adaptation** – Power distribution networks are among the assets most susceptible to increasingly frequent and severe weather events, including storms, high winds, and wildfires. SSD has observed increasing number of calamities with incremental costs incurred. As part of increasing the resilience of the network against extreme weather events, SSD regularly evaluates and identifies critical parts of the network that need to be reconstructed to enhance their resilience. To reduce risks, preventive and corrective maintenance activities are regularly carried out, especially patrols, drone monitoring, and vegetation management operations in the most exposed areas. Additionally, in the forestry area, SSD conducts line relocations and burying previously overhead lines underground. By installing smart grid elements, SSD increases the volume and quality of data used for system monitoring. There is adequate insurance coverage in place for the high voltage lines. 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. 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. SSD also focuses specifically on the disposal of waste containing asbestos, a material commonly utilized in construction for insulation purposes.

Further environmental risks stem from operation of electrical substations containing oils. The operation of such equipment presents a risk of water and soil contamination in case of technical failure and oil leakage due to leaks. Any leaks, whether large or small, are reported immediately to the environmental team, which subsequently ensures and manages remediation works to remove contamination and restore the area to its original condition. For all these substations, the Environmental team has developed emergency plans approved by the Slovak Environmental Inspection, which oversees compliance. Each emergency plan is specifically tailored for each individual substation with a thorough description of risks and a system set up for their elimination. Regular tests of the impermeability of containment and emergency tanks in the facilities are carried out, including the pumping of captured water and cleaning. Regular emergency preparedness trainings are organized for employees every year to ensure their thorough preparation in case of an emergency event.

All products and components of the distribution system are designed and operated in accordance with the EU and Slovak standards and regulations. If a specific element requires it, it is also in line with those concerning electromagnetic radiation. Each construction is permitted by the relevant competent authorities, which in most cases require opinions from relevant bodies responsible for assessing any adverse impact of our equipment on the public. SSD is not aware of any objections regarding the assessment of the impact of electromagnetic fields on the public.

Application by EPIF

- 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 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 these 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. 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 (58% 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 in the section “*Results of Taxonomy assessment*” below, Capex of EUR 33m was spent on hydrogen-aligned activities in 2023, of which practically the entire portion was related to replacement of the older pipes in the gas distribution network with hydrogen-ready pipes by SPPD. Similar annual amounts have been spent in the last few years, leading to replacement of approximately 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 necessary 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 currently considered as being at low risk of direct damage from more extreme weather events resulting from the climate change as the gas pipelines are predominantly laid down under the ground, providing significant protection. The gas distribution network is particularly resilient against severe weather conditions such as extreme winds. However, a more tangible risk arises from extreme local rainfall and subsequent floods, which could potentially lead to damage through landslides and

erosion. SPPD conducts regular monitoring of geological factors, including landslides, erosion, and waterlogging resulting from groundwater rise after floods. Based on this monitoring, the high-pressure network is segmented into 10 risk levels according to the likelihood of potential damage. The higher the risk assessment, the more frequent physical visits are conducted on-site for monitoring purposes. Over the past two decades, the incidence of damages caused by geological factors has remained stable.

- **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) had been carried out and the environmental permit had 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 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 litres 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 compressors operated by EUS and regulation stations operated by SPPD) through their procurement process.

Application by EPIF

- **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). 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 was further considered for full 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 criterion 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 very short periods with peak heat demand which need 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 predominantly 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 was 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 alternative 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, 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 follows 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.

4.30. High-efficiency co-generation of heat / cool and power from fossil gaseous fuels

EPIF operates a portfolio of cogeneration heating plants in the Czech Republic, supplying heat to adjacent district heating networks, while contributing to power grid stability by providing dispatchable power capacity. EPIF heating plants are still predominantly lignite-based, complemented by biomass boilers and a waste incinerator plant. EPIF aims to convert all plants away from lignite to a balanced mix of gas-fired units and additional waste incinerator plants, while keeping certain volume of biomass in place. Natural gas is expected to play a key role in the fuel mix as the decommissioned coal capacities will be mainly replaced by combined cycle gas turbine (“CCGT”) units. These technologies are ideally positioned not only to cover the needed heat demand but also as highly flexible power generation sources which shall complement and support the increased share of intermittent renewable generation sources.

EPIF aims to commence development of these technologies in 2024/2025. In the financial year 2023, limited Capex was incurred related to preparatory works, while the final investment decision has not yet been made. EPIF subsidiaries have already submitted all investment subsidy applications to the Modernization Fund, specifically programme HEAT which is designated for transformation of the district heating in the Czech Republic. Several applications have already been approved.

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The construction and operation of CCGT cogeneration units falls under the category of taxonomy-eligible activities, specifically described as “*Construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.*” The activity was therefore further assessed for taxonomy alignment based on the following substantial contribution criteria which apply to facilities for which the construction permit is granted by 31 December 2030:

- (1) The activity achieves primary energy savings of at least 10% compared with the references to separate production of heat and electricity; the primary energy savings are calculated on the basis of formula provided in Directive 2012/27/EU.**

Based on the expected cogeneration efficiency of the heating plants in the range of 85-90% and assumed split of 50:50 between heat and power, the cogeneration plants create primary energy savings of ca 21-25% compared to separate heat and power production, using harmonized efficiency reference values for separate production of electricity and heat as per Regulation (EU) 2015/2402. The calculation was based on the formula provided in the Directive 2012/27/EU (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32012L0027>).

- (2) Direct GHG emissions of the activity are lower than 270 g CO₂e/kWh of the output energy.**

EPIF cogeneration plants are planned to achieve an overall efficiency (i.e. including cogeneration and condensation generation) of 75%, resulting in emission intensity of ca 264 g CO₂e/kWh. This assumes sole combustion of natural gas. As the turbines shall be ready for partial hydrogen combustion (share of ca 15% is indicated in the initial stage) with envisaged gradual increase, the emission intensity is expected to be reduced upon adoption of green gas blends.

- (3) The power and/or heat/cool to be replaced cannot be generated from renewable energy sources, based on a comparative assessment with the most cost-effective and technically feasible renewable alternative for the same capacity identified; the result of this comparative assessment is published and is subject to a stakeholder consultation**

I. Power – The CCGT units represent highly flexible generation sources ideally positioned to support the ramp up of intermittent renewable

generation sources. The Czech power generation is still heavily dependent on coal (39% in 2023) and nuclear (41% in 2023). According to the Resource Adequacy assessment of the power grid of the Czech Republic until 2040 prepared by ČEPS³⁹, role of gas in power generation will grow in all four considered scenarios. Accelerated phase out of lignite further necessitates adequate capacities of flexible gas-fired plants.

II. Heat – EPIF has performed an internal assessment of three potential viable renewable alternatives to generate the heat needed for the residential and commercial customers currently supplied by EPIF. The alternative solutions considered are (i) retrofitting of existing lignite boilers to enable sole biomass combustion, (ii) heat pumps powered by renewable energy sources and (iii) geothermal energy.

Biomass boilers

While biomass is a suitable complementary fuel which can be sustainably locally sourced at limited volumes, EPIF is of the view that using biomass on a mass scale would be detrimental to the EU decarbonization goals and not aligned with the sustainability criteria. Reliance on biomass at the required scale to replace all lignite and provide sufficient heat volumes would dramatically increase usage of biomass, where its availability would be uncertain, and its sustainability characteristics would likely be compromised. EPIF is currently able to source sufficient biomass volumes from local sources with limited transport distance. The biomass is certified and aligned with EU Taxonomy criteria. We consider as not feasible to substantially increase biomass usage, while maintaining these standards.

Heat pumps

Heat pumps are generally considered as a viable alternative to decarbonize heating. The prerequisites are (i) decarbonization of the power grid, (ii) reinforcing the capacity of the transmission networks to accommodate the fluctuations driven by the heat offtake, and (iii) accelerated deployment of heat pumps. EPIF entities supply heat to major regional cities including densely populated blocks of flats where the needs for the reserved capacity might exceed the current grid

39 https://www.mpo.cz/assets/en/energy/electricity/2023/5/91737_ceps-maf-2022-eng.pdf

capacities. In addition, the radiators in existing older blocks of flats and houses are often designed for water with parameters which cannot be provided by heat pumps. In respect of the accelerated roll-out of heat pumps, even the more progressive scenarios of the Resource Adequacy assessment of the power grid of the Czech Republic until 2040 prepared by ČEPS⁴⁰ assumes gradual increase in penetration of heat pumps reaching ca 1.5 million in 2040, i.e. ca 30% of the current number of households in the Czech Republic.

Geothermal energy

Utilization of geothermal energy in the Czech Republic is limited, there are only a handful of existing projects. Geothermal might be a suitable complement and EPIF is in the process to explore potential of geothermal energy in its areas of operation. However, geothermal energy is not likely to serve as the flexible source reflecting major seasonal fluctuations in heat offtake. The capacities of the geothermal source need to be designed to cover the peak heat demand during winter which might not be utilized during summer. The solution might not be therefore cost-effective if not complemented by other flexible heat sources.

Conclusion

While heat pumps and geothermal energy represent zero carbon alternatives in the long term when it is conceivable to deploy these technologies on a large scale, a rapid reduction in emissions which is vitally needed in the short term, will be more reliably achieved through replacement of the lignite plants with highly efficient CCGT units. The crucial aspect is the envisaged adaptation of the CCGT units for renewable gases, making these assets fully compatible with net zero energy system and preventing the emissions from natural gas from being locked in. In addition, these dispatchable sources do not only supply heat but are also vital contributors to grid stability, enabling the ramp up of renewable generation sources and accelerated coal phase-out. We therefore consider the CCGT units as best positioned to contribute to the energy transition.

As part of the EU Taxonomy disclosure, EPIF would like to encourage stakeholders to provide feedback on the EPIF position. EPIF already engages in regular open discussions with banks,

investors, local communities, or non-governmental organizations, offering explanations for its strategic choices.

- (4) The activity replaces an existing high emitting combined heat/cool and power generation activity, a separate heat/cool generation activity, or a separate power generation activity that uses solid or liquid fossil fuels.**

CCGT technologies at all sites operated by EPIF represent a replacement of existing technologies reliant on lignite. The emission intensity of the CCGT units is substantially lower than for the lignite-based technologies.

