EPH

Green Finance Framework

May 2025




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1.1 Business overview

Energetický a průmyslový holding, a.s. ("EPH" or "EPH Group") is a major European vertically integrated energy utility engaged in power and heat generation, gas transmission and storage, gas and power distribution, retail supply of power and gas, trading in commodities, and road and railway logistics. EPH has its principal operations in the Czech Republic, Slovakia, Germany, Italy, the UK, Ireland, the Netherlands, France, and Switzerland.

EPH Group core business activities are organized into the following groups:

- Power Generation Group – focus on dispatchable power generation with presence across western Europe and dominant position in Slovakia. Specifically:
  - Power Generation Group operates a portfolio of flexible thermal power plants (12.8 GW of installed capacity) in western Europe (UK, Italy, Netherlands, France, Germany, Ireland) with the fuel mix dominated by natural gas – 83% of the total installed capacity in gas, 17% in coal as of the year end 2024.
  - EPH holds a controlling 66% share in Slovenské elektrárne ("SE"), an operator of two nuclear power plants and several hydroelectric plants in Slovakia. After acquiring an additional 33% share from Enel Produzione S.p.A. in May 2025, EPH obtained management control in the company. This acquisition materially changes the EPH Group's production profile and leads to a notable decrease in its average emission intensity. SE commissioned a new unit Mochovce 3 in 2023, increasing the net capacity by 440 MW. Another unit with the same capacity Mochovce 4 is planned to reach the fuel load in 2025 and complete the trial run in the first half of 2026. As a result of this development, the emission-free output from nuclear plants is expected to increase from 15 TWh in 2022 (prior to commissioning of new units) to approximately 23 TWh in the future.
  - Power Generation Group operates renewable generation assets comprising biomass plants, wind, and solar parks – 6% share on the total installed capacity as of the year end 2024.
  - Power Generation Group is in advanced disposal process to divest its remaining lignite mining operations in Germany through its subsidiary MIBRAG Energy Group. These assets shall be transferred outside of EPH into its sister company EP Energy Transition by the end of 2025. Lignite mined is largely used for consumption in power plants within the EP Group, the parent company of EPH.
- EP Infrastructure ("EPIF") – focus on gas midstream and downstream infrastructure, power distribution and district heating. Specifically:
  - EPIF controls the gas transmission pipeline via its subsidiary eustream, a multi-directional 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 neighboring countries). In 2024, eustream transited 17.8 bcm of gas, representing an increase of 11% (16.1 bcm in 2023).
  - EPIF is an important gas distributor and electricity distributor in Slovakia. In 2024, EPIF distributed 47.3 TWh of gas representing an increase of 4% (45.5 TWh in 2023) and 6.1 TWh of power representing an increase of 2% (6.0 TWh in 2023)
  - EPIF holds the largest gas storage capacity in the region of Slovakia, Czech Republic, and Austria (41.6 TWh), and holds a significant share on the German market (20.0 TWh).
  - EPIF is an established operator of district heating infrastructure in the Czech Republic. In 2024, EPIF supplied 7.0 PJ of heat (7.1 PJ in 2023).
  - EPIF Group consolidates 1.0 GW of net installed power capacity represented by highly efficient combined heat and power plants (CHP), with minor wind, solar and

biogas generation capacities. In 2024, EPIF Group generated net power volume of 1.3 TWh of power (1.6 TWh in 2023).

- EP Logistics:
  - Focus on rail, road, and intermodal transport, providing complex logistical services and solutions with principal operations in the Czech Republic, Germany, Slovakia, and Poland.

1.2 Carbon footprint

The components of EPH's GHG emissions based on the most recent figures 2024 are presented below. GHG emissions are subject to limited assurance by a statutory auditor as part of the mandatory audit in line with the Corporate Sustainability Reporting Directive (CSRD).

Scope 1

EPH's direct CO_2 emissions originate from combustion of natural gas, hard coal, lignite, other fossil fuels and municipal waste in the power plants and cogeneration heating plants, combustion of natural gas in the compressor stations as part of the gas midstream infrastructure, operation of vehicles owned by EPH Group entities, and other combustion of gas, diesel, or heating oil in ancillary or back-up technologies. In 2024, 98% of Scope 1 CO_2 emissions resulted from power and heat generation (17.2 million tonnes of CO_2eq). The remaining emissions mainly comprise gas combusted at compressor stations adjacent to the gas transit and storage infrastructure and fuel used in vessels leased for commodity trading. More than 98% of Scope 1 CO_2 emissions are externally verified by a certified third party at the asset level as these emissions fall under the EU or UK Emissions Trading Schemes (ETS).

EPH's direct methane emissions arise from the leakage of natural gas from its gas networks and storage facilities (201 thousand tonnes of CO_2eq)**.** EPH's methane emissions are categorized into three activities: (i) fugitive emissions - unintentional gas leaks from the pipelines, (ii) venting - intentional release of gas for the purpose of repair and maintenance of pipes and compressors, and (iii) incomplete combustion - gas that is emitted due to its improper combustion within compressors.

Scope 2

Scope 2 emissions (155 thousand tonnes of CO_2eq in 2024[1]) are mainly associated with the purchased electricity to cover the network losses in the power distribution network, to power electric compressors in the gas midstream infrastructure, to power the pumping stations at the district heating networks, and to cover own technological consumption of power plants.

Scope 3[2]

EPH strives for transparency regarding the impact of its operations throughout the entire value chain, starting from suppliers and extending to the end use of commodities. EPH disclosed its Scope 3 GHG emissions in 2024 for the first time. The share of Scope 3 emissions on total GHG emissions in 2024 was 56%, primarily related to life-cycle emissions of consumed fuels (natural gas, coal), retail supply of power and gas to end consumers, and traded commodities.

The most significant categories, the categories 3 (Fuel- and energy-related activities) and 11 (Use of sold products) accounted for approximately 94% of total Scope 3 emissions in 2024. These are calculated by accurately collecting data on electricity/fuel consumption and the volume of final products sold, then multiplied by the relevant emission factor. For less material categories, estimations are involved in certain calculations.

All other categories of Scope 3 emissions except for categories 3 and 11 accounted approximately for 6%. These include indirect emissions from purchased products and services, upstream and

[1] This figure is calculated using the location-based method. Using the market-based method results in 421 thousand tonnes of CO_2eq

[2] Scope 3 GHG emissions: The reporting of indirect scope 3 emissions is based on the Greenhouse Gas Protocol, which divides the scope 3 inventory into 15 categories (C1- C15)

downstream transport, waste disposal, leased assets, business travels, employee commuting, and emissions of non-controlling equity holdings.

For more detailed information on the GHG footprint of EPH, please refer to our Consolidated sustainability statement 2024, prepared for the first time in accordance with CSRD.

2 EPH's approach to energy transition

2.1 EPH strategy

The EPH 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 security and affordability of the supply of basic commodities. EPH 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. EPH is convinced that the development of the European energy system and the respective regulatory framework will continue to be guided by these long-term decarbonization objectives.

EPH aims to position itself as a key contributor to the energy transition. EPH has historically operated significant capacities of emission intensive assets and has already substantially reduced its carbon footprint through decommissioning or conversion of numerous coal power plants. In its emission reduction efforts, EPH has not relied on merely disposing of the most emission intensive assets but focused on real decommissioning or replacement of those assets through sources with lower carbon footprint which can enable ramp-up of renewable sources in the broader energy system.

The position of EPH in the energy transition is relatively unique in the European context compared to other large energy groups. EPH has been oriented at thermal dispatchable power generation dominated by gas power plants. EPH is of the view that highly efficient CCGT and OCGT[3] power plants compatible with renewable gases are a key enabler of the swift transition to the energy system based predominantly on renewables. This view is supported by Net Zero Emissions by 2050 (NZE) Scenario of IEA[4], according to which natural gas-fired capacity remains a critical source of power system flexibility in many markets, particularly to address seasonal flexibility needs.

EPH has developed a transition plan with clearly defined roles for each of its assets in a net zero economy which is described further below. The primary emphasis of EPH is to ensure that no investments are directed towards assets with the potential to lock in greenhouse gas emissions in the long term. Development capital expenditures (Capex) are primarily directed towards assets where alignment with renewable gases or other decarbonization levers are envisaged, while other Capex is limited to maintenance to ensure safe and reliable operation of the remaining coal assets (until phase-out) and gas power plants while the path to renewable gases is still developing.

2.2 Role of natural gas

Major markets where EPH operates its fleet of gas power plants are represented by Italy, UK + Ireland, and the Netherlands. In these markets, gas power plants play an indispensable role by providing dispatchable capacities. Majority of EPH's dispatchable gas power plants operate under capacity schemes, specifically in the UK, Ireland, and Italy. The economic viability of these plants is not solely dependent on merchant power generation. Their vital role in supporting the penetration of intermittent renewable generation sources is reflected in capacity schemes introduced by national governments. EPH anticipates gradual reduction in gas-fired full load hours and increasing reliance on capacity market mechanisms to provide energy security.

[3] CCGT – combined cycle gas turbine; OCGT – open cycle gas turbine

[4] https://www.iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-0c-goal-in-reach/executive-summary

In March 2024, the Group commissioned a new 647 MW OCGT power plant at Kilroot, Northern Ireland, replacing the coal units that were decommissioned in 2023. Designed to cover peak demand periods when supply from other sources is insufficient, the plant operates under various 10-year capacity contracts. In April 2024, EPH successfully connected a new highly efficient and H2-ready CCGT power plant at Tavazzano, Italy, to the grid, and completed the full commissioning process in 2025. Additionally, another highly efficient and H2-ready CCGT unit at Ostiglia, Italy, is scheduled for commissioning in the first half of 2026. Together, the two Italian plants will provide 1,680 MW of capacity, both backed by 15-year capacity contracts. In the Netherlands, the gas power fleet provides not only a sizeable portion of the base load power but also grid balancing and other vital ancillary services such as black start to the local transmission system operator.