- (5) The newly installed production capacity does not exceed the capacity of the replaced facility.**

The installed thermal capacity of the CCGT units is below the capacity of the replaced units at all plants.

- (6) The facility is designed and constructed to use renewable and/or low-carbon gaseous fuels and the switch to full use of renewable and/or low-carbon gaseous fuels takes place by 31 December 2035, with a commitment and verifiable plan approved by the management body of the undertaking.**

The gas turbines at all facilities shall be ready for partial hydrogen combustion from the outset with 15% currently guaranteed by suppliers of the technology with optionality to increase the share up to 100% once such technology is commercially deployed by the turbine manufacturers. This shall enable EPIF combust either sole hydrogen or a combination of hydrogen and biomethane. The pace of increasing the share of renewable gases in the mixture will largely depend on commercial availability of hydrogen or biomethane.

EPIF is committed to using solely renewable gases in the gas turbines in the cogeneration heating plants for heat and power generation by 2035, in line with the EU Taxonomy criteria, subject to sufficient commercial availability of these gases (hydrogen, biomethane, synthetic methane) and adequate infrastructure in place for their distribution. As EPIF's influence on the development of the market with renewable gases is peripheral, EPIF's commitment needs to be perceived as a commitment to technical readiness to combust renewable gases.

40 https://www.mpo.cz/assets/en/energy/electricity/2023/5/91737_ceps-maf-2022-eng.pdf

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(7) The replacement leads to a reduction in emissions of at least 55% GHG per kWh of output energy.

The emission intensity of existing lignite units is in the range of 600-900 g/kWh, depending on share of cogeneration and condensation production. The new CCGT units are planned to have emission intensity below the threshold of 270 g/kWh, achieving emission reduction of at least 55%.

(8) The refurbishment of the facility does not increase production capacity of the facility.

The thermal installed capacity of the CCGT units is below the capacity of the replaced units at all plants, reducing the thermal energy generation potential.

(9) Where the activity takes place on the territory of a Member State in which coal is used for energy generation, that Member State has committed to phase-out the use of energy generation from coal and has reported this in its integrated national energy and climate plan referred to in Article 3 of Regulation (EU) 2018/1999 or in another instrument.

The previous Czech government (in office until 2021) acknowledged the outcome of a “coal committee” which recommended to phase out coal in energy generation by 2038. According to the current Policy Statement of the Czech government, the government aims to create conditions to enable phase out coal in energy generation by 2033. This intention was confirmed in the National Energy and Climate Plan (NECP) submitted to the European Commission in 2023.

The EU Taxonomy criteria also require verification from an independent third party, specifically to certify the level of direct GHG emissions referred to in point (ii) above and credibility of the trajectory to renewable gases as referred to in point (vi) above. The EPIF Taxonomy assessment for 2024 and subsequent years will be part of an ESRS aligned disclosure and will be subject to external assurance. As part of this assurance, the GHG emissions and credibility of the trajectory to renewable gases will be assessed by an independent auditor.

The activity also needs to meet the following additional criteria related to methane leakage:

- (a)** *at construction, measurement equipment for monitoring of physical emissions, including those from methane leakage, is installed or a leak detection and repair program is introduced;*
- (b)** *at operation, physical measurement of emissions are reported and any leak is eliminated*

EPIF aims to implement all measures to prevent gas leaks, including a leak detection and repair program across all sites.

Therefore, the Capex associated with construction of gas-fired power plants was further considered for taxonomy alignment, subject to meeting the DNSH criteria below:

- **Climate change adaptation** – For the cogeneration heating plants source, a significant risk identified is the potential scarcity of cooling water. Periods of droughts might completely cut off the plants from a vitally needed medium. In its sustainability report, EPIF regularly discloses a water stress analysis to monitor which locations are most vulnerable to water shortages. Currently, no plant is situated in an area at risk of water shortages in the medium term.
- **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** – all new CCGT units are planned to comply with the limits given by best available techniques (BAT) conclusions.
- **Biodiversity** – The plants are not located near any biodiversity-sensitive area.

6.2. Freight rail transport

Through its subsidiaries in Germany, the Czech Republic and Poland, 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:

- Cogeneration of heat and power from 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.
- **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.

Results of Taxonomy assessment

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 2023; see Note 7 – Revenues, Note 15 – Property, plant and equipment and Note 16 – Intangible assets and 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 and gas distribution which are realized through a non-aligned Group entity which operates as a supplier of electricity or gas 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 2023 .

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 heating plants, revenues from supply and trading of power and gas and logistics activities.

Operating expenses (Opex)

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

Denominator: the following items included in line item Services in the Consolidated statement of comprehensive income in the EPIF Group Consolidated Financial Statements as of and for the year ended 31 December 2023 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.

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 2023.

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.

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

Results of Taxonomy assessment

Turnover

Economic activities (1)	Codes (2)	Absolute turnover (3)	Proportion of turnover (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.	6	0.1%	100%	0%	0%	0%	0%	0%
Electricity generation from wind power	4.3.	0	0.0%	100%	0%	0%	0%	0%	0%
Electricity generation from hydropower	4.5.	1	0.0%	100%	0%	0%	0%	0%	0%
Transmission and distribution of electricity	4.9.	429	10.0%	100%	0%	0%	0%	0%	0%
District heating/cooling distribution	4.15.	160	3.8%	100%	0%	0%	0%	0%	0%
Cogeneration of heat/cool and power from bioenergy	4.20.	3	0.1%	100%	0%	0%	0%	0%	0%
Freight rail transport	6.2.	17	0.4%	100%	0%	0%	0%	0%	0%
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		616	14%	100%	0%	0%	0%	0%	0%
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Electricity generation from bioenergy	4.8.	2	0%						
Transmission and distribution networks for renewable and low-carbon gases	4.14.	774	18%						
Freight rail transport	6.2.	6	0%						
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		781	18%						
Total (A.1 + A.2)		1,397	33%						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Turnover of Taxonomy-non-eligible activities (B)		2,871	67%						
Total (A+B)		4,268	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 turnover, year N (18)	Taxonomy-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
Y	Y	Y	Y	Y	Y	Y	0.1%	0%		
Y	Y	Y	Y	Y	Y	Y	0.0%	0%		
Y	Y	Y	Y	Y	Y	Y	0.0%	0%		
Y	Y	Y	Y	Y	Y	Y	10.0%	8%	E	
Y	Y	Y	Y	Y	Y	Y	3.8%	4%		
Y	Y	Y	Y	Y	Y	Y	0.1%	0%		
Y	Y	Y	Y	Y	Y	Y	0.4%	1%		T
							14%	13%		
										T

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.	1	1.0%	100%	0%				
Electricity generation from hydropower	4.5.	0	0.0%	100%	0%				
Transmission and distribution of electricity	4.9.	11	15.0%	100%	0%				
District heating/cooling distribution	4.15.	4	4.7%	100%	0%				
Cogeneration of heat/cool and power from bioenergy	4.20.	0	0.3%	100%	0%				
Freight rail transport	6.2.	1	1.9%	100%	0%				
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		17	23%	100%	0%				
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Electricity generation from bioenergy	4.8.	0	0%						
Transmission and distribution networks for renewable and low-carbon gases	4.14.	10	14%						
Freight rail transport	6.2.	0	1%						
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		11	15%						
Total (A.1 + A.2)		28	38%						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Opex of Taxonomy-non-eligible activities (B)		47	62%						
Total (A+B)		75	100%						

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%	0%		
Y	Y	Y	Y	Y	Y	Y	1.0%	0%		
Y	Y	Y	Y	Y	Y	Y	0.0%	0%		
Y	Y	Y	Y	Y	Y	Y	15.0%	6%	E	
Y	Y	Y	Y	Y	Y	Y	4.7%	3%		
Y	Y	Y	Y	Y	Y	Y	0.3%	0%		
Y	Y	Y	Y	Y	Y	Y	1.9%	8%		T
							23%	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.	0	0.0%	100%	0%				
Electricity generation from hydropower	4.5.	0	0.0%	100%	0%				
Transmission and distribution of electricity	4.9.	59	29.0%	100%	0%				
Transmission and distribution networks for renewable and low-carbon gases	4.14.	33	16.3%	100%	0%				
District heating/cooling distribution	4.15.	10	5.0%	100%	0%				
Cogeneration of heat/cool and power from bioenergy	4.20.	0	0.0%	100%	0%				
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	4.30.	7	3.2%	100%	0%				
Freight rail transport	6.2.	0	0.0%	100%	0%				
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		108	53%	100%	0%				
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Transmission and distribution of electricity	4.9.	2	1%						
Transmission and distribution networks for renewable and low-carbon gases	4.14.	7	3%						
Freight rail transport	6.2.	0	0%						
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		9	4%						
Total (A.1 + A.2)		117	58%						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Capex of Taxonomy-non-eligible activities (B)		85	42%						
Total (A+B)		202	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%	0%		
Y	Y	Y	Y	Y	Y	Y	0.0%	0%		
Y	Y	Y	Y	Y	Y	Y	0.0%	0%		
Y	Y	Y	Y	Y	Y	Y	29.0%	31%	E	
Y	Y	Y	Y	Y	Y	Y	16.3%	16%		
Y	Y	Y	Y	Y	Y	Y	5.0%	10%		
Y	Y	Y	Y	Y	Y	Y	0.0%	1%		
Y	Y	Y	Y	Y	Y	Y	3.2%	0%		
Y	Y	Y	Y	Y	Y	Y	0.0%	0%		T
							53%	58%		
										T

Note: In the tables above, 100% of the taxonomy-aligned Turnover, Opex and Capex is related to the Climate change mitigation. Therefore, 100% 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.