In Italy, the transmission system operator Terna has identified that to enable coal phase-out in Italy, around 3 GW of new gas capacity is needed. Development of these capacities is supported through a capacity market.[5]

In the Netherlands, according to the National Energy and Climate Plan**,** gas-fired power plants will continue to be needed beyond 2030 as a controllable capacity for security of supply.[6] Renewable gases shall replace natural gas in the refurbished gas power plants in the long term.

In the UK, according to the Clean Power 2030 Action Plan[7], unabated gas will continue to play a back-up role throughout the transition to clean power, ensuring security of supply. This means that we will retain sufficient capacity until it can be safely replaced by low carbon technologies.

2.3 Role of nuclear

Nuclear power provides stable, low-carbon baseload electricity, contributing to achieve the goals of the Paris Agreement. Nuclear power generation in the Slovak Republic operates under the strict and thorough National Regulatory Framework in line with International and European Treaties[8]. Through its subsidiary SE, EPH operates two nuclear power plants with a combined installed capacity of 2.3 GW, which is set to increase by an additional 0.4 GW unit in the first half of 2026.

SE, as the operator, evolves within this robust regulatory environment. The company relies on a comprehensive national governance structure and the services of competent, authorized agencies to ensure safe and compliant operations. This multi-layered oversight system helps maintain high safety standards and operational integrity. In its audited annual report, SE demonstrated alignment with all EU Taxonomy technical screening criteria related to category 4.28. Production of electricity from nuclear power in existing installations, with full revenues, Opex, and Capex related to this activity treated as taxonomy-aligned.

Beyond the sole generation activity, the extended value chain of electricity production from nuclear energy encompasses several key stages, all integrated in the Slovak Nuclear Regulatory Framework.

Nuclear Fuel Procurement Strategy

SE primarily sources its nuclear fuel from their current fuel suppliers as part of a bundled product through a centralized supply chain. These partnerships include long-term agreements with global reputable and highly experienced partners like Cameco, Orano, Urenco, Westinghouse, and Framatome, along with competitive bidding for all specific services and materials within the value chain, including UF6, enrichment, and fabrication.

Fuel Manufacturing & Transport

The transportation, handling, storage, loading into the reactor, and operation of fresh nuclear fuel comply with the Act No. 541/2004 Coll. on the Peaceful Use of Nuclear Energy (Atomic Act) and related decrees, under the supervision of the Úrad jadrového dozoru SR (UJD SR)[9], the Nuclear Regulatory

[5] https://commission.europa.eu/publications/italy-final-updated-necp-2021-2030-submitted-2024_en
[6] https://commission.europa.eu/publications/netherlands-final-updated-necp-2021-2030-submitted-2024_en
[7] https://www.gov.uk/government/publications/clean-power-2030-action-plan
[8] https://www.ujd.gov.sk/wp-content/uploads/2024/12/Report-of-the-SR-Council-Directive-2011_70_EURATOM-EN-FINAL.pdf
[9] The Statute of the ÚJD SR – The Statute of the Nuclear Regulatory Authority of the Slovak Republic

Authority of the Slovak Republic, to guarantee nuclear safety and adherence to national laws and international treaties and standards, as well as the European legal regulation concerning nuclear safety.

Spent Fuel Management & Compliance

The Slovak Republic has the ultimate responsibility for the decommissioning of nuclear installations located in the country, for the safe and responsible long-term storage and disposal of spent nuclear fuel and for the radioactive waste management, which has been produced on its territory after its takeover from the producer, SE.[10]

An open fuel cycle is implemented in the operation of all nuclear reactors of SE. Short-term storage of spent nuclear fuel (3-5 years post-removal from the reactor) occurs in spent fuel pools located at each reactor unit. Subsequently, the spent nuclear fuel is transported for long-term storage to the Interim Spent Fuel Storage facility (ISFS), a separate storage facility at the Jaslovské Bohunice site. The long-term storage of spent nuclear fuel is managed by the state-owned company JAVYS (Jadrová a vyraďovacia spoločnosť)[11], which oversees activities related to the back-end of the nuclear fuel cycle, including the final disposal of spent nuclear fuel in a deep geological repository.

Throughout the storage and handling of spent nuclear fuel, all safety functions are ensured by the structural design, technological equipment, and other safety systems, which are engineered to maintain nuclear and radiation safety. All activities related to the back end of the nuclear fuel cycle comply with the National Policy and Program for Handling Spent Nuclear Fuel and Radioactive Waste in the Slovak Republic and adhere to the Act No. 541/2004 Coll. on the Peaceful Use of Nuclear Energy (Atomic Act) as amended and related decrees, as well as Act No. 87/2018 Coll. on Radiation Protection as amended. These activities are fully overseen and supervised by the Nuclear Regulatory Authority of the Slovak Republic and the Public Health Authority of the Slovak Republic, ensuring compliance with safety, environmental, and ethical standards.

3 Climate Transition Plan

EPH believes that its business model and strategy are compatible with the transition to a climate-neutral economy and limiting global warming to well below 2 degrees Celsius. This is reflected in EPH's science-based decarbonization targets aligned with the Below 2 Degrees pathway of the Transition Pathway Initiative ("TPI")[12] which are supported by EPH's Climate Transition Plan. EPH's transition plan is an all-encompassing instrument that entails different elements of EPH operations in relation to strategy, policies, targets, action plans and resources.

The transition plan is embedded in EPH operational and financial processes, and as such embedded into business planning. This is supported by a disclosure profile that annually outlines the actions and resources supporting the implementation of the transition plan.

EPH's transition plan ensures that each asset has either a phase-out plan or a clearly defined role in a net zero energy system. Development capital expenditures (Capex) are primarily directed towards assets where alignment with renewable gases or other decarbonization levers are envisaged, while other Capex is limited to maintenance to ensure safe and reliable operation of the remaining coal assets (until phase-out) and gas power plants while the path to renewable gases is still developing.

EPH presents its transition plan in line with the structure of the European Sustainability Reporting Standards (ESRS) E1-1 reporting requirements for a credible transition plan as outlined in the table below.

[10] The Statute of the Nuclear Regulatory Authority of the Slovak Republic – ÚJD SR
[11] RAW Management - Activities of the Company - Javys, a.s.
[12] https://www.transitionpathwayinitiative.org/

ESRS E1-1 (16 a-j) transition plan requirements[13]	(§)	EPH Climate Transition Plan
a. GHG emission reduction targets	3.1	Science-based Paris-aligned targets in line with Below 2 Degrees pathway of the TPI (Scope 1&2). Scope 3 emissions were disclosed for 2024 for the first time, and EPH is exploring targets that may be set for scope 3 emissions.
b. Decarbonization levers and key actions	3.2	Coal phase-out by 2030, fuel switch from coal to mix of gas-fired plants or biomass plants, refurbishment of existing gas power plants, ensuring readiness of gas-fired plants for hydrogen, developing battery storage systems (BESS), reducing Scope 2 emissions through increasing reliance on zero-emission power.
c. Financial resources needed for implementing transition plan	3.3	Dedicated resources for development of new hydrogen-ready CCGT / OCGT projects and BESS facilities. Ongoing annual investments into gas midstream and downstream infrastructure and power distribution network to align them with the net-zero long-term goal (details below).
d. Locked-in GHG emissions	3.4	Locked-in emissions are avoided via coal phase-out by 2030, ensuring hydrogen readiness across the gas midstream and downstream infrastructure, power plants, and cogeneration heating plants.
e. EU Taxonomy alignment	3.5	In 2024, 68% of Capex was spent on Taxonomy-eligible activities, while 38% was fully aligned. Based on the Capex plan of EPH, the share of eligible Capex is anticipated to remain above 60% and gradually increase as the exposure to coal operations will be reduced.
f. CAPEX invested in coal, oil and gas	3.6	In 2024, coal-related Capex was limited to necessary maintenance and amounted to 73 million EUR (12% of total Capex), gas-related Capex represented mainly gas power plants (164 million EUR, 26% of total Capex) and gas midstream and downstream infrastructure (84 million EUR, 13% of total Capex). Gas-related Capex was spent largely on assets where future alignment with hydrogen is envisaged. No material Capex has been allocated to oil-related economic activities.
g. EU Paris-Aligned Benchmarks (PAB Equity or Bond Index)	3.7	EPH does not exceed any revenue thresholds of the Paris-aligned benchmark (PAB) exclusion criteria.
h. Embedding transition plan in overall business strategy and financial planning	3.8	EPH has fully integrated the transition plan into its overall business strategy as outlined below
i. Governance: management and supervisory bodies	3.9	EPH's transition plan has been approved by the EPH board of directors
j. Update on progress in implementing transition plan	3.10	EPH reports on its progress on an annual basis as part of its reporting obligations stemming from CSRD as well as part of its green financing disclosures

3.1 Science-based GHG reduction targets

The primary objective when developing the EPH Group's decarbonization goals and emission reduction pathway was to ensure alignment with scientific principles and the Paris Agreement's aim to limit global warming to well below 2 degrees Celsius, while pursuing efforts to limit the temperature increase to no more than 1.5 degrees. To achieve this, EPH aligned its pathway with pathways of the Transition Pathway Initiative ("TPI")[14]. TPI assesses companies' carbon performance against the modelling conducted by the International Energy Agency (IEA) for its biennial Energy Technology Perspectives report. This modelling is used to translate emissions targets made at the international level into sectoral benchmarks, against which the performance of individual companies can be compared. This framework is known as the Sectoral Decarbonization Approach. TPI uses 3 benchmark scenarios:

- 1.5 Degrees scenario, which is consistent with the overall aim of the Paris Agreement to hold "the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels". This scenario is consistent with a carbon budget that limits the global mean temperature rise to 1.5°C with a 50% probability.

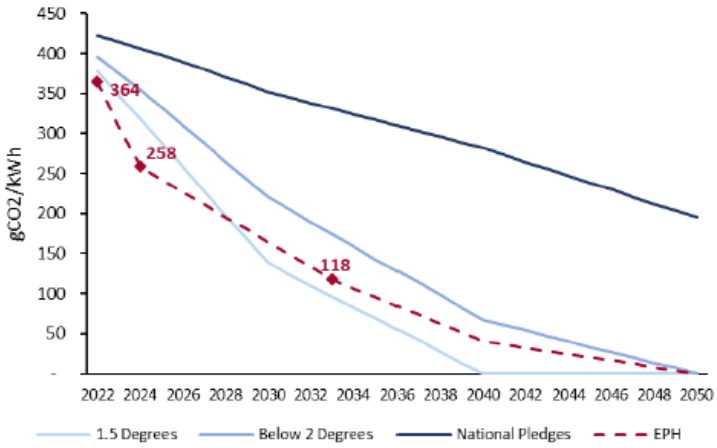
[13] https://finance.ec.europa.eu/news/commission-adopts-european-sustainability-reporting-standards-2023-07-31_en
[14] Transition Pathway Initiative methodology

- Below 2 Degrees scenario, which is also consistent with the overall aim of the Paris Agreement to limit warming, albeit at the middle of the range of ambition. This scenario is consistent with a carbon budget that limits the global mean temperature rise to 1.65°C with a 50% probability.

- National Pledges scenario, which is consistent with the global aggregate of emissions reductions pledged by countries up to at least mid-2020, depending on the sector. According to the IEA, this aggregate is currently insufficient to put the world on a path to limit warming to 2°C, even if it will constitute a departure from a business-as-usual trend. This scenario is consistent with a carbon budget that limits the global mean temperature to rise to 2.6°C by 2100 with a 50% probability.

The chart below compares the projected emission intensity of EPH Group with three TPI scenarios – (i) National pledges, (ii) Below 2 Degrees, and (iii) 1.5 Degrees. The intensity pathway projected by EPH for 2033 is in line with the Below 2 Degrees pathway.

EPH emission intensity projection (gCO_2/kWh)



Note: The depicted pathway (dotted line) is only indicative and represents an approximate linear interpolation between 2022 as a baseline year, the actual intensity in the current year 2024, intensity projection for 2033, and net zero goal in 2050. EPH has not been formally assessed by TPI. EPH voluntarily uses the TPI pathways as a benchmark for its emission intensity target.

The transition plan of EPH is supported by decarbonization targets set for the medium-term and the long-term. These include:

- **Reduce CO_2 emission intensity of its European power generation fleet in line with the Below 2 Degrees pathway of TPI by 2033** – EPH aims to reduce its average emission intensity of its European power generation fleet in line with the "Below 2 Degrees" global pathway of TPI, implying the average Group intensity below 174 gCO_2/kWh in 2033. Based on EPH existing assets and planned projects, EPH projects the emission intensity to overperform this requirement and reach the intensity of 118 gCO_2/kWh in 2033. For the prospective EPH scope (which considers the impact of ongoing acquisitions and disposals), to date the CO_2 emission intensity of power and heat generation was reduced from 364 gCO2/kWh in 2022 to 258 gCO_2/kWh in 2024, i.e. by 29%.

- **Phase out coal by 2030** – EPH has a clear roadmap to phase out coal across its operations by 2030 at the latest, while striving to complete the coal exit earlier if viable. The remaining coal capacities to be operated by EPH beyond 2025 are solely represented by assets under must-run regimes or assets which provide vital supplies of heat to local district heating systems. The share of installed capacity in coal was reduced from 34% as of 2022 to 20% as of 2024. Following the power plant closures and commissioning announced for 2025 and first half of 2026, as well as ongoing acquisitions and divestments, the coal-based capacity is expected to decline below 5% of EPH total capacity already by the end of 2025.

- **Achieve net zero operations in respect of Scope 1 & 2 emissions by 2050 –** In line with the "Below 2 Degrees" scenario, EPH aims to reduce emissions substantially towards 2040 and

reach net zero operations by 2050. EPH might need to utilize carbon neutralization measures to compensate for any remaining GHG emissions in 2050 such as remaining methane leakage in the gas infrastructure. For this purpose, EPH will explore internal projects to generate negative emissions via solutions such as biogenic energy carbon capture.

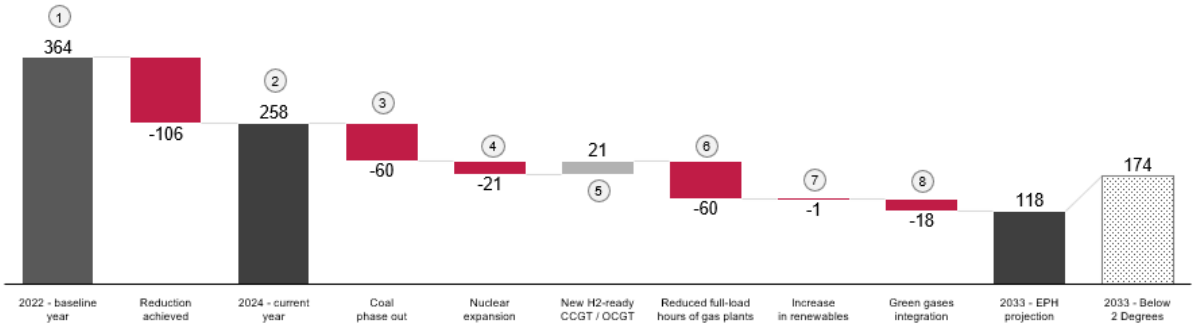
- **Reduce methane emissions in line with the Global Methane Pledge**[15] - EPH operations include gas infrastructure bundled under its sub-holding EPIF where methane leakage is inherently present as long as the infrastructure handles natural gas. These emissions represented 1.1% of total Scope 1 GHG emissions in 2024. Methane emissions in its gas midstream and downstream infrastructure held under EPIF Group were reduced already by 45% between 2020 (base year) and 2024, exceeding the 30% reduction target stemming from the Global Methane Pledge. EPH will continue to implement best practices to reduce methane leakage.
- **Scope 3** – Following the inaugural collection of Scope 3 emissions for 2024, EPH aims to further analyze its footprint and explore target setting options.

3.2 Decarbonization levers and key actions

3.2.1 Power Generation

EPH targets are supported by a long-term emission reduction pathway that has been developed for each generation asset. These asset-level pathways have been consolidated into a comprehensive pathway for the EPH Group. The key drivers of the emission intensity reduction between 2022 (baseline year) and 2033 (target year) are presented on the chart below:

EPH abatement curve by 2033 (gCO_2/kWh)



Below we describe the drivers of the abatement curve:

1. Baseline carbon footprint of EPH (2022)

EPH generated 22.8 million tonnes of scope 1 CO_2 emissions in 2022 with an intensity of 570 gCO_2/kWh. GHG emissions volume and intensity follow power and heat generation volumes as well as generation fuel mix. Emission intensity is calculated including the heat component, as without this the performance of EPH cogeneration heating plants would be distorted. The heat component is however less significant compared to power (heat comprised 7% of energy produced in 2022).

For the purpose of target setting, the baseline year (2022) emissions were restated to align with the prospective scope of EPH, considering the completed and planned acquisitions and disposals. Specifically, production and emissions of EP Netherlands (acquired in H1 2023) and Slovenské elektrárne (consolidated from May 2025) were included in the baseline year, while production and emissions of the MIBRAG Energy Group (to be disposed by the end of 2025) were excluded. The recalculation, resulting in the emission intensity of 364 gCO_2/kWh in 2022 as the baseline year, is presented in the following table. This approach using restatements of the baseline year is consistent with the TPI methodology.

[15] https://www.globalmethanepledge.org/

Recalculation of the 2022-2024 emission intensity for the target-setting

g CO_2 eq. / kWh	Unit	2022	2023	2024
Scope 1 CO_2 emissions from energy production - reported	**kt**	**22,654**	**20,118**	**17,249**
EP Netherlands (added)	kt	2,280	–	–
Slovenské elektrárne (added)	kt	1,308	1,086	153
MIBRAG (excluded)	kt	(4,720)	(4,259)	(4,662)
Scope 1 CO_2 emissions from energy production - adjusted	**kt**	**21,522**	**16,945**	**12,740**
Energy produced - reported	**GWh**	**39,734**	**38,754**	**34,586**
EP Netherlands (added)	GWh	6,200	–	–
Slovenské elektrárne (added)	GWh	17,654	20,233	19,208
MIBRAG (excluded)	GWh	(4,405)	(3,966)	(4,392)
Energy produced - adjusted	**GWh**	**59,183**	**55,022**	**49,402**
CO_2 emission intensity - reported	**g CO_2/kWh**	**570**	**519**	**499**
CO_2 emission intensity - adjusted	**g CO_2/kWh**	**364**	**308**	**258**

2. Emission reductions to date (2024)

EPH significantly reduced its emission intensity from 364 gCO_2/kWh in 2022 (baseline year) to 258 gCO_2/kWh in 2024. This reduction was primarily driven by the phased shutdown of four coal-fired power plants - Kilroot and Nováky in 2023, followed by Vojany and Mehrum in 2024. Additionally, the utilization of the remaining coal plants declined in response to prevailing market conditions. Contributing further to the emission intensity reduction, nuclear output increased after the commissioning of the Mochovce 3 nuclear unit in Slovakia in 2023. Emission intensity was also lowered due to reduced full-load hours at gas-fired power plants, reflecting normalized market spreads and a growing share of renewables in the European energy mix.

3. Coal phase-out

EPH has a clear roadmap to phase out coal across our operations by 2030 at the latest, while striving to complete the coal exit earlier. Depending on the needs of local grids and decarbonization strategies of national governments, the existing coal power plants will be either converted to sources with lower carbon footprint, like gas or biomass, or closed without replacement. In the specific case of German lignite operations, where the coal exit follows the timeline set by the federal government, the assets will be spun off into EP Energy Transition, a sister company of EPH Group, in the course of 2025. Beyond 2025, the remaining coal capacities within EPH shall be solely represented by the Fiume Santo power plant on the Sardinia Island operating under a must-run regime and cogeneration plants in the Czech Republic which provide vital supplies of heat.