Annex



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Abbreviations

AA1000	Accountability Stakeholder Engagement Standards	ESG	Environment, Social, Governance
ACA	Institute of Chartered Accountants	ESRS	European Sustainability Reporting Standards
APRR	Autoroutes Paris-Rhin Rhône	ETS	Emission Trading Scheme
BBS	Behaviour Based Safety	EU	European Union
BERT	Budapesti Erőmű	EUR	Euro currency
CAPEX	Capital Expenditure	FCCA	Association of Chartered Certified Accountants
CCGT	Combined cycle gas turbine	FTEs	Full Time Equivalent
CCUS	Carbon capture, utilisation, and storage	GDPR	General Data Protection Regulation
CE	Central Europe: represents a region of the Czech Republic, Slovakia and Austria	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 ₂ O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF ₆) and nitrogen trifluoride (NF ₃)
CEMS MIM	Master in International Management from the Global Alliance in Management Education	GIE	Gas Infrastructure Europe
CEO	Chief Executive Officer	GRI	Global Reporting Initiative
CFO	Chief Financial Officer	H&S	Health and safety
CH ₄	Methane	HSEQ	Health, Safety, Environment, and Quality
CHP	Combined Heat and Power	ICS	Industrial Control Systems
CO ₂	Carbon dioxide	ICT	Information and Communication Technologies
COP	Conference of the Parties under United Nation Framework Convention on Climate Change	ICMA	International Capital Market Association
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	IFRS	International Financial Reporting Standard
EC	European Commission	IGU	International Gas Union
EIA	Environmental Impact Assessment	IT	Information Technology
EMS	Environmental Management System	IPCC	Intergovernmental Panel on Climate Change
ENTSOG	European Network of Transmission System Operators in Gas	IPCEI	Important Projects of Common European Interest
EOP	Elektrárny Opatovice a.s.	ISRS 4400	International Standard on Related Services, Engagements to Perform Agreed-Upon Procedures Regarding Financial Information
EPC	EP Cargo a.s.	ISO 14001	Certification of Environmental management system
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		

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 ₂ O	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

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Restatements of information

- There were no material restatements in this Report.

Methodology notes

Supporting information related to the 2023 reporting process

Reporting period

EPIF reports on operational data and information that has been collected throughout the 2023 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 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

For the second time, we applied the new GRI 2021 standards. Moreover, to a certain degree, we have started incorporation the new ESRS standards, focusing on climate-related disclosures, as we identified this to be a key topic for our business and our stakeholders. 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 new decarbonisation plan alongside with relevant policies, activities, metrics and strategies linked to our sustainability agenda. This should provide enhanced evidence-based view for the readers and their decision-making. We aim to present an honest holistic picture of our operations and activities.

This year is a transitional year for us. With the introduction of new legislation in the form of the CSRD regulation and European Sustainability Reporting Standards, we are already fully preparing for mandatory reporting according to these new requirements, for EPIF as soon as 2024. This report is therefore the last report according to the GRI 2021 standards. At EPIF, we fully recognize the importance and implications of these new requirements and are dedicating proper and full attention to preparing for them.

Reporting process

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

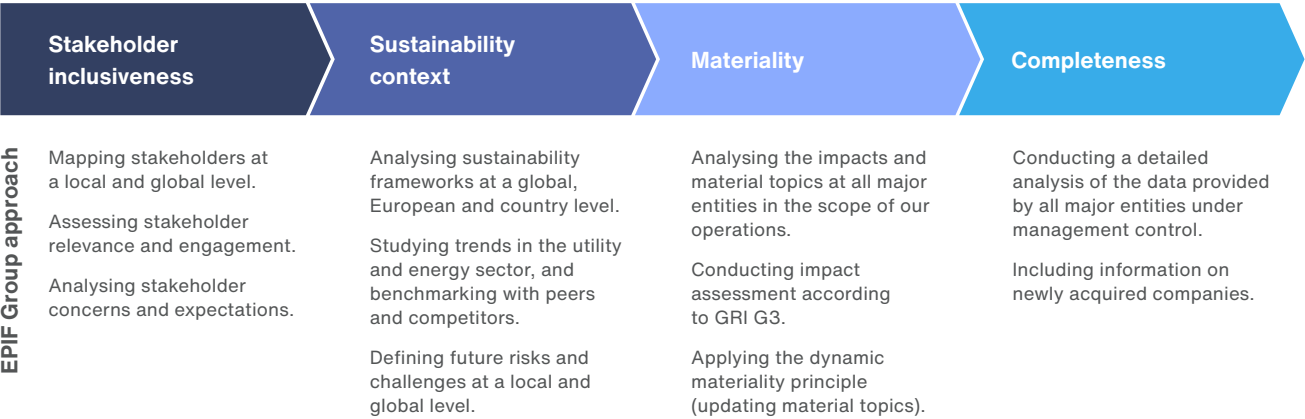


Figure 13: Reporting process.

Reporting standards

This Report has been prepared in accordance with the GRI Standards⁴¹. 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



Principles for report quality

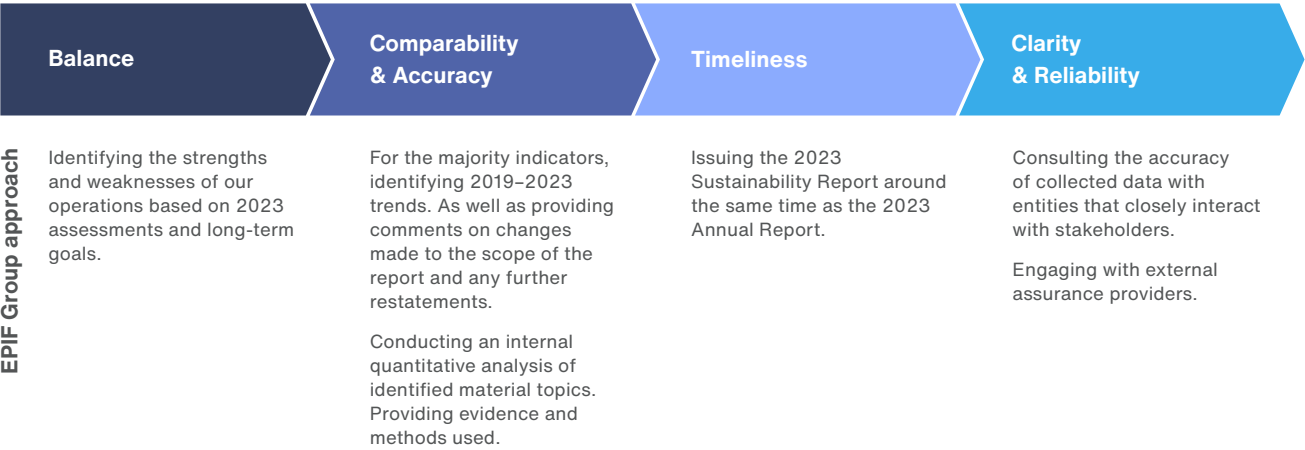


Figure 14: GRI reporting principles for content and quality.

41 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 2023 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 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 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 2023 consolidated Annual Report.

Table 15: 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%	Yes	Yes
Arisun, s.r.o.	SK	100.0%	Yes	Yes
Alternative Energy, s.r.o.	SK	90.0%	Yes	Yes

Table 15: 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 2023 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.

For our future reporting, we will consider these issues as an area in which we can improve our approach.

Assurance

External assurance was obtained for selected material information included in this report. Please refer to Section 6 Assurance.

Materiality Assessment

In 2023, EPIF followed the previous year's materiality assessment process. The assessment methodology is in accordance with GRI 2021 standards and acknowledges the upcoming requirements in the new ESRS. This year, we tested our topics against all sustainability matters presented in the ESRS.

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, as seen in the 'Stakeholder engagement' section of the Annex. The materiality assessment requires approval from the highest governance body concerning the sustainability in EPIF. In addition to this materiality assessment, EPIF also worked to identify climate-related risks and opportunities, as further highlighted in the 'Environment' section of this Report.

The assessment focuses on the impact assessment where the focus is on how EPIF affects the environment, society, and the economy, using an inside-out perspective. In 2022, we updated the structure of our 11 material topics from previous years and implemented 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