4. Nuclear energy

Via its subsidiary SE, EPH operates two nuclear power plants in Slovakia. Since 2022, SE has already commissioned additional unit Mochovce 3 in one of its nuclear power plants, increasing the capacity by 440 MW. Another unit with the same capacity Mochovce 4 is planned to reach the fuel load in 2025 and complete the trial run by March 2026. As a result, the emission-free output from nuclear plants is expected to increase from 15 TWh in 2022 to 23 TWh in the future.

5. New hydrogen-ready CCGT / OCGT power plants

Through its power generation assets EPH contributes to the energy transition of the countries it is active in. Driven by the coal phase-out and the country specific transformations to renewable energy systems, the need for alternative low-carbon dispatchable power generation is created. The coal phase-out in most European countries will be completed by 2030 resulting in an increased reliance on renewables and low-carbon alternatives. To ensure security of supply, countries will need to reinforce dispatchable power generation capacities, where gas power plants are well positioned as a highly flexible source. Alternative solutions such as battery power and hydroelectric power plants will play an important role in the broader transition but lack the suitability for bridging longer time periods, while hydroelectric plants also have limited build-out potential.

As such, significant capacities of gas power plants to provide dispatchable power generation will have to be made available to facilitate the transition away from coal. This shall enable accelerated phase-out of solid fossil power generation (coal) while transitioning to lower carbon thermal power generation (gas power plants), that eventually can be converted to carbon neutral power generation (hydrogen power plants). However, the renewable gases (hydrogen, biomethane) and technologies (CCS) to transition these assets to carbon-free power production might not be economically available or not available at all for all power plants in the coming years. Therefore, gas power plants need to be upgraded to or built as hydrogen-ready while operating on natural gas until renewable gases or CCS technology are sufficiently available.

EPH recently commissioned two hydrogen-ready gas power plants: the 700 MW Kilroot OCGT plant in the UK and the 800 MW Tavazzano CCGT plant in Italy. Additionally, the company is in the advanced stage of constructing another CCGT facility - the 880 MW Ostiglia plant in Italy - which is expected to be commissioned in the first half of 2026. All three projects are backed by capacity contracts for 10-15 years.

6. Reduced full-load hours and efficiency improvements of existing gas power plants

With growing penetration of renewables, the utilization of dispatchable gas power plants is expected to decline. After coal generation sources are phased out, gas power plants will be the last in the generation merit order, depending on their generation efficiency. By default, keeping those assets operational is not detrimental to the build-out of renewables which will always be fully utilised given their virtually zero marginal costs. On the contrary, flexible gas power plants are a vital enabler of the acceleration of renewables ramp up. EPH projects to reduce full load hours (“FLH”) of the existing power plants based on the efficiency of respective plants and their useful lives.

Additionally, EPH is investing in efficiency upgrades for gas turbines at existing power plants. In the Netherlands, following the successful implementation of the Advanced Turbine Efficiency Upgrade (ATEP) at the Enecogen CCGT power plant, the company is now applying the same upgrade at the Sloe power plant, with completion expected in 2025. ATEP leverages cutting-edge turbine blade technology to enhance efficiency. In Italy, EPH secured capacity in a competitive auction by increasing net power output by approximately 100 MW through Advanced Gas Path (AGP) efficiency enhancement projects at its CCGT plants.

7. Renewables

EPH’s role in the energy transition is currently centered around flexible power with significant focus on natural gas, while ensuring hydrogen readiness. EPH currently does not plan to be heavily engaged in the development of renewables. In the EPH abatement curve, increased output from renewables therefore does not play a significant role. However, EPH explores opportunities in the renewable energy segment in the regions where it operates.

In France, EPH has performed repowering of two wind farms, Ambon and Muzillac, with the total investment of EUR 35 million. This operation enabled a 30% increase in the production capacity of each farm, raising their total installed capacity from 18.5 MW to 26.4 MW. Repowering stands as a great example of energy transition and circular economy, as 98 % of the total mass of the turbines was recycled. EPH’s subsidiary Gazel Energie is actively working on repowering the reminder of its wind fleet in France. The Lehaucourt wind farm, with a capacity of 14 MW, has secured a 20-year tariff of €87/MWh and its repowering is expected to be completed within the next two years.

EPH plans to continue operating its biomass power plants and heating facilities as a complementary energy source. The Lynemouth biomass power plant in the UK is expected to ramp up production following a temporary decline in 2022-2024. In France, the Provence biomass power plant will transition from biomass co-combustion with coal to exclusively using biomass. Additionally, biomass will remain an integral component of EPH's district heating assets in the Czech Republic, supporting sustainable heat generation.

Following the acquisition of SE, EPH also operates 1.6 GW of hydropower plants in Slovakia which constitute an important dispatchable source of power. SE plans to invest in modernization of its fleet of hydropower plants including pumped hydro storage plants.

8. Green gases

EPH is aware of the temporary role of natural gas in the energy transition and envisages converting its assets away from natural gas to renewable gases once these are available on a commercial scale. While availability and economics of green gases is currently uncertain, EPH assumes lower blends of green gases in the gas turbines in its abatement curve. The implementation of this plan will depend on the scale-up of renewable gas production and the EU and UK policies regarding the prioritization of these gases for large-scale power generation versus hard-to-abate industries.

3.2.2 Energy Infrastructure

Within its energy infrastructure segments, EPH operates gas transit, storage, and distribution networks, as well as power distribution and district heating systems. EPH is actively enhancing the readiness of this infrastructure to support a decarbonized energy system.

EPH currently advances hydrogen readiness across its gas midstream and downstream infrastructure. EPH aims to primarily repurpose existing infrastructure to the extent possible to minimize Capex requirements, while development of additional infrastructure is expected to be limited. EPH explores the establishment of two parallel systems: one dedicated hydrogen grid shaped around the initial industrial adopters in key clusters, and a natural gas grid to meet the continued demand from consumers transitioning more gradually away from natural gas. In addition, the natural gas in the network is projected to be gradually replaced by biomethane, further contributing to decarbonization of the gas mix. Successful execution of this transformation relies on the development of a large-scale market for renewable gases, where EPH aims to facilitate the connection between producers and consumers. However, development of the planned hydrogen infrastructure might face delays due to an absence of market incentives, regulatory uncertainties, or a lack of commitment from broader stakeholder groups to renewable gases.

We note that EPH does not own the gas which it transits, stores, or distributes. In line with the GHG Protocol, life-cycle emissions of this gas are not reported within EPH carbon footprint. However, EPH perceives its gas infrastructure as an inherent part of the broader ecosystem and aims to proactively contribute to penetration of renewable gases on a meaningful scale.

EPH undertakes several activities to reduce its Scope 3 emissions by efforts to accelerate the adoption of renewable gases. EPH is already in the process of transforming its infrastructure as can be demonstrated by:

- Enabling suppliers of renewable gases such as biomethane to deliver gases to the end consumers through the EPH's distribution network.
- Demonstrating flexibility and technological readiness to accept other renewable gases such as hydrogen, initially at lower blends.

In doing so, EPH ensures that once sufficient sources of hydrogen and other renewable gases are available, EPH can accommodate the supply in support of the energy transition.

EPH has less direct influence on the availability of hydrogen and other renewable gases given its role in the value chain. Having said this, EPH does try to support the broader ecosystem in the decarbonization agenda through partnerships and initiatives to support the scale-up. Eustream, SPP-distribúcia ("SPPD") and NAFTA a.s. ("Nafta") all play a role in supporting the development of interconnected energy systems in Europe, including its adaptation for hydrogen.

Gas and hydrogen distribution

As a monopoly distributor of natural gas in Slovakia, EPH's subsidiary SPPD plays a pivotal role in ensuring a reliable supply of gas, which is considered a low-carbon transitional fuel that facilitates the

integration of renewable energy sources. Recognizing the need to eventually replace natural gas with zero-carbon alternatives, EPH's decarbonization efforts are focused on two key areas:

- 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.

EPH considers distribution of hydrogen as instrumental in decarbonizing various sectors, including hard-to-abate industries such as steel manufacturing, heavy transportation (shipping, aviation, long-haul trucks), dispatchable power generation, or fertilizer production. SPPD acts as a facilitator for the interaction between producers and potential end consumers of hydrogen, particularly large industrial entities seeking viable solutions for decarbonization.

Major actions undertaken by SPPD are:

- Reinforcement of its Leak Detection & Repair (LDAR) program. SPPD has increased the frequency of leak surveys in recent years, reducing the methane emissions by 44% between 2020 and 2024. SPPD applies a risk-based approach for conducting leak detection surveys, prioritizing more frequent inspections of the network's most susceptible areas. SPPD uses innovative technologies such as drones to inspect inaccessible areas or in-line sensors to conduct internal pipeline inspections.
- 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.
- Testing lower blends of hydrogen in the existing infrastructure. SPPD has successfully completed a pilot project 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). In 2024, SPPD was able to certify the network to distribute a 10% hydrogen blend in the local networks and a 5% blend in the high-pressure pipeline. The network of SPPD is relatively modern and a high share of polyethylene pipes (57% of local networks) with superior permeability characteristics makes the network ideally positioned to accommodate hydrogen in the future. In the case of SPPD, all newly laid pipelines at local networks are made of polyethylene which is proven to be compatible with 100% hydrogen.
- Enabling the integration of biomethane stations with the network. Additionally, SPPD manages the renewable gases registry, providing biomethane producers with guarantees of origin. These guarantees can be purchased by gas consumers aiming to reduce their carbon footprint in their operations.