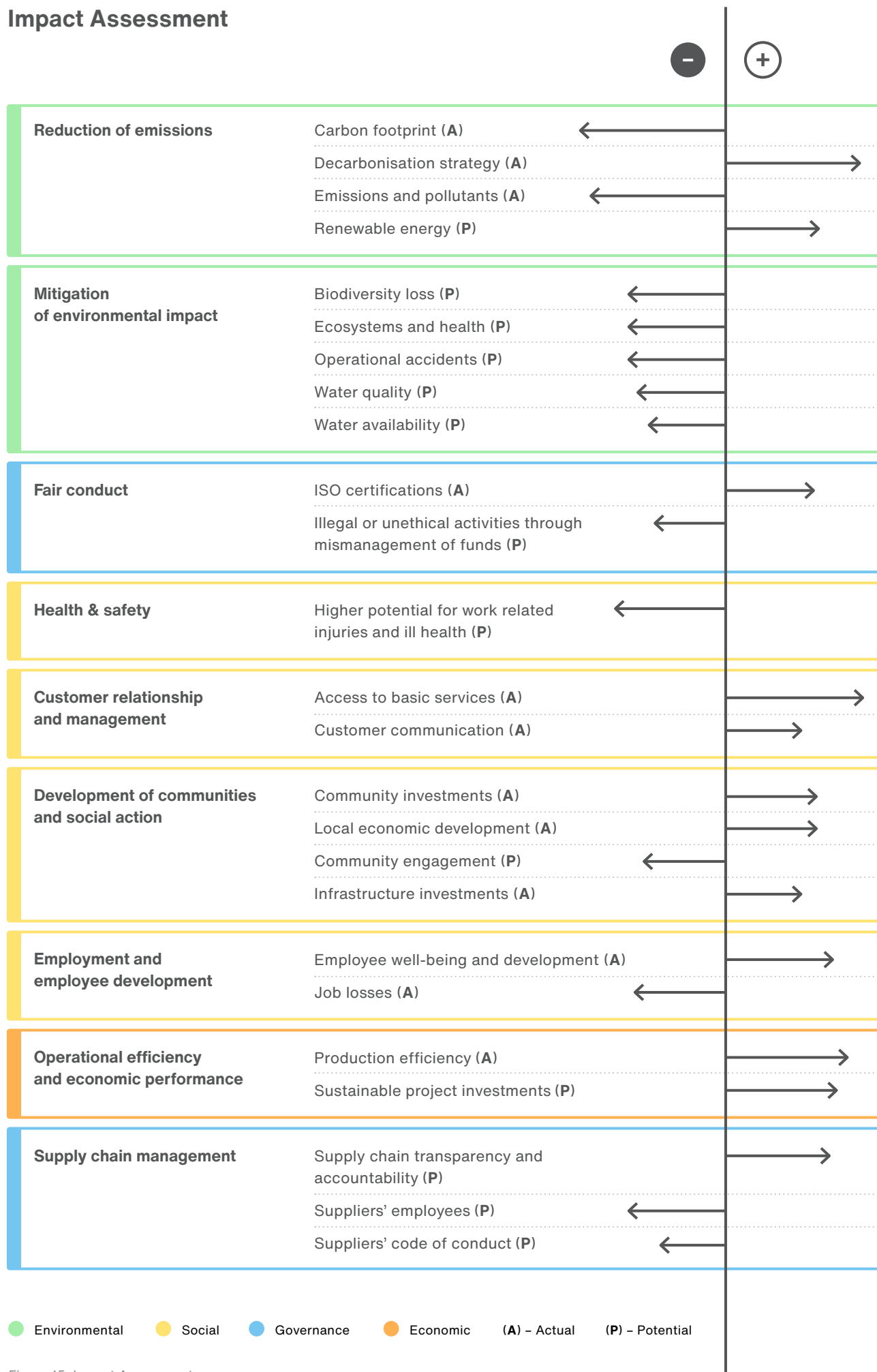


Figure 15: Impact Assessment.

Materiality assessment process

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, impacts are identified, organised, 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.

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. The new targets approved by EPIF's board of directors in April 2023 aim to reduce our CO₂ emissions by 60% (compared to 2022 level) and methane emissions by 30% by 2030 (compared to 2020 level), 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.

Impact Assessment Results

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 carbon neutrality 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, as well as from mining operations that often involve clearing large areas of land and result in habitat loss and wildlife displacement.
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.
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 (primarily mining, renewables, and conventional power plants), impact the landscapes where they occur. This has a potential to negatively impact local ecosystems, as well as human health.

Table 16: EPIF's impact assessment results sorted from the most significant to the least significant impacts.

Material topic	Impact Name	Impact description
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 plants and mines.
Reduction of emissions	Renewable energy	Supporting clean and renewable energy through continued investments (e.g. EP New Energies).
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.
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 16: 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 17: 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 17: Overview of stakeholder engagement (continue).

GRI Content Index

General disclosures

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 2: General Disclosures 2021	2-1 Organisational details	246	
	2-2 Entities included in the organisation's sustainability reporting	199–200	
	2-3 Reporting period, frequency and contact point	9, 246	
	2-4 Restatements of information	196	
	2-5 External assurance	156–167	
	2-6 Activities, value chain and other business relationships	20–23	
	2-7 Employees	130–135	
	2-8 Workers who are not employees	123	
	2-9 Governance structure and composition	89–93	
	2-10 Nomination and selection of the highest governance body	Annual Report 2023	
	2-11 Chair of the highest governance body	94	
	2-12 Role of the highest governance body in overseeing the management of impacts	90	
	2-13 Delegation of responsibility for managing impacts	90	
	2-14 Role of the highest governance body in sustainability reporting	90	
	2-15 Conflicts of interest	Anti-Corruption and Anti-Bribery Policy	
	2-16 Communication of critical concerns	103	
	2-17 Collective knowledge of the highest governance body	94–95	
	2-18 Evaluation of the performance of the highest governance body		Unavailable
	2-19 Remuneration policies		Confidential
	2-20 Process to determine remuneration		Confidential
	2-21 Annual total compensation ratio		Confidential
	2-22 Statement on sustainable development strategy	10–15	
	2-23 Policy commitments	100–102	
	2-24 Embedding policy commitments	EPIF policies available on EPIF website	
	2-25 Processes to remediate negative impacts	201–205	
	2-26 Mechanisms for seeking advice and raising concerns	Whistleblower Policy	
	2-27 Compliance with laws and regulations	92–93	
	2-28 Membership associations	Annual Report 2023	
	2-29 Approach to stakeholder engagement	206–207	
	2-30 Collective bargaining agreements	129	

Material topics

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 3: Material Topics 2021	3-1 Process to determine material topics	201–203	
	3-2 List of material topics	202	

Economic performance

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	201–203	
	201-1 Direct economic value generated and distributed	Annual Report 2023	
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	34	
	201-3 Defined benefit plan obligations and other retirement plans	Annual Report 2023	
	201-4 Financial assistance received from government	Annual Report 2023	

Market presence

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	201–203	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage		Unavailable
	202-2 Proportion of senior management hired from the local community		Unavailable

Indirect economic impacts

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	201–203	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	10–11	
	203-2 Significant indirect economic impacts		Unavailable

Procurement practices

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	104	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	104–105	

Anti-corruption

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	102–103	
	205-1 Operations assessed for risks related to corruption	98	
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	103	
	205-3 Confirmed incidents of corruption and actions taken		Not applicable

Anti-competitive behavior

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	102	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	98, 100	

Tax

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	102	
	207-1 Approach to tax	Annual Report 2023	
GRI 207: Tax 2019	207-2 Tax governance, control, and risk management	Tax Governance Policy	
	207-3 Stakeholder engagement and management of concerns related to tax		Unavailable
	207-4 Country-by-country reporting	88	

Energy

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	24	
	302-1 Energy consumption within the organisation	48–49	
	302-2 Energy consumption outside of the organisation		Unavailable
GRI 302: Energy 2016	302-3 Energy intensity	49	
	302-4 Reduction of energy consumption	49	
	302-5 Reductions in energy requirements of products and services	49	

Water and effluents

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	72	
	303-1 Interactions with water as a shared resource	74–77	
	303-2 Management of water discharge-related impacts	74–75	
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	75	
	303-4 Water discharge	75	
	303-5 Water consumption	75	

Biodiversity

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	82	
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	84–85	
	304-2 Significant impacts of activities, products and services on biodiversity	84–85	
GRI 304: Biodiversity 2016	304-3 Habitats protected or restored	84–85	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations		Not applicable

Emissions

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	50	
	305-1 Direct (Scope 1) GHG emissions	51-55	
	305-2 Energy indirect (Scope 2) GHG emissions	51-55	
	305-3 Other indirect (Scope 3) GHG emissions	53	
GRI 305: Emissions 2016	305-4 GHG emissions intensity	55	
	305-5 Reduction of GHG emissions	34-47	
	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	70-71	

Waste

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	78-79	
	306-1 Waste generation and significant waste-related impacts	78-79	
	306-2 Management of significant waste-related impacts	78-79	
GRI 306: Waste 2020	306-3 Waste generated	78, 233-235	
	306-4 Waste diverted from disposal	80-81	
	306-5 Waste directed to disposal	78-89	
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	104-105	

Employment

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	128	
	401-1 New employee hires and employee turnover	131	
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		Unavailable
	401-3 Parental leave		Unavailable

Labor/management relations

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	129	
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes		Unavailable

Occupational health and safety

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	122–125	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	124–125	
	403-2 Hazard identification, risk assessment, and incident investigation	124–125	
	403-3 Occupational health services	124–125	
	403-4 Worker participation, consultation, and communication on occupational health and safety	124–125	
	403-5 Worker training on occupational health and safety	124–125	
	403-6 Promotion of worker health	124–125	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	124–125	
	403-8 Workers covered by an occupational health and safety management system	123	
	403-9 Work-related injuries	123	
	403-10 Work-related ill health	123	

Training and education

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	132	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	132	
	404-2 Programs for upgrading employee skills and transition assistance programs	133–135	
	404-3 Percentage of employees receiving regular performance and career development reviews		Unavailable

Diversity and equal opportunity

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	136	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	91	
	405-2 Ratio of basic salary and remuneration of women to men		Unavailable

Non-discrimination

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	98	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	99	

Freedom of association and collective bargaining

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	206	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	129, 132	

Child labor

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	98	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	100–102, 104	

Forced or compulsory labor

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	98	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	100–102, 104	

Local communities

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	144	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	144–155	
	413-2 Operations with significant actual and potential negative impacts on local communities		Unavailable

Public policy

GRI Standard / Other Source	Disclosure	Location	Omission Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	98	
GRI 415: Public Policy 2016	415-1 Political contributions	98	

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 2023

Country

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-6	Net installed capacity – Electricity – Total								
	EP Infrastructure								
	Czech Republic	MW	900	900	900	900	1,031	(0)	0%
	Slovakia	MW	68	68	68	68	68	0	0%
	Hungary	MW	–	–	–	–	396	–	
	Total – EP Infrastructure	MW	968	968	968	968	1,495	0	0%

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-6	Net installed capacity – Electricity – Conventional sources								
	EP Infrastructure								
	Czech Republic	MW	852	854	854	878	1,008	(2)	0%
	Slovakia	MW	50	50	50	50	50	–	0%
	Hungary	MW	–	–	–	–	396	–	
	Total – EP Infrastructure	MW	902	904	904	928	1,454	(2)	0%

EP Infrastructure and its business

For the year ended 31 December 2023

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-6	Net installed capacity – Electricity – Renewable sources								
	EP Infrastructure								
	Czech Republic	MW	48	47	47	23	23	2	4%
	Slovakia	MW	18	18	18	18	18	0	0%
	Total – EP Infrastructure	MW	66	64	64	40	40	2	3%

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-6	Net installed capacity – Heat								
	EP Infrastructure								
	Czech Republic	MW	3,003	3,003	3,015	3,085	4,136	–	0%
	Hungary	MW	–	–	–	–	1,401	–	
	Total – EP Infrastructure	MW	3,003	3,003	3,015	3,085	5,537	–	0%

Fuel

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-6	Net installed capacity – Electricity – Total								
	EP Infrastructure								
	Conventional sources	MW	902	904	904	928	1,454	(2)	0%
	Renewable sources	MW	66	64	64	40	40	2	3%
	Total – EP Infrastructure	MW	968	968	968	968	1,495	0	0%

EP Infrastructure and its business

For the year ended 31 December 2023

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-6	Net installed capacity – Electricity – Conventional sources								
	EP Infrastructure								
	Hard coal	MW	–	–	–	–	110	–	
	Lignite	MW	822	824	824	848	848	(2)	0%
	CCGT	MW	–	–	–	–	396	–	
	OCGT and other NG	MW	50	50	50	50	71	–	0%
	Oil	MW	20	20	20	20	20	–	0%
	Other	MW	11	11	11	11	11	–	0%
	Total – EP Infrastructure	MW	902	904	904	928	1,454	(2)	0%

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
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)	(1%)
	Hydro	MW	3	3	3	3	3	0	3%
	Biomass	MW	39	37	37	14	14	2	4%
	Other	MW	3	3	3	3	3	–	0%
	Total – EP Infrastructure	MW	66	64	64	40	40	2	3%

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-6	Net installed capacity – Heat								
	EP Infrastructure								
	Hard coal	MW	–	–	–	–	242	–	
	Lignite	MW	2,570	2,590	2,600	2,767	2,767	(19)	(1%)
	CCGT	MW	–	–	–	–	1 401	–	
	OCGT and other NG	MW	18	18	18	18	822	–	0%
	Oil	MW	229	229	229	229	234	–	0%
	Biomass	MW	154	135	136	39	39	19	14%
	Other	MW	32	32	32	32	32	–	0%
	Total – EP Infrastructure	MW	3,003	3,003	3,015	3,085	5,537	–	0%

EP Infrastructure and its business

For the year ended 31 December 2023

Country

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-6	Net power production – Total								
	EP Infrastructure								
	Czech Republic	TWh	1.5	2.5	2.5	2.0	1.9	(1.0)	(39%)
	Slovakia	TWh	0.0	0.0	0.0	0.0	0.0	0.0	2%
	Hungary	TWh	–	–	–	1.3	1.4	–	
	Total – EP Infrastructure	TWh	1.6	2.6	2.6	3.3	3.4	(1.0)	(39%)

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-6	Net power production – Conventional sources								
	EP Infrastructure								
	Czech Republic	TWh	1.3	2.2	2.3	1.8	1.8	(0.9)	(40%)
	Slovakia	TWh	0.0	0.0	0.0	0.0	0.0	(0.0)	(53%)
	Hungary	TWh	–	–	–	1.3	1.4	–	
	Total – EP Infrastructure	TWh	1.3	2.2	2.3	3.1	3.2	(0.9)	(40%)

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-6	Net power production – Renewable sources								
	EP Infrastructure								
	Czech Republic	GWh	202	300	256	174	155	(98.4)	(33%)
	Slovakia	GWh	29	28	32	31	30	1.1	4%
	Total – EP Infrastructure	GWh	231	328	288	205	184	(97.3)	(30%)

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-6	Net heat production								
	EP Infrastructure								
	Czech Republic	TWh	2.4	2.5	2.7	2.6	2.6	(0.1)	(4%)
	Hungary	TWh	–	–	–	1.5	1.7	–	
	Total – EP Infrastructure	TWh	2.4	2.5	2.7	4.0	4.3	(0.1)	(4%)

EP Infrastructure and its business

For the year ended 31 December 2023

Fuel

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-6	Net power production – Total								
	EP Infrastructure								
	Conventional sources	TWh	1.3	2.2	2.3	3.1	3.2	(0.9)	(40%)
	Renewable sources	TWh	0.2	0.3	0.3	0.2	0.2	(0.1)	(30%)
	Total – EP Infrastructure	TWh	1.6	2.6	2.6	3.3	3.4	(1.0)	(39%)

GRI/EUSS	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-6	Net power production – Conventional sources								
	EP Infrastructure								
	Lignite	TWh	1.3	2.2	2.2	1.8	1.7	(0.9)	(41%)
	CCGT	TWh	–	–	–	1.3	1.4	–	
	OCGT and other NG	TWh	0.0	0.0	0.0	0.0	0.0	(0.0)	(53%)
	Oil	TWh	–	–	–	–	(0.0)	–	
	Other	TWh	0.0	0.0	0.0	0.0	0.0	(0.0)	(8%)
	Total – EP Infrastructure	TWh	1.3	2.2	2.3	3.1	3.2	(0.9)	(40%)

GRI/EUSS	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-6	Net power production – Renewable sources								
	EP Infrastructure								
	Wind	GWh	7	5	5	8	9	3	62%
	Photovoltaic	GWh	15	17	17	17	16	(2)	(12%)
	Hydro	GWh	8	4	6	7	6	4	92%
	Biomass	GWh	191	292	247	162	142	(101)	(35%)
	Other	GWh	10	10	13	11	10	(1)	(8%)
	Total – EP Infrastructure	GWh	231	328	288	205	184	(97)	(30%)

EP Infrastructure and its business

For the year ended 31 December 2023

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-6	Net heat production								
	EP Infrastructure								
	Lignite	TWh	2.0	2.2	2.5	2.3	2.3	(0.2)	(9%)
	CCGT	TWh	–	–	–	1.5	1.7	–	
	OCGT and other NG	TWh	0.0	0.0	0.0	0.1	0.0	0.0	30%
	Oil	TWh	0.0	0.0	0.0	0.0	0.0	0.0	22%
	Biomass	TWh	0.3	0.3	0.2	0.2	0.2	0.0	16%
	Other	TWh	0.1	0.0	0.1	0.1	0.1	0.0	121%
	Total – EP Infrastructure	TWh	2.4	2.5	2.7	4.0	4.3	(0.1)	(4%)

Country

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-6	Total net energy production								
	EP Infrastructure								
	Czech Republic	TWh	3.9	5.0	5.3	4.6	4.5	(1.1)	(22%)
	Slovakia	TWh	0.0	0.0	0.0	0.0	0.0	0.0	2%
	Hungary	TWh	–	–	–	2.8	3.1	–	
	Total – EP Infrastructure	TWh	3.9	5.0	5.3	7.4	7.6	(1.1)	(22.0%)

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-6	Heat supplied								
	EP Infrastructure								
	Czech Republic	PJ	7.1	7.4	8.4	13.9	16.5	(0.4)	(5%)
	Hungary	PJ	–	–	–	5.6	6.0	–	
	Total – EP Infrastructure	PJ	7.1	7.4	8.4	19.4	22.5	(0.4)	(5%)

EP Infrastructure and its business

For the year ended 31 December 2023

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-6	Number of connection points								
	Gas distribution								
	Residential	#	1,448,170	1,447,516	1,451,567	1,450,070	1,445,885	654	0%
	Industrial	#	664	691	699	707	717	(27)	(4%)
	Commercial & Institutional	#	75,143	77,850	79,838	79,731	79,290	(2,707)	(3%)
	Total	#	1,523,977	1,526,057	1,532,104	1,530,508	1,525,892	(2,080)	0%
	Power distribution								
	Residential	#	708,539	690,390	681,749	674,885	669,224	18,149	3%
	Mid-size	#	71,487	84,134	86,208	5,255	5,287	(12,647)	(15%)
	Large	#	5,066	5,137	5,220	85,602	85,604	(71)	(1%)
	Total	#	785,092	779,661	773,177	765,742	760,115	5,431	1%
	Heat distribution								
	Total	#	153,126	151,984	151,015	150,179	383,800	1,142	1%
	Total number of connection points	#	2,462,195	2,457,702	2,456,296	2,446,429	2,669,807	4,493	0%

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-6	Number of customer accounts – Supply								
	Electricity supply								
	Residential	#	695,691	683,213	672,288	564,885	555,689	12,478	2%
	Mid-size	#	59,624	65,519	63,486	86,926	54,265	(5,895)	(9%)
	Large	#	23 217,	23 114,	22 565,	25 150,	24 442,	103	0%
	Total electricity	#	778,532	771,846	758,339	676,961	634,396	6,686	1%
	Gas supply								
	Residential	#	108,840	90,383	88,492	55,149	22,075	18,458	20%
	Mid-size	#	7,698	5,339	5,200	7,661	2,713	2,358	44%
	Large	#	418	490	629	878	212	(72)	(15%)
	Total gas	#	116,956	96,212	94,321	63,688	25,000	20,744	22%
	Total number of customer accounts	#	895,488	868,058	852,660	740,649	659,396	27,430	3%

Environment / Climate change and energy

For the year ended 31 December 2023

Country

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
302-1	Energy consumption								
	EP Infrastructure								
	Czech Republic	PJ	28.7(**)	42.3 ⁴²	42.7 ⁴²	36.0 ⁴²	35.2 ⁴²	(13.6)	(32%)
	Slovakia	PJ	3.0(**)	3.2 ⁴²	3.5 ⁴²	4.2 ⁴²	9.0 ⁴²	(0.2)	(6%)
	Germany	PJ	0.4	0.3	0.5	0.2	0.3	0.0	12%
	Hungary	PJ	–	–	–	13.0	14.3 ⁴²	–	
	Total – EP Infrastructure	PJ	32	46	47	53	59	(14)	(30%)

(**) This data was verified by the independent audit firm KPMG. Scope in 2023: CZ: 2 companies, SK: 1 company.