Substantial portion of the Capex spent by SPPD in the future will be oriented towards ensuring feasibility of full hydrogen adoption:

- In local low-pressure networks, polyethylene pipes are now the default choice for replacing old steel pipes. While SPPD has been replacing around 140 km of aging steel pipes annually in recent years, the organization is striving to increase the replacement rate to approximately 200 km per year and considers further acceleration of the network upgrade.
- While the high-pressure network cannot be converted into polyethylene, hydrogen compatibility is ensured through appropriate steel grade and management of the operating pressure. All newly replaced high-pressure pipes are fully hydrogen aligned.
- At pressure reduction stations, certain components need to be replaced or retrofitted to enable proper functioning. To ensure compatibility with 100% hydrogen distribution, a full replacement of the reduction stations might be necessary to increase their capacity accordingly and accommodate the same volume of energy as hydrogen has lower volumetric density compared to natural gas.

- Current metering devices are partly ready for measurement of 10-20% hydrogen blends. Full replacement of the meters will be required for accurate measuring of 100% hydrogen.

Gas and hydrogen transmission

To bridge the significant gap between projected hydrogen production and consumption across Europe, a reliable hydrogen transit infrastructure is essential. This network should link European regions and extend to neighboring areas with high hydrogen potential, such as North Africa and Ukraine. Ensuring supply security for future off-takers and demand certainty for hydrogen producers is key to supporting market development. Where possible, refurbishing existing infrastructure should be prioritized over building new pipelines to minimize capital costs. Leveraging current gas transit assets will be critical for achieving cost-effective energy market integration.

In accordance with the EU regulation on renewable and natural gases, including hydrogen, all gas transmission system operators are now required to accept gas flows with a hydrogen content of up to 2% by volume at interconnection points between EU member states in the natural gas system.

The necessary adjustments at the Eustream network to align with this requirement primarily involved the replacement of metering equipment and other ancillary components. 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 Projects 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 decarbonization of Slovak industry. Obtaining IPCEI status opens a realistic way for securing grants from national or EU sources, moving the whole project closer to realization.

Gas and hydrogen storage

Nafta, a major operator of gas storage facilities in the CEE region, has launched project Henri 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. The project has been endorsed as one of the initial Important Projects of Common European Interest (IPCEI) in the domain of hydrogen. The project has an R&D phase and an FID phase.

The R&D phase starts by defining criteria for selecting suitable geological structures for large-scale hydrogen storage, adaptable to local conditions across countries. Preselected sites will undergo lab testing to assess their ability to store pure hydrogen or determine the maximum allowable concentration. R&D efforts will focus on studying hydrogen's effects on reservoir and cap rocks, as well as potential microbiological and geochemical reactions at 100% concentration, enabling the development of models to simulate reservoir behavior and confirm storage potential.

In the FID phase, building on R&D results, a pilot plant will be designed and built - including electrolysis-based hydrogen production, gas metering, treatment, and compression systems. Pure hydrogen or its blend with natural gas will be injected into the reservoir and cycled multiple times to gather data on real-world behavior. During withdrawal, hydrogen separation (deblending) technology will be tested, and the hydrogen-gas mixture will be used in a nearby gas distribution network to demonstrate feasibility. Finally, real reservoir data will be compared with lab results to inform the decision on project scale-up.

Power distribution

Power distribution networks represent critical infrastructure which needs to be adapted for the future functioning of the electricity market. As the energy system is expected to be increasingly electrified and more reliant on intermittent renewable sources, enhancing resilience of the power distribution network is vital. Over the past five years, 89% of the newly connected capacity in our power distribution grid have been renewable energy sources, mainly solar facilities. To accommodate an increasing share of intermittent decentralized renewables, EPH’s subsidiary SSD needs to continuously invest to enhance

the resilience of the network. SSD also enables end consumers to actively influence their consumption and achieve energy savings through installation of smart meters.

District heating

As an operator of district heating networks, EPH provides vital supplies of heat to major regional cities. District heating networks enable a centralized highly efficient cogeneration of heat and power, resulting in lower carbon footprint. At the same time, cogeneration heating plants play a role of a dispatchable power generation source and provide grid-balancing services.[16]

3.3 Financial resources needed for implementing the transition plan

To address our material climate change impacts, risks and opportunities (IROs), we have established the actions listed below, with related example measures and corresponding indicative Capex.

The successful completion of these mitigation/adaptation actions is dependent on various factors, of which important ones are EPH's access to capital and external market/infrastructure developments. The Capex plan needs to be perceived in the context of the following factors:

1. Ongoing access to finance at an affordable cost of capital is critical for the implementation of the EPH mitigation and adaptation actions. Finance is not only relevant for constructing new projects, but also relevant for any low carbon acquisitions and R&D costs to create new projects.
2. Sufficient supply and demand of hydrogen and biomethane are critical for achieving EPH's long-term climate mitigation goals, as widespread green gas adoption is a prerequisite for decarbonization of the gas-fired electricity generation and gas midstream and downstream infrastructure.
3. The execution of the Capex plan also depends on the existence of stable regulatory frameworks and incentives to provide certainty for investors and support the transformation of the broader energy system.
4. The Capex plan only includes actions where the projects have a reasonable likelihood of realization. It does not include any other potential projects which might be also realized.
5. The Capex plan shall not be perceived as Capex projections but rather indicative financial resources needed to enable us to execute the communicated transition plan.

[16] In March 2025, EPH disposed two out of three subsidiaries operating cogeneration heating plants in the Czech Republic to its sister company EP Heat & Power. EPH continues to be engaged in cogeneration of heat and power in Pilsen.

Mitigation actions to reduce carbon emissions

Mitigation actions (decarbonization levers)	Example measures	Achieved GHG reductions (g/kWh)	Expected GHG reductions (g/kWh)	Current Capex (2024) (M€)	Planned Capex (up to 2030) (M€)
1. Coal phase-out	▪ Decommissioning coal plants ▪ Replacing coal with lower carbon intensive alternatives such as waste-to-energy plants	(74)	(60)	47	150-200
2. Natural gas full load hours reduction and efficiency improvements	▪ Decommissioning of the least efficient gas power plants ▪ Efficiency improvements from gas turbine upgrades ▪ Reduction of full load hours	(18)	(60)	38	50-100
3. H2-ready gas-fired plants commissioning	▪ Construction of newly built H2-ready gas power plants and heating plants	+3	+21	164	500-600
4. Blending of green gases	▪ Retrofitting existing plants for green gas blending	0	(18)	0	~ 100
5. Nuclear commissioning	▪ Commissioning new nuclear capacity	(12)	(21)	223	300-400
6. Renewables commissioning/upgrading	▪ Commissioning/upgrading wind/solar/hydro/biomass	(6)	(1)	20	200-400
7. Gas infrastructure GHG emissions reduction	▪ Reducing methane leakage ▪ Electrification of compressor fleet	N/A	N/A	2	~ 100
8. Other direct Scope 1 & 2 emissions reduction	▪ Electric boilers ▪ Replacing inefficient transformers and installing smart meters	N/A	N/A	9	50-100
9. Green gas adoption	▪ Gas pipeline retrofit ▪ H2 blending trials across the gas infrastructure	N/A	N/A	38	400-500
10. Battery storage	▪ Commissioning and maintaining battery energy storage systems (BESS)	N/A	N/A	20	~ 500
11. Preparing electricity grid for increased intermittency	▪ Investments to reduce grid congestion and/or other intermittency issues	N/A	N/A	22	~ 100

3.4 Avoiding locked-in GHG emissions

Overall, asset exposure to locked-in GHG emissions reduces over time through the phase-out of coal-fired power plants, while gas-fired generation and gas infrastructure assets and revenues remain exposed to locked-in GHGs, but this exposure is projected to be fully addressed in the long term.

Coal

EPH has a clear roadmap to phase out coal across its operations by 2030 at the latest, while striving to complete the coal exit earlier. Some of the closed coal power plants will be converted to sources with lower carbon footprint, like gas or biomass, while others will be gradually closed or spun-off into a separate entity outside of EPH Group. These completed or planned actions are summarized as follows:

- In 2023, EPH decommissioned lignite power plant Nováky in Slovakia and hard coal power plant Kilroot in the UK
- In 2024, EPH decommissioned hard coal power plants Mehrum in Germany and Vojany in Slovakia
- In 2025, lignite power generation assets under the MIBRAG Energy Group, totaling 0.9 GW, shall be transferred to EPH's sister company, EP Energy Transition

- The Emile Huchet 6 hard coal power plant (0.6 GW) has not been producing since late February 2025. The Group is currently evaluating strategic options for its future, including social considerations. The plant is legally restricted to a maximum of 800 operating hours per year.

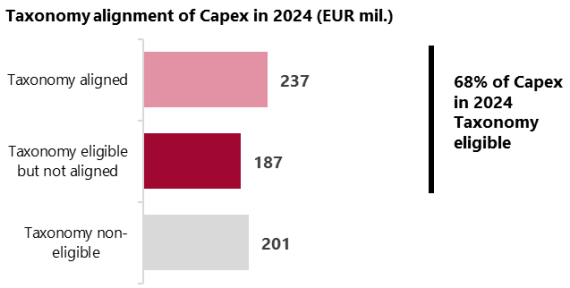
As a result of these actions, the remaining coal capacities within EPH beyond 2025 shall be represented by the Fiume Santo power plant on the Sardinia Island operating under a must-run regime[17] and cogeneration plants in the Czech Republic which provide vital supplies of heat.

Natural gas

Gas power plants are planned to be either retrofitted or replaced to be hydrogen-ready, or decommissioned once they have reached their end of useful life and they will be no longer incentivized by national capacity markets to remain in operation. For gas midstream and downstream infrastructure EPH will continue to work on methane leakage reduction and advancing readiness for renewable gases.