42 This data was verified by the independent audit firm KPMG in previous years.

Fuel

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
302-1	Energy consumption								
	EP Infrastructure								
	Hard Coal	PJ	–	–	–	–	–	–	
	Lignite	PJ	23.7	36.2	37.3	31.7	31.2	(12.5)	(35%)
	Natural Gas	PJ	1.5	1.9	3.8	17.6	23.9	(0.4)	(20%)
	Oil	PJ	0.0	0.0	0.0	0.0	0.0	0.0	13%
	Diesel	PJ	0.0	0.0	0.0	0.0	0.0	0.0	186%
	Purchased Electricity	PJ	2.0	1.8	0.3	0.2	0.2	0.2	13%
	Purchased Heat	PJ	–	0.0	–	–	–	(0.0)	(100%)
	Biomass	PJ	3.7	4.9	4.1	2.8	2.4	(1.2)	(24%)
	Other	PJ	1.0	1.0	1.0	1.0	1.0	0.0	4%
	Total – EP Infrastructure	PJ	32	46	47	53	59	(14)	(30%)

Environment / Climate change and energy

For the year ended 31 December 2023

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
305-1	GHG direct emissions								
	EP Infrastructure								
	CO ₂ emissions	mil. tonnes CO ₂ eq.	2.2(*)	3.4 ⁴³	3.5	3.8	4.1	(1.2)	(35%)
	Methane emissions	mil. tonnes CO ₂ eq.	0.2(*)	0.2 ⁴³	0.3	0.3	0.3	0.0	1%
	Other GHG emissions	mil. tonnes CO ₂ eq.	0.0(*)						
	Total – EP Infrastructure	mil. tonnes CO₂ eq.	2.4(*)	3.6⁴³	3.7	4.0	4.4	(1.2)	(33%)

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

⁴³ This data was verified by the independent audit firm KPMG in previous years.

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
305-1	Natural gas emissions								
	EP Infrastructure								
	Gas emissions – fugitive	thsnd. m ³	7,769	9,523	10,854	11,435	12,005	(1,754)	(18%)
	Gas emissions – venting	thsnd. m ³	1,782	2,793	2,953	4,412	4,155	(1,011)	(36%)
	Gas emissions – flaring	thsnd. m ³	41	41	–	–	–	–	0%
	Gas emissions – incomplete combustion	thsnd. m ³	45	95	132	120	162	(50)	(53%)
	Gas emissions – other	thsnd. m ³	3,176	–	–	–	–	3,176	
	Total – EP Infrastructure	thsnd. m³	12,812	12,452	13,940	15,966	16,321	360	3%

Environment / Air emissions

For the year ended 31 December 2023

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
305-1	Methane emissions								
	EP Infrastructure								
	Gas transmission	tonnes	3,282	1,932	2,574	3,108	2,494	1,350	70%
	Gas distribution	tonnes	4,012	4,905	5,627	6,384	7,208	(893)	(18%)
	Gas storage	tonnes	1,063	1,444	984	1,039	1,126	(382)	(26%)
	Total – EP Infrastructure	tonnes	8,357	8,282	9,185	10,531	10,828	75	1%

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
305-1	Methane emissions as CO₂ equivalent								
	EP Infrastructure								
	Gas transmission	tonnes CO ₂ eq.	91,894	54,096	72,072	87,031	69,831	37,798	70%
	Gas distribution	tonnes CO ₂ eq.	112,333	137,350	157,566	178,747	201,826	(25,017)	(18%)
	Gas storage	tonnes CO ₂ eq.	29,761	40,445	27,540	29,101	31,520	(10,684)	(26%)
	Total – EP Infrastructure	tonnes CO₂ eq.	233,988 (*)	231,891⁴⁴	257,179	294,879	303,177	2,098	1%

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

44 This data was verified by the independent audit firm KPMG in previous years.

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
305-1	Direct CO₂ Emissions (Scope 1) by segment								
	EP Infrastructure								
	Gas transmission	mil. tonnes CO ₂ eq.	0.0	0.0	0.1	0.2	0.4	(0.0)	(20%)
	Gas and power distribution	mil. tonnes CO ₂ eq.	0.0	0.0	0.0	0.0	0.0	(0.0)	(15%)
	Gas storage	mil. tonnes CO ₂ eq.	0.1	0.1	0.1	0.0	0.1	(0.0)	(17%)
	Heat Infrastructure	mil. tonnes CO ₂ eq.	2.1	3.3	3.3	3.5	3.6	(1.2)	(35%)
	Total – EP Infrastructure	mil. tonnes CO₂ eq.	2.2(*)	3.4⁴⁵	3.5	3.8	4.1	(1.2)	(35%)

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

45 This data was verified by the independent audit firm KPMG in previous years.

Environment / Air emissions

For the year ended 31 December 2023

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
305-1	Direct CO₂ Emissions (Scope 1)								
	EP Infrastructure								
	Czech Republic	mil. tonnes CO ₂ eq.	2.1	3.3	3.3	2.8	2.8	(1.2)	(35%)
	Slovakia	mil. tonnes CO ₂ eq.	0.1	0.1	0.2	0.2	0.4	(0.0)	(25%)
	Germany	mil. tonnes CO ₂ eq.	0.0	0.0	0.0	0.0	0.0	0.0	16%
	Hungary	mil. tonnes CO ₂ eq.	–	–	–	0.7	0.8	–	
	Total – EP Infrastructure	mil. tonnes CO₂ eq.	2.2(*)	3.4⁴⁶	3.5	3.8	4.1	(1.2)	(35%)

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

⁴⁶ This data was verified by the independent audit firm KPMG in previous years.

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
305-1	Procured and granted emissions consumed								
	EP Infrastructure								
	Procured allowances consumed	mil. tonnes CO ₂ eq.	2.0	3.1	3.3	3.3	3.0	(1.1)	(37%)
	Granted allowances consumed	mil. tonnes CO ₂ eq.	0.1	0.2	0.2	0.5	1.1	(0.0)	(17%)
	Total – EP Infrastructure	mil. tonnes CO₂ eq.	2.1	3.3	3.5	3.8	4.1	(1.2)	(36%)

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
305-4	CO₂ Emissions intensity – Including heat component								
	EP Infrastructure								
	Czech Republic	tonnes CO ₂ eq./GWh	538	649	623	617	625	(111)	(17%)
	Slovakia	tonnes CO ₂ eq./GWh	9	19	17	5	8	(10)	(52%)
	Hungary	tonnes CO ₂ eq./GWh	–	–	–	260	258		
	Total – EP Infrastructure	tonnes CO₂ eq./GWh	534	646	619	480	474	(111)	(17%)

Environment / Air emissions

For the year ended 31 December 2023

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
305-2	Indirect CO₂ Emissions (Scope 2)								
	EP Infrastructure								
	Czech Republic	tonnes CO ₂ eq.	8,406	8,160	8,747	32,960	24,726	246	3%
	Slovakia	tonnes CO ₂ eq.	60,837	52,810	7,597	5,719	6,193	8,027	15%
	Germany	tonnes CO ₂ eq.	1,678	2,104	2,216	2,651	1,354	(426)	(20%)
	Hungary	tonnes CO ₂ eq.	–	–	–	2,751	3,026	–	
	Total – EP Infrastructure	tonnes CO₂ eq.	70,921 (*)	63,074⁴⁷	18,560	44,080	35,299	7,847	12%

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

⁴⁷ This data was verified by the independent audit firm KPMG in previous years.

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
305-4	GHG Emissions intensity in respect of total sales (Scope 1 + Scope 2)								
	EP Infrastructure	tonnes CO ₂ eq./EURm	528	727	1,247	1,188	1,182	(200)	(27%)

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
305-7	Total SO₂ emissions								
	EP Infrastructure								
	Czech Republic	thsnd. tonnes	2.6	4.4	3.3	4.6	5.3	(1.9)	(42%)
	Slovakia	thsnd. tonnes	0.0	0.0	0.0	0.0	0.0	0.0	194%
	Hungary	thsnd. tonnes	–	–	–	–	0.0	–	
	Total – EP Infrastructure	thsnd. tonnes	2.6	4.4	3.3	4.6	5.3	(1.8)	(42%)

Environment / Air emissions

For the year ended 31 December 2023

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
305-7	Total NO _x emissions								
	EP Infrastructure								
	Czech Republic	thsnd. tonnes	2.2	3.3	3.1	2.7	3.0	(1.2)	(35%)
	Slovakia	thsnd. tonnes	0.1	0.1	0.2	0.2	0.4	(0.0)	(12%)
	Hungary	thsnd. tonnes	–	–	–	0.4	0.4	–	
	Total – EP Infrastructure	thsnd. tonnes	2.2	3.4	3.3	3.2	3.8	(1.2)	(34%)

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
305-7	Total dust emissions								
	EP Infrastructure								
	Czech Republic	thsnd. tonnes	0.1	0.1	0.1	0.1	0.1	(0.0)	(42%)
	Slovakia	thsnd. tonnes	0.0	0.0	0.0	0.0	0.0	(0.0)	(19%)
	Hungary	thsnd. tonnes	–	–	–	–	0.0	–	
	Total – EP Infrastructure	thsnd. tonnes	0.1	0.1	0.1	0.1	0.1	(0.0)	(41%)

Country

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
305-7	SO ₂ emissions intensity								
	EP Infrastructure								
	Czech Republic	tonnes/ GWh	0.66	0.89	0.62	1.02	1.19	(0.22)	(25%)
	Slovakia	tonnes/ GWh	0.27	0.09	0.09	0.10	0.01	0.18	207%
	Hungary	tonnes/ GWh	–	–	–	–	0.00	–	
	Total – EP Infrastructure	tonnes/ GWh	0.66	0.88	0.62	0.63	0.70	(0.22)	(25%)

Environment / Water

For the year ended 31 December 2023

Country

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
305-7	NO_x emissions intensity								
	EP Infrastructure								
	Czech Republic	tonnes/ GWh	0.56	0.66	0.59	0.58	0.66	(0.11)	(16%)
	Slovakia	tonnes/ GWh	0.40	0.43	0.40	0.44	0.57	(0.02)	(5%)
	Hungary	tonnes/ GWh	–	–	–	0.14	0.14	–	
	Total – EP Infrastructure	tonnes/ GWh	0.6	0.7	0.6	0.4	0.5	(0.11)	(16%)

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
305-7	Dust emissions intensity								
	EP Infrastructure								
	Czech Republic	tonnes/ GWh	0.01	0.02	0.02	0.02	0.03	(0.00)	(26%)
	Slovakia	tonnes/ GWh	0.02	0.02	0.02	0.02	0.02	0.00	20%
	Hungary	tonnes/ GWh	–	–	–	–	0.00	–	
	Total – EP Infrastructure	tonnes/ GWh	0.01	0.02	0.02	0.01	0.02	(0.00)	(25%)

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
303-3	Quantity of water withdrawn								
	EP Infrastructure								
	Czech Republic	million m ³	83.6(**)	93.6 ⁴⁸	40.7 ⁴⁸	30.6 ⁴⁸	52.7 ⁴⁸	(10.0)	(11%)
	Slovakia	million m ³	0.0(**)	0.0 ⁴⁸	0.0 ⁴⁸	0.0 ⁴⁸	0.0 ⁴⁸	(0.0)	(11%)
	Germany	million m ³	0.0	0.0	0.0	0.0	0.0	0.0	26%
	Hungary	million m ³	–	–	–	12.9	14.4 ⁴⁸	–	
	Total – EP Infrastructure	million m³	83.6	93.6	40.8	43.6	67.1	(10.0)	(11%)

(**) This data was verified by the independent auditing firm KPMG. Scope in 2023: CZ: 2 companies, SK: 1 company.

48 This data was verified by the independent audit firm KPMG in previous years.

Environment / Water

For the year ended 31 December 2023

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
303-4	Quantity of water discharged								
	EP Infrastructure								
	Czech Republic	million m ³	80.9(**)	88.3 ⁴⁹	34.1 ⁴⁹	23.8 ⁴⁹	46.4 ⁴⁹	(7.4)	(8%)
	Slovakia	million m ³	0.4(**)	0.1 ⁴⁹	0.1 ⁴⁹	0.2 ⁴⁹	0.1 ⁴⁹	0.2	193%
	Germany	million m ³	0.0	0.0	0.0	0.0	0.0	0.0	28%
	Hungary	million m ³	–	–	–	12.9	13.8 ⁴⁹	–	
	Total – EP Infrastructure	million m³	81.3	88.4	34.2	37.0	60.4	(7.1)	(8%)

(**) This data was verified by the independent auditing firm KPMG. Scope in 2023: CZ: 2 companies, SK: 1 company.

⁴⁹ This data was verified by the independent audit firm KPMG in previous years.

Type

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
303-3	Quantity of water withdrawn								
	EP Infrastructure								
	Surface water	million m ³	83.5	93.5	40.7	42.9	65.6	(10.0)	(11%)
	Ground water	million m ³	0.0	0.0	0.1	0.1	0.1	(0.0)	(29%)
	Municipal water supplies or other water utilities	million m ³	0.1	0.1	0.1	0.1	0.8	(0.0)	(14%)
	Other	million m ³	–	–	–	0.5	0.6	–	
	Total – EP Infrastructure	million m³	84	94	41	44	67	(10)	(11%)

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
303-3	Cooling Water								
	EP Infrastructure								
	Cooling water – withdrawal	million m ³	81.1	91.1	38.7	41.2	64.1	(10.1)	(11%)
	Cooling water – discharge	million m ³	78.8	86.1	32.0	34.2	57.3	(7.3)	(9%)
	Total – EP Infrastructure – Usage	million m³	2.3	5.0	6.7	6.9	6.8	(2.7)	(55%)

Environment / Water

For the year ended 31 December 2023

Country

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
303-3	Water intensity in respect of energy produced (all segments)								
	EP Infrastructure	thsnd. m ³ /GWh	21.3	18.6	7.7	5.9	8.8	3	14%

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
303-3	Water intensity in respect of energy produced (generation companies only)								
	EP Infrastructure	thsnd. m ³ /GWh	21.3	18.6	7.7	5.9	8.8	3	14%

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
303-3	Water intensity in respect of revenues								
	EP Infrastructure	thsnd. m ³ /EURm	19.6	19.9	14.6	13.6	19.3	(0)	(2%)

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
306-3	Byproducts – Total production								
	EP Infrastructure								
	Czech Republic	thsnd. tonnes	796	1 370	1,288	1,084	1,119	(574)	(42%)
	Hungary	thsnd. tonnes	–	–	–	0	0	–	
	Total – EP Infrastructure	thsnd. tonnes	796	1 370	1,288	1,084	1,119	(574)	(42%)

Environment / Effluents and waste

For the year ended 31 December 2023

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
306-3	Waste other than byproducts – Total production								
	EP Infrastructure								
	Czech Republic	thsnd. tonnes	2	2	2	3	2	(0)	(15%)
	Slovakia	thsnd. tonnes	41	36	45	44	42	5	14%
	Germany	thsnd. tonnes	1	1	2	1	1	(0)	0%
	Hungary	thsnd. tonnes	–	–	–	0	0	–	
	Total – EP Infrastructure	thsnd. tonnes	44	40	48	47	44	5	11%

Type

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
306-3	Byproducts – Total production								
	EP Infrastructure								
	Additised granulate	thsnd. tonnes	174	354	326	238	215	(179)	(51%)
	Ash	thsnd. tonnes	337	532	522	481	489	(194)	(37%)
	Slag	thsnd. tonnes	108	186	185	150	161	(78)	(42%)
	Gypsum	thsnd. tonnes	117	192	163	119	139	(75)	(39%)
	Additional material – hydrated lime	thsnd. tonnes	3	8	9	10	15	(5)	(63%)
	Additional material – water	thsnd. tonnes	48	83	74	84	97	(35)	(43%)
	Other own production	thsnd. tonnes	3	3	2	2	2	0	15%
	Other additional material- please specify	thsnd. tonnes	7	13	7	–	–	(6)	(48%)
	Total – EP Infrastructure	thsnd. tonnes	796	1,370	1,288	1,084	1,119	(574)	(42%)

Environment / Effluents and waste

For the year ended 31 December 2023

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
306-4	Byproducts – Total means of disposal								
306-5	EP Infrastructure								
	Sales	thsnd. tonnes	316	457	318	268	169	(142)	(31%)
	Storage – own stock	thsnd. tonnes	–	–	145	109	157	–	
	Storage – external	thsnd. tonnes	145	241	176	193	211	(96)	(40%)
	Stabilizate production	thsnd. tonnes	301	627	627	509	578	(326)	(52%)
	Storage – chargeable waste	thsnd. tonnes	35	44	23	5	3	(9)	(20%)
	Other	thsnd. tonnes	0	1	–	–	–	(1)	(85%)
	Total – EP Infrastructure	thsnd. tonnes	796	1,370	1,288	1,084	1,119	(574)	(42%)

Type

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
306-3	Waste other than byproducts – Total production								
	EP Infrastructure								
	Non-hazardous waste	thsnd. tonnes	43.2	38.8	47.3	45.9	42.8	4.4	11%
	Hazardous waste	thsnd. tonnes	1.0	0.9	1.1	0.9	1.7	0.1	15%
	Total – EP Infrastructure	thsnd. tonnes	44	40	48	47	44	5	11%

Environment / Effluents and waste

For the year ended 31 December 2023

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
306-4	Waste other than by products – Non-hazardous – Disposal								
306-5	EP Infrastructure								
	Recycling	thsnd. tonnes	28.0	28.8	21.8	17.7	19.1	(0.8)	(3%)
	Landfill	thsnd. tonnes	1.7	2.4	3.0	2.8	3.9	(0.7)	(28%)
	Other	thsnd. tonnes	13.5	7.6	22.4	25.4	19.8	5.9	77%
	Total – EP Infrastructure	thsnd. tonnes	43	39	47	46	43	4	11%

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
306-4	Waste other than by products – Hazardous – Disposal								
306-5	EP Infrastructure								
	Recycling	thsnd. tonnes	0.3	0.1	0.3	0.4	0.3	0.1	98%
	Landfill	thsnd. tonnes	0.4	0.3	0.2	0.2	1.1	0.2	57%
	Other	thsnd. tonnes	0.4	0.5	0.6	0.3	0.3	(0.1)	(29%)
	Total – EP Infrastructure	thsnd. tonnes	1.0	0.9	1.1	0.9	1.7	0.1	15%

Environment / Effluents and waste

For the year ended 31 December 2023

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
306-3	Waste intensity in respect of revenues								
	EP Infrastructure	tonnes/ EURm	10.4	8.5	17.4	14.6	12.8	1.9	23%

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-27	Fines								
	EP Infrastructure								
	Environmental Fines	EURm	0.1	0.2	0.0	0.0	0.0	(0.0)	(19%)
	Use of Products/ Services Fines	EURm	-	-	-	-	-	-	
	Other Significant Fines	EURm	0.2	0.1	0.0	0.1	-	0.2	275%
	Total – EP Infrastructure	EURm	0.3	0.2	0.0	0.1	0.0	0.1	57%

Social / Occupational health and safety

For the year ended 31 December 2023

Country

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
403-9	Fatal injuries – Employees								
	EP Infrastructure								
	Slovakia		1	1	–	–	–	–	0%
	Total – EP Infrastructure		1	1	–	–	–	–	0%

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
403-9	Registered injuries – Employees								
	EP Infrastructure								
	Czech Republic	#	6(**)	10 ⁵⁰	13 ⁵⁰	11 ⁵⁰	16 ⁵⁰	(4)	(40%)
	Slovakia	#	12(**)	19 ⁵⁰	14 ⁵⁰	19 ⁵⁰	20 ⁵⁰	(7)	(37%)
	Germany	#	–	1	–	–	–	(1)	(100%)
	Hungary	#	–	–	–	–	1 ⁵⁰	–	
	Total – EP Infrastructure	#	18	30	27	30	37	(12)	(40%)

(**) This data was verified by the independent auditing firm KPMG. Scope in 2023: CZ: 2 companies, SK: 1 company.