3.5 EU Taxonomy alignment

EPH aims to align expenditures with the EU Taxonomy objectives preparing for accommodation of renewable gases once these are deployed on a large scale. In 2024, 68% of Capex was spent on Taxonomy-eligible activities, while 38% was fully aligned. Based on the Capex plan of EPH communicated in section 3.3, the share of eligible Capex is anticipated to remain above 60% and gradually increase as the exposure to coal operations will be reduced.



Taxonomy aligned activities mainly include development and maintenance of the power distribution network, hydrogen-aligned sections of the gas distribution network, district heating networks, repowering of wind parks, acquisition of electric locomotives, and maintenance of cogeneration biomass units.

Taxonomy eligible Capex primarily included development of 3 new-build hydrogen-ready CCGT/OCGT projects, which are in the construction phase. Whether these projects will meet all EU Taxonomy criteria is subject to further assessment. EPH envisages that its OCGT power plant developed in Kilroot, Northern Ireland, serving as a peaking source with limited GHG emissions, is well positioned to comply with the EU Taxonomy criteria.

3.6 Capex investments in coal, oil, and gas

In 2024, coal-related Capex was limited to necessary maintenance and amounted to 73 million EUR (12% of total Capex), gas-related Capex represented mainly gas power plants (164 million EUR, 26% of total Capex) and gas midstream and downstream infrastructure (84 million EUR, 13% of total Capex). Gas-related Capex was spent largely on assets where future alignment with hydrogen is envisaged in the long term. No material Capex has been allocated to oil-related economic activities.

3.7 EU Paris-Aligned Benchmarks

EPH meets all EU Paris-aligned benchmark (PAB) exclusion criteria:

- ✓ *> 1 % or more of revenues from exploration, mining, extraction, distribution, or refining of hard coal and lignite* – EPH has disposed its coal trading activities and is currently in the process to dispose its remaining lignite mining activities in Germany by the end of 2025 (EPH reported zero revenues from lignite mining in 2024 as these activities were already reported as Held for sale)

[17] The National Energy and Climate plan of Italy anticipates that the operation of the Fiume Santo power plant will be necessary until 2028/2029, subject to the successful completion of the electricity interconnection of the island with continental Italy

- ✓ *> 10 % or more of revenues from the exploration, extraction, distribution, or refining of oil fuels* – EPH reported marginal revenues from oil extraction (< 0.1% of total revenues in 2024) as part of its gas storage operations in Slovakia
- ✓ *> 50 % or more of revenues from the exploration, extraction, manufacturing, or distribution of gaseous fuels* – EPH reported ca 6% of its total revenues in 2024 from gas transit, storage and distribution, including a marginal contribution from gas extraction
- ✓ *> 50 % or more of revenues from electricity generation with a GHG intensity of more than 100 g CO2 e/kWh* – EPH reported ca 20% of its total revenues in 2024 from gas-fired and coal-fired power and heat production

3.8 Embedding transition plan in overall business strategy and financial planning

The main business strategical goal of EPH is to provide security of supply through dispatchable power sources and integrated gas infrastructure, while concurrently reducing its carbon footprint and ensuring readiness for renewable gases in the long term.

The transition plan of EPH consists in ensuring that each asset has either a phase-out plan or a clearly defined role in a net zero energy system. Development Capex is primarily directed towards those net-zero aligned assets, while other Capex is limited to sole maintenance to ensure safe and reliable operation of the remaining coal assets and gas power plants where the path to renewable gases is not foreseen.

3.9 Governance of the transition plan

The EPH board of directors is regularly informed on ESG matters by the ESG officer who is also a member of the EPH board. The EPH board of directors approves sustainability reports with the decarbonization targets, the underlying decarbonization strategy and Capex plans that underpin the emission reduction goals, with each segment's directors responsible for preparing their respective Capex plans.

3.10 Update on progress in implementing the transition plan

EPH provides a further outline of their progress on the implementation of its transition plan in the EPH Sustainability Statement 2024.[18]

4 Green Finance Framework

4.1 Rationale for Green Finance Framework

The creation of this Green Finance Framework (the "Framework") is a consistent and tangible step to further EPH's commitment to sustainability and to mobilize all its stakeholders around this objective. The Framework covers issuance of green finance instruments ("Green Finance Instrument or Green Financing") and allows for the alignment of funding instruments with the material sustainability topics, related investments, and targets. EPH believes that Green Financing reinforces transparency and accountability towards its debt investors. The sustainable finance instruments issued under this Framework are intended to contribute to implementing the decarbonization strategy of EPH described above.

In line with the ICMA's 2021 Green Bond Principles[19] (GBP), as well as the 2025 LMA Green Loan Principles[20] administered by the Loan Market Association ("LMA"), this Framework is presented through the following core components:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

[18] Sustainability Statement is part of the EPH Annual Report available here https://www.epholding.cz/en/results-centre/
[19] ICMA Green Bond Principles 2021 (with June 2022 Appendix I)
[20] LMA Green Loan Principles 2025

- External Review

Through this Framework, EPH may issue different Green Finance Instruments (which may include, but are not limited to, bonds (including private placements, hybrid and convertible bonds), loans, Schuldschein instruments, guarantees, letters of credit and other green debt or hybrid financing instruments).

4.2 Use of Proceeds

EPH will allocate an amount equivalent to net proceeds of Green Financing to finance or refinance, in whole or in part, a portfolio of projects aligned with the eligibility criteria in this Framework ("Eligible Green Projects") within the eligible categories presented further below. Eligible Green Projects can include asset values, investments and Capex and operational expenditure ("Opex") associated with the eligibility criteria outlined below ("Eligibility Criteria"). Capex and Opex will qualify with a look-back period of three years (i.e. three calendar years preceding the year of the issued instrument). Opex shall typically represent non-capitalized portion of repair and maintenance of the eligible assets. No variable operating costs (such as fuel costs) can be included within eligible Opex.

In drafting this Green Finance Framework and defining the Eligibility Criteria, EPH considered the Green Bond Principles, Green Loan Principles as well as the EU Taxonomy Regulation[21]. The Eligibility Criteria are not explicitly linked to the EU Taxonomy assessment which forms a separate mandatory disclosure regularly prepared by EPH as part of its reporting obligations stemming from the Corporate Sustainability Reporting Directive. However, EPH strives to demonstrate alignment of the use of proceeds categories with the requirements of the EU Taxonomy Regulation for the climate change mitigation objective, including the requirements of the Do No Significant Harm (DNSH) assessment and minimum (social) safeguards, where feasible.

In case of refinancing, the portfolio of Eligible Green Projects ("Eligible Green Project Portfolio") will incorporate assets at their most recent IFRS balance sheet value. This value will be consistently revised to account for ongoing investments, depreciation charges, revaluations, or impairments.

EPH aims to indicate at issuance of the instrument what is the expected share of refinancing and financing of new projects. EPH shall provide an upfront notification if it intends to finance nuclear power generation with the proceeds of a given green finance instrument.

ICMA GBP/GLP Project Category	Eligibility Criteria	UN SDGs	Link to EU Taxonomy
Renewable Energy Electricity distribution infrastructure	Assets, Investments, Capex and Opex relating to electricity distribution infrastructure and equipment that meets one of the following criteria: a) 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 b) Over 67% of newly connected generation assets comply with the 100gCO_2/kWh threshold (over a rolling 5-year period), or c) The grid's average emissions factor is less than 100gCO_2/kWh but excluding any grid connections of power plants that are more CO_2 intensive than 100gCO_2/kWh (as a		Substantial contribution to Climate Change Mitigation: 4.9 Transmission and distribution of electricity

[21] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending regulation (EU) 2019/2088. See here.

	proxy for this threshold any direct grid connections of power plants other than wind, solar or hydro[22] energy will be excluded)		
Renewable Energy Gas distribution infrastructure	Assets, Investments, Capex and Opex relating to renewable and low-carbon gas distribution infrastructure and equipment: • Construction or operation of new transmission and distribution networks dedicated to hydrogen or other low-carbon gases • Conversion/repurposing of existing natural gas networks to 100% hydrogen • 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 gases in the gas system		Substantial contribution to Climate Change Mitigation: 4.14 Transmission and distribution networks for renewable and low carbon gases

Energy Efficiency
 	
Power and heat generation, district heating networks
	Assets, Investments, Capex and Opex relating to
	• Pipelines and associated infrastructure for distribution of heating and cooling produced using at least 50 % renewable energy, 50 % waste heat, 75 % cogenerated heat or 50 % of a combination of such energy and heat:
	  • Construction and operation
	  • Refurbishment
	  • Modification to lower temperature regimes;
	  • Advanced pilot systems (control and energy management systems, Internet of Things).
	• Co-generation of heat/cool and power from bioenergy, as per the substantial contribution criteria to climate change mitigation of the Climate Delegated Act (Annex I) under 4.20
	• Electricity generation from fossil gaseous fuels, as per the substantial contribution criteria to climate change mitigation of the Complementary Climate Delegated Act on gas energy activities (Annex I) under 4.29[23]
	• High efficiency co-generation of heat/cool and power from fossil gaseous fuels as per the substantial contribution criteria to climate change mitigation of the Complementary Climate
			Substantial contribution to Climate Change Mitigation:
			4.15 District heating/cooling distribution
			4.20 Cogeneration of heat/cool and power from bioenergy
			4.29 Electricity generation from fossil gaseous fuels[23]
			4.30 High efficiency co-generation from of heat/cool and power from fossil gaseous fuels[23]
			4.31 Production of heat/cool from

[22] Connections to hydro will only be eligible if aligned with the substantial contribution criteria to climate change mitigation of the Climate Delegated Act

[23] On Feb 2, 2022, the EU Commission presented a "complementary delegated climate act to accelerate decarbonisation" (see press release, EU Commission of 02.02.2022, https://ec.europa.eu/commission/presscorner/detail/de/ip_22_711). Gas and nuclear activities are considered to play an important role as a transitional activity and are in line with EU climate and environmental objectives; 4.26 Pre-commercial stages of advanced technologies with minimal waste from the fuel cycle; 4.27 Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies; 4.28 Electricity generation from nuclear energy in existing installations; 4.29 Construction and operation of power plants using fossil gaseous fuels; 4.30 Construction and operation of combined heat and power plants using fossil gaseous fuels; and 4.31 Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system are considered to be taxonomy-aligned activities, subject to minimum requirements.

	Delegated Act on gas energy activities (Annex I) under 4.30[23] • Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system as per the substantial contribution criteria to climate change mitigation of the Complementary Climate Delegated Act on gas energy activities (Annex I) under 4.31[23]		fossil gaseous fuels in an efficient district heating and cooling system[23]
Nuclear Power Generation[23]	Assets, Investments, Capex and Opex relating to nuclear energy production: • Electricity generation from nuclear energy in existing installations meeting the substantial contribution criteria referred to in points 1 (a)-(e), and 3-7 to climate change mitigation of the Complementary Climate Delegated Act on nuclear energy activities (Annex I) under 4.28 including Additional criteria pertaining to substantial contribution to climate change mitigation such as life-cycle GHG emissions[24]		4.28 Electricity generation from nuclear energy in existing installations[23]
Renewable Energy Hydropower	Assets, Investments, Capex and Opex relating to electricity generation from hydropower that meets one of the following criteria: • The electricity generation facility is a run-of-river plant and does not have an artificial reservoir; • the power density of the electricity generation facility is above 5 W/m^2; • the life-cycle GHG emissions from the generation of electricity from hydropower are lower than 100g CO_2e/kWh. For new hydropower projects, necessary environmental and social impact assessments will be undertaken with no significant controversies identified as a prerequisite for project eligibility		4.5 Electricity generation from hydropower
Renewable Energy Storage of electricity	Assets, Investments, Capex and Opex relating to storage of electricity: • Construction and operation of electricity storage through Battery Energy Storage Systems (BESS) • Construction and operation of electricity storage through pumped hydro storage		4.10 Storage of electricity

Exclusions

For each Green Finance Instrument issued under this Framework, EPH will exclude assets or investments associated with:

- Coal

[24] The substantial contribution criterion referred to in point 1 (f) of the Complementary Climate Delegated Act on activity 4.28 'Electricity generation from nuclear energy in existing installations' is intentionally excluded from Eligibility Criteria. EPH's nuclear assets are located in Slovakia where a documented plan with detailed steps to have in operation, by 2050, a disposal facility for high-level radioactive waste has not yet been established by the government. As such, for projects authorized after 2025, EPH might not comply with this EU Taxonomy criterion. The criterion 2 related to application of accident-tolerant fuel is excluded from Eligibility Criteria as implementation of such fuel is currently not feasible due to lack of legal and technical definition, absence of commercial availability and lack of regulatory approval.

- Biomass that does not meet substantial contribution criteria of the EU Taxonomy Regulation[25] for the climate change mitigation objective
- Fossil fuel back-up generators and other ancillary technologies using fossil fuels

EPH has identified assets or investments that meet the criteria mentioned above and are considered suitable for Green Financing. The list provided below highlights the most significant assets in terms of value and should not be seen as an exhaustive overview of potential assets that could be financed through Green Financing. EPH recognizes that its infrastructure will continue to accommodate predominantly natural gas in the foreseeable future to meet the demand for this fuel. However, a key principle guiding future investments in gas infrastructure will be its ability to incorporate renewable gases and facilitate a transition away from natural gas.

Power distribution network in central Slovakia

The network represents a vital part of the interconnected European system. Its maintenance and further development are vital to increase its resilience to accommodate the ramp up of renewable generation sources in the European energy mix. The network facilitates the expansion of renewable generation sources. In 2019-2023, 89% of the newly connected capacity have been renewable energy sources, primarily solar installations.

Hydrogen-ready parts of the gas distribution network in Slovakia

The existing natural gas distribution network is well-suited to accommodate renewable gases and has the capability to connect biomethane facilities. SPPD manages a registry of renewable gases, allowing end consumers to purchase guarantees of origin from biomethane suppliers. SPPD expects to connect approximately 34 existing biogas stations to its network in the medium term after their conversion into biomethane stations. The total biomethane potential according to the latest National Energy and Climate Plan of Slovakia can reach up to 400 million cubic meters in the medium term. Looking ahead, efforts are underway to gradually prepare the network for increasing blends of hydrogen and assess readiness of relevant sections of the network for 100% hydrogen adoption. At present, approximately 57% of the local networks are constructed using polyethylene, a material fully compatible with hydrogen distribution. Additionally, all newly installed pipes are by default made from this hydrogen-ready material. Given that the gas distribution network already covers a significant portion of Slovakia, reaching approximately 94% of the population, future Capex spent on expansion of the network is likely to be negligible. Instead, the primary focus will be on converting and upgrading the existing network to ensure readiness of the network for a range of renewable gases.

District heating networks in the Czech Republic

The heating networks facilitate the distribution of hot water, almost exclusively generated through a highly efficient cogeneration process. The adjacent heating plants supplying heat to the networks are operated directly by EPH or by affiliated entities. While these plants currently rely on lignite as the primary energy source, these plants are undergoing a major conversion program to phase out coal and replace it with alternative sources, as detailed in the subsequent section.

Hydrogen-ready CCGT heating plants in the Czech Republic

EPH has historically operated heating plants at three locations in the Czech Republic. In March 2025, EPH disposed two entities into an affiliated entity, reducing its exposure to heat generation. EPH currently operates heating plants via its subsidiary Plzeňská teplárenská which has initiated conversion projects to replace the remaining lignite-based heating plants with hydrogen-ready CCGT cogeneration units. These will complement the existing biomass units and a waste incinerator plant. The CCGT units are recognized as fully compatible with the future net zero energy system. When evaluating these technologies, EPH places emphasis on their ability to accommodate various renewable gases, including hydrogen. As the share of renewable energy sources is expected to increase, the dispatchable CCGT units will play an increasingly vital role as peaking sources, ensuring the security of energy supply and

[25] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending regulation (EU) 2019/2088. See here.

grid stability. The conversion of these units to renewable gases is crucial to ensure their continued utilization within the net zero economy.

Hydrogen-ready CCGT / OCGT power plants

EPH is one of Europe's most active developers of controllable power generation sources critical for grid stability with 2.3 GW of OCGTs/CCGTs projects (all of them hydrogen-ready) recently completed or under construction. EPH acknowledges that meeting the set of stringent substantial contribution criteria under the EU Taxonomy might only be possible for certain plants. As an example, the Kilroot OCGT power plant in the UK is well positioned to fit in the criteria owing to (i) low absolute emissions attributable to a load factor typical for OCGT plants, (ii) replacement of an older coal power plant decommissioned in 2023, and (iii) UK power sector decarbonization strategy which envisages renewable gases to largely replace unabated natural gas by 2035.

Nuclear units

Via its subsidiary SE, EPH operates nuclear power plants Jaslovské Bohunice ("EBO") and Mochovce ("EMO"). Nuclear power plants are able to produce large amounts of electricity from relatively small amounts of fuel, ensuring a stable and reliable supply of electricity with limited environmental impact.

The completion of Units 3 and 4 of the Mochovce Nuclear Power Plant (hereinafter referred to as "EMO 34") is the largest private investment in the Slovak Republic. The gross capacity of each unit is 471 MWe, with the capacity expected to increase to more than 500 MWe in subsequent years. SE expects to commission the additional nuclear unit Mochovce 4 in the first half of 2026.

After commissioning, the two EMO 34 units will together cover approximately 26% of electricity consumption in the Slovak Republic. The nuclear technology used in EMO 34 is a VVER 440/V-213 design with pressurised water reactors that are moderated and water cooled. The technology used in EMO 34 is characterised by its evolutionary design with proven technology and a number of safety enhancements, inherent safety with low power density and high heat capacity of the primary circuit, as well as higher availability and efficiency. The completion of EMO 34 thus represents a significant contribution to low-carbon electricity generation in the Slovak Republic.

Hydropower plants

Via its subsidiary SE, EPH operates 31 hydropower plants with total net installed capacity of 1.6 GW, comprising run-of-river power plants as well as pumped hydro storage plants. Owing to its operational flexibility, hydropower plants represent a dispatchable renewable source of power with contribution to grid stability. SE is preparing projects to modernize its fleet of hydropower plants. The main project is represented by the Integrator project on the Čierny Váh pumped hydro storage plant where two existing turbines will be upgraded to increase grid regulation capacity and complemented by a 100 MW battery storage system.

Battery energy storage systems (BESS)

EPH has developed a substantial pipeline of battery energy storage systems (BESS) projects. Approximately €300 million been allocated to projects where a final investment decision has already been made, while the remaining projects are evaluated. EPH has already commissioned a 35 MW battery storage facility at the Emile Huchet power plant site in France. Additional BESS projects are planned across France, Italy, the UK, Ireland, the Netherlands, and Slovakia, with further opportunities under continuous evaluation.

4.3 Process for Project Evaluation and Selection

Projects financed and/or refinanced through Green Financing proceeds are evaluated and selected by EPH Green Finance Committee (the "Green Finance Committee"), formed by representatives from Treasury/Financing, Sustainability, Investor Relations, and other parties to be nominated as subject matter experts. The Green Finance Committee is responsible for:

- Reviewing the content of this Framework and updating it to reflect changes in corporate strategy, technology, market, or regulatory developments on a best effort basis;
- Updating external documents such as second party opinion ("SPO") and related documents from external consultants and accountants;
- Evaluating and defining the Eligible Green Project Portfolio in line with the Eligibility Criteria as set out in the Framework; excluding projects that no longer comply with the Eligibility Criteria or have been disposed of and replacing them on a best effort basis;
- Ensuring that the characteristics of the Eligible Green Project Portfolio have not materially changed, particularly in respect of the transition risk and locking in emissions from the prolonged use of fossil fuels;
- Overseeing, approving, and publishing the allocation and impact reporting, including external assurance statements. EPH may rely on external consultants and their data sources, in addition to its own assessment;
- Monitoring internal processes to identify known material risks of negative social and/or environmental impacts associated with the Eligible Green Project Portfolio and appropriate mitigation measures where possible; and
- Liaising with relevant business finance segments and other stakeholders on the above.