50 This data was verified by the independent audit firm KPMG in previous years.

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
403-9	Worked hours – Employees								
	EP Infrastructure								
	Czech Republic	mil. hours	2.7	2.6	2.6	3.3	3.4	0.1	5%
	Slovakia	mil. hours	6.7	6.7	7.0	6.9	6.9	(0.0)	0%
	Germany	mil. hours	0.1	0.1	0.1	0.1	0.1	0.0	5%
	Hungary	mil. hours	–	–	–	0.3	0.4	–	
	Netherlands	mil. hours	–	–	–	–	0.0	–	
	Total – EP Infrastructure	mil. hours	9.4	9.3	9.6	10.6	10.7	0.1	1%

Social / Occupational health and safety

For the year ended 31 December 2023

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
403-9	Worked hours – Contractors								
	EP Infrastructure								
	Czech Republic	mil. hours	0.0	0.0	0.0	0.0	0.0	(0.0)	(33%)
	Total – EP Infrastructure	mil. hours	0.0	0.0	0.0	0.0	0.0	(0.0)	(33%)

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
403-9	Injury Frequency Rate – Employees								
	EP Infrastructure								
	Czech Republic	index	2.2	3.9	5.0	3.4	4.8	(1.7)	(43%)
	Slovakia	index	1.9	3.0	2.0	2.7	2.9	(1.0)	(35%)
	Germany	index	–	10.9	–	–	–	(10.9)	(100%)
	Hungary	index	–	–	–	–	2.7	–	
	Total – EP Infrastructure	index	2.0	3.3	2.8	2.8	3.5	(1.3)	(40%)

Note: Injury frequency rate reported on per 1 million hours worked basis.

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
403-9	Fatal injuries – Contractors								
	EP Infrastructure								
	Slovakia	#	–	–	–	–	1	–	
	Total – EP Infrastructure	#	–	–	–	–	1	–	

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
403-9	Registered injuries – Contractors								
	EP Infrastructure								
	Czech Republic	#	–	–	1	–	–	–	
	Slovakia	#	–	–	2	1	–	–	
	Total – EP Infrastructure	#	–	–	3	1	–	–	

Social / Employment

For the year ended 31 December 2023

Country

GRI	KPI	Unit	Total	Male	Female
2-7	Headcount (FTE)				
	EP Infrastructure				
	Czech Republic	FTE	1,485	1,151	333
	Slovakia	FTE	4,232	3,334	897
	Germany	FTE	62	56	6
	Netherlands	FTE	2	1	1
	Total – EP Infrastructure	FTE	5,781	4,542	1,238

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-7	Males – members of top and middle management								
	EP Infrastructure								
	Czech Republic	FTE	56	54	51	59	66	2	4%
	Slovakia	FTE	327	332	326	331	358	(5)	(2%)
	Germany	FTE	2	2	1	1	1	0	9%
	Hungary	FTE	–	–	–	5	5	–	
	Netherlands	FTE	1	1	1	1	1	–	0%
	Total – EP Infrastructure	FTE	385	388	379	398	431	(3)	(1%)

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-7	Females – members of top and middle management								
	EP Infrastructure								
	Czech Republic	FTE	21	23	21	18	13	(2)	(9%)
	Slovakia	FTE	59	59	59	62	62	(1)	(1%)
	Hungary	FTE	–	–	–	1	1	–	
	Netherlands	FTE	1	1	1	1	1	–	0%
	Total – EP Infrastructure	FTE	80	83	81	82	77	(3)	(3%)

Social / Employment

For the year ended 31 December 2023

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-7	Male employees								
	EP Infrastructure								
	Czech Republic	FTE	1,151	1,136	1,168	1,530	1,595	16	1%
	Slovakia	FTE	3,334	3,418	3,406	3,402	3,353	(83)	(2%)
	Germany	FTE	56	55	54	51	51	1	1%
	Hungary	FTE	–	–	–	173	173	–	
	Netherlands	FTE	1	1	1	1	1	–	0%
	Total – EP Infrastructure	FTE	4,542	4,609	4,629	5,158	5,173	(67)	(1%)

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-7	Female employees								
	EP Infrastructure								
	Czech Republic	FTE	333	326	291	359	386	8	2%
	Slovakia	FTE	897	894	883	870	856	4	0%
	Germany	FTE	6	7	7	7	7	(0)	(7%)
	Hungary	FTE	–	–	–	34	35	–	
	Netherlands	FTE	1	1	1	1	1	–	0%
	Total – EP Infrastructure	FTE	1,238	1,227	1,182	1,271	1,285	11	1%

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
403-8	Employees covered by OHSAS 18001 / ISO 45001								
	EP Infrastructure								
	Czech Republic	FTE	426	426	423	861	963	(0)	0%
	Slovakia	FTE	4,216	4,295	4,273	2,946	2,903	(80)	(2%)
	Germany	FTE	62	–	–	–	–	62	
	Total – EP Infrastructure	FTE	4,703	4,721	4,696	3,807	3,866	(18)	0%
	<i>Covered in % of total headcount</i>	<i>FTE</i>	<i>81%</i>	<i>81%</i>	<i>81%</i>	<i>59%</i>	<i>60%</i>	<i>0%</i>	

Social / Employment

For the year ended 31 December 2023

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-30	Employees with collective bargaining agreements								
	EP Infrastructure								
	Czech Republic	FTE	1,187	1,170	1,200	1,672	1,783	16	1%
	Slovakia	FTE	4,101	4,259	4,236	4,220	4,158	(158)	(4%)
	Germany	FTE	54	54	54	51	52	0	0%
	Hungary	FTE	–	–	–	206	207	–	
	Total – EP Infrastructure	FTE	5,341	5,483	5,489	6,148	6,200	(142)	(3%)
	<i>Covered in % of total headcount</i>	<i>FTE</i>	<i>92%</i>	<i>94%</i>	<i>94%</i>	<i>96%</i>	<i>96%</i>	<i>(2%)</i>	

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
401-1	Number of new hires – Total								
	EP Infrastructure								
	Czech Republic	FTE	149	171	112	193	198	(22)	(13%)
	Slovakia	FTE	337	370	235	263	327	(33)	(9%)
	Germany	FTE	6	4	9	5	4	2	50%
	Hungary	FTE	–	–	–	7	24	–	
	Total – EP Infrastructure	FTE	492	545	356	468	553	(53)	(10%)

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
401-1	Number of leavers – Total								
	EP Infrastructure								
	Czech Republic	FTE	121	124	131	165	204	(3)	(2%)
	Slovakia	FTE	429	344	263	184	276	85	25%
	Germany	FTE	3	5	7	2	5	(1)	(29%)
	Hungary	FTE	–	–	–	18	12	–	
	Total – EP Infrastructure	FTE	553	473	401	369	497	81	17%

Social / Employment

For the year ended 31 December 2023

GRI	KPI	Unit	2023	2022	2021	2020	2019
401-1	New hires rate						
	EP Infrastructure						
	Czech Republic	%	10 %	12%	8%	10 %	10%
	Slovakia	%	8 %	9%	5%	6%	8%
	Germany	%	10 %	6%	15%	9%	8%
	Hungary	%				3%	12%
	Netherlands	%	0 %	0%	0%	0%	0%
	Total – EP Infrastructure	%	9%	9%	6%	7%	9%

GRI	KPI	Unit	2023	2022	2021	2020	2019
401-1	Employee turnover rate						
	EP Infrastructure						
	Czech Republic	%	8 %	8%	9%	9%	10%
	Slovakia	%	10 %	8%	6%	4%	7%
	Germany	%				1%	3%
	Hungary	%	0 %	0%	0%	31%	21%
	Netherlands	%	0 %	0%	0%	0%	0%
	Total – EP Infrastructure	%	10%	8%	7%	6%	8%

Social / Training

For the year ended 31 December 2023

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
404-1	Total training hours – all employee								
	EP Infrastructure								
	Czech Republic	hours	21,056	17,209	13,988	18,332	25,082	3,847	22%
	Slovakia	hours	198,268	167,859	151,231	128,965	170,036	30,409	18%
	Germany	hours	2,445	1,041	1,142	335	463	1,404	135%
	Hungary	hours	–	–	–	5 472	2 047	–	
	Total – EP Infrastructure	hours	221,768	186,109	166,360	153,104	197,627	35,660	19%

GRI	KPI	Unit	Permanent contract	Temporary contract
2-7	Employees: permanent and temporary contract			
	EP Infrastructure			
	Czech Republic	%	94%	6%
	Slovakia	%	90%	10%
	Germany	%	95%	5%
	Hungary	%		
	Total – EP Infrastructure	%	91%	9%

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	%	7%	47%	46%
	Slovakia	%	8%	47%	44%
	Germany	%	13%	37%	51%
	Hungary	%			
	Total – EP Infrastructure	%	8%	47%	45%

Social / Training

For the year ended 31 December 2023

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-7	Employees: part-time job								
	EP Infrastructure								
	Czech Republic	FTE	36	42	31	20	67	(5)	(13%)
	Slovakia	FTE	25	14	12	12	14	11	78%
	Germany	FTE	3	1	1	2	2	2	144%
	Hungary	FTE	-	-	-	205	205	-	
	Netherlands	FTE	2	2	2	2	2	-	0%
	Total – EP Infrastructure	FTE	66	59	46	241	290	7	12%

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-7	Employees: full-time job								
	EP Infrastructure								
	Czech Republic	FTE	1,450	1,420	1,428	1,870	1,916	30	2%
	Slovakia	FTE	4,207	4,298	4,277	4,260	4,185	(90)	(2%)
	Germany	FTE	59	61	60	56	56	(2)	(3%)
	Hungary	FTE	-	-	-	2	3	-	
	Total – EP Infrastructure	FTE	5,717	5,779	5,765	6,188	6,159	(62)	(1%)

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-7	Employees with disabilities								
	EP Infrastructure								
	Czech Republic	FTE	16	18	13	18	15	(2)	(11%)
	Slovakia	FTE	166	158	148	133	126	8	5%
	Germany	FTE	2	4	4	3	3	(2)	(43%)
	Total – EP Infrastructure	FTE	184	180	164	154	144	5	3%

Social / Training

For the year ended 31 December 2023

GRI	KPI	Unit	2023	2022	2021	2020	2019	2023-2022	%
2-7	Number of not directly employed workforce								
	EP Infrastructure								
	Czech Republic	FTE	30	47	29	19	28	(17)	(36%)
	Slovakia	FTE	6	6	4	4	6	-	0%
	Germany	FTE	-	-	-	1	1	-	
	Total - EP Infrastructure	FTE	36	53	33	24	35	(17)	(32%)

EP Infrastructure Sustainability Report 2023

Published in June 2024 by

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Photos

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EPH Archive

Editorial Deadline

31 May 2024