The Green Finance Committee will meet at least on an annual basis and will report to the EPH board of directors at least on an annual basis. Resolutions by the Green Finance Committee will require unanimous consensus of all its members, granting each member the power of veto.

ESG Policies

EPH has put in place a number of policies connected to ESG area, such as ESG Master Policy[26], setting out a comprehensive policy framework for the EPH Group as well as defining the core principles for sustainability related policies within EPH and its core subsidiary companies. EPH's Environmental Policy[27] defines the Group's commitments in regard to behavior that has a direct or indirect impact on the environment. EPH policies address various aspects of its operations including biodiversity, procurement, diversity and inclusion, as well as anti-corruption measures.

EPH complies with official national and international environmental and social standards and local laws and regulations, on a best effort basis across all its activities. These laws are monitored and enforced by the local authorities, amongst others as part of obtaining the necessary permits for new projects and infrastructure maintenance. EPH's environmental and social risk policies define minimum standards for all its activities, including those financed with the proceeds of Green Financing issued under this Framework. The table below presents an overview of relevant codes and policies established at EPH[28]:

ESG Master Policy	***Sanctions Policy***
Environmental Policy	***Anti-Trust Law Policy***
Biodiversity Policy	***Policy on Reporting of Serious Concerns***
Procurement Policy	***Asset Integrity Policy***
Cybersecurity Principles	***Equality, Diversity and Inclusion Policy***
Code of Conduct	***Operational Policy***
Tax Governance policy	***Anti-Corruption and Anti-Bribery Policy***
KYC Directive	***Anti-Financial Crime Policy***

[26] EPH ESG Master Policy
[27] EPH Environmental Policy
[28] https://www.epholding.cz/en/polices-connected-to-esg-area/

To ensure the effective management of health, safety, and environmental aspects of day-to-day operations, EPH Group has established health, safety, and environmental committees at the level of EPH (overseeing power generation activities) and EPIF (overseeing energy infrastructure activities). These committees are responsible for evaluating pertinent policies, offering guidance, and making recommendations concerning crucial safety, health, environmental, and security matters. The committees provide quarterly reports to the respective board of directors and closely monitor key performance indicators. Consisting of members appointed by the respective board of directors for an indefinite term, the committees convene approximately five times a year.

EPH's approach to managing climate change-related risks

Physical risks

EPH acknowledges that more frequent and extreme weather events are a risk as they can damage infrastructure assets and lead to interruptions in the supply of vital commodities. EPH has performed an analysis of physical climate risks at the Group level for its main locations to assess its exposure to acute and chronic climate hazards. The main identified risks are represented by a general increase in temperatures impacting efficiency of power plants and increased frequency and severity of droughts or general water stress affecting availability of water used in cooling and other processes. Specifically for the power distribution network, the most relevant risk is higher wind speeds.

Guided by EPH's Asset Integrity Policy, EPH ensures that the decisions it makes consider all life-cycle stages of its assets, recognizing the interconnectedness of the systems. EPH's short-term investment decisions are always based on the rigorous analysis of long-term projections of investment needs. EPH has established predictive maintenance processes to identify points in its network where maintenance should be preferentially performed. Additionally, EPH adequately insures key infrastructure and continuously monitor the water offtake at its individual sites and consults with local water authorities. EPH continuously implements measures to reduce water offtake and prefers alternative cooling solutions to reduce dependency on cooling water from adjacent water bodies.

Transition risks

EPH recognizes the critical importance of addressing the risk of assets becoming non-competitive or obsolete due to market shifts and regulatory changes. The emergence of low-carbon solutions and the increasing preference towards renewable energy sources are reshaping industries worldwide. The growing global consensus on the need to mitigate climate change has led to increasing pressure on industries to reduce their carbon footprint. Consequently, there is a rising demand for low-carbon solutions across various sectors, including energy production. As a result, assets reliant on traditional, carbon-intensive technologies may face challenges in remaining competitive in the market.

As a company involved in the fossil fuel sector, with strong focus on natural gas, EPH recognizes the transitional role of gas and acknowledges the imperative to replace it with green alternatives. For this transition to occur effectively, renewable gases must attain commercial competitiveness, or the regulatory framework must facilitate their competitiveness relative to natural gas. Failure to transition to renewable gases leaves EPH vulnerable to the effects of carbon pricing mechanisms, renewable energy targets, and emissions trading schemes, all of which can significantly alter the economic landscape of energy production and consumption. Assets that do not align with these regulatory requirements risk facing heightened operational costs or regulatory penalties, thereby jeopardizing their competitive standing.

EPH addresses transition risks by ensuring that its assets are on a trajectory to become compatible with a net zero energy system. The importance of such assets is underscored by the regulatory frameworks in the countries where EPH operates, which offer investment subsidy programs or capacity payment mechanisms to facilitate the development of these dispatchable generation sources.

EPH provides additional information on its approach to physical climate and transition risk in the Consolidated Sustainability Statement 2025.[29]

EPH's approach to Just Transition

Energy transition goes beyond technological advancements and environmental considerations as it encompasses a wide range of social dimensions from the affordability of energy for consumers to the livelihoods of workers in the energy sector. EPH acknowledges the importance of addressing these social aspects to ensure that the transition is fair and inclusive.

EPH recognizes that higher investments in energy transition ultimately translate to costs borne by end consumers or taxpayers. Therefore, it is imperative to pursue cost-effective solutions that minimize the financial burden on society while still achieving the desired environmental outcomes. By opting for cost-efficient technologies and strategies, EPH strives to make the energy transition economically viable and socially acceptable.

At the heart of EPH's approach to energy transition is the principle of ensuring the affordability of vital commodities for the population. Recognizing that the transition will only be socially acceptable if it does not impose undue financial hardship on consumers, EPH prioritizes measures to mitigate the impact on energy prices and ensure access to essential services for all members of society.

The closure of power plants as part of the energy transition inevitably leads to job losses in affected communities. While some jobs may be lost in the decommissioning of coal-fired plants, EPH endeavors to create new employment opportunities in the operation of cleaner, more sustainable energy facilities. By investing in training and re-skilling programs, EPH seeks to support affected workers in transitioning to new roles in the evolving energy landscape.

4.4 Management of Proceeds

EPH will allocate an amount equivalent to net proceeds from the Green Financing to finance or refinance, in whole or in part, the Eligible Green Project Portfolio. Projects will be selected in accordance with the Use of Proceeds criteria and the Evaluation and Selection process presented above, within 36 months of issuance of the Green Finance Instruments.

The EPH Green Finance Committee will monitor the portfolio of Eligible Green Projects using an internal project register. If an Eligible Green Project no longer meets the definition of Eligible Green Project as outlined in section 4.2, EPH will remove this asset from the portfolio of Eligible Green Projects and will strive to replace it with another Eligible Green Project as soon as reasonably practicable.

Where a green loan takes the form of one or more tranches of a loan facility, each tranche applicable to the Eligible Green Projects will be clearly labelled, with net proceeds, or an amount equivalent to the net proceeds, of the green tranche(s) tracked separately in an internal project register.

EPH will, over time, achieve a level of allocation for the Eligible Green Project Portfolio which matches the balance of net proceeds from its outstanding Green Financing. Additional Eligible Green Projects will be added to the EPH Eligible Green Project Portfolio to the extent required to ensure that the net proceeds from outstanding Green Financing will be allocated to the Eligible Green Project Portfolio.

Pending full allocation, any unallocated Green Financing net proceeds will be invested, managed or held by EPH on a temporary basis, at its own discretion, in cash, cash equivalents, and/or other short-term liquid instruments.

4.5 Reporting

EPH will publish a report on the allocation of proceeds to the Eligible Green Project Portfolio as well as an impact report annually and at least until full allocation or until maturity.

[29] Consolidated Sustainability Statement of EPH Group is part of the Annual Report accessible here https://www.epholding.cz/en/results-centre/

EPH will report on the allocation and impact of the net use of proceeds to the Eligible Green Project Portfolio at least at the category level and on an aggregated basis for all EPH's Green Financing outstanding.

EPH will align its reporting with the approach described in the ICMA "Handbook – Harmonized Framework for Impact Reporting (June 2023)"[30] on a best effort basis.

Allocation Reporting

The allocation report will provide:

- Total amount of assets, investments, and expenditures in the Eligible Green Project Portfolio, per eligible category
- The amount or percentage of new and existing projects (financing vs. refinancing)
- The balance of unallocated proceeds
- The geographic location of the projects, where feasible
- The percentage and amount of taxonomy eligible and taxonomy aligned activities

Impact Reporting

The impact report will provide the following and also include a description of underlying methodology and assumptions used:

- Estimated annual avoided GHG emissions (in tonnes CO_2e/year)
- Reduction in the average emission intensity (in gCO_2/kWh)
- Installed capacity of zero-emission or low-carbon sources commissioned (in MW/year)
- Electricity storage capacities commissioned (in MW/year)
- Length of the gas distribution infrastructure adapted to hydrogen (in km/year)
- Connection of the renewable generation capacity to the power distribution network (in MW/year)
- Smart grid components installed in the power distribution network, e.g. smart meters

4.6 External Review

Second Party Opinion (pre issuance)

This Framework has been reviewed by *S&P Global Ratings*, who have issued an independent Second Party Opinion. The Second Party Opinion as well as this Framework will be accessible through the EPH website.

Verification (post issuance)

EPH will request on an annual basis, starting one year after issuance and until maturity (or until full allocation), a limited assurance report of the allocation of the proceeds to the Eligible Green Project Portfolio and the impact reporting, provided by its external auditor (or any subsequent external auditor).

[30] https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf

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