

MVM Group Integrated ESG Report 2023



Published by MVM Energy Private Limited Company (registered office: 1031 Budapest, Szentendrei út 207–209., Hungary)

Managing publisher: Károly Tamás Mátrai, CEO

Managing editor responsible for content: Máté Kovács, Head of HSE Department

www.mvm.hu

Table of Contents

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER.....	4
1. INTRODUCTION OF THE MVM GROUP	7
1.1 ACTIVITIES OF THE MVM GROUP	7
1.2 MACROECONOMIC, ENERGY MARKET AND REGULATORY ENVIRONMENT	15
1.3 STRATEGY OF THE MVM GROUP	21
1.4 ESG STRATEGY	26
1.5 STAKEHOLDER ENGAGEMENT	28
1.6 MATERIALITY ANALYSIS	30
1.7 GOVERNANCE STRUCTURE	31
1.8 VALUES AND CODE OF ETHICS	38
1.9 LEGAL COMPLIANCE.....	41
2. ECONOMY.....	48
2.1 KEY TECHNICAL AND ECONOMIC INDICATORS	49
2.2 CAPACITY EXPANSION AND REPLACEMENT	58
2.3 INNOVATION	61
2.4 ALTERNATIVE MOBILITY.....	66
2.5 ENVIRONMENTAL PROJECTS	68
2.6 AVAILABILITY, RELIABILITY AND SECURITY OF SUPPLY	72
2.7 NUMBER OF CUSTOMERS AND SERVICE	75
2.8 DEMAND SIDE MANAGEMENT (DSM)	81
2.9 PAYMENT OF TAXES AND GOVERNMENT SUBSIDIES	82
2.10 EU TAXONOMY REPORT 2023 OF THE MVM GROUP.....	84
2.11 PROCUREMENT AND SUPPLY CHAIN	90
3. ENVIRONMENTAL PROTECTION.....	93
3.1 IMPACT DUE TO CLIMATE CHANGE.....	94
3.2 AIR POLLUTANT EMISSIONS.....	104
3.3 WATER USE AND EFFLUENTS	107
3.4 WASTE MANAGEMENT	114
3.5 NUCLEAR ENVIRONMENTAL PROTECTION	117
3.6 LAND RECLAMATION AND REMEDIATION	122
3.7 BIODIVERSITY	126
4. SOCIETY.....	135
4.1 ASSET INTEGRITY, CRISIS MANAGEMENT AND DISASTER MANAGEMENT	135
4.2 EMPLOYEES AND EMPLOYMENT	143
4.3 EQUAL OPPORTUNITIES.....	151
4.4 LABOUR-MANAGEMENT RELATIONS	156
4.5 OCCUPATIONAL HEALTH AND SAFETY	158
4.6 TRAINING, EDUCATION AND DEVELOPMENT.....	164
4.7 SOCIAL RELATIONS	169
5. ABOUT THE INTEGRATED ESG REPORT OF THE MVM GROUP.....	182
6. ANNEXES.....	185
6.1 ACTIVITIES AND OPERATING LOCATIONS OF THE MEMBERS OF THE GROUP.....	185
6.2 SIGNIFICANT MEMBERSHIP IN ASSOCIATIONS	187
6.3 NUCLEAR SAFETY, SUMMARY OF THE NUCLEAR SUPERVISORY AUTHORITY	188
6.4 DECOMMISSIONING OF THE NUCLEAR POWER PLANT.....	193
6.5 2023 CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE MVM GROUP	197

6.6 2023 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE MVM GROUP	199
6.7 2023 CONSOLIDATED STATEMENT OF CASH FLOWS OF THE MVM GROUP	200
6.8 EU TAXONOMY DATA TABLES.....	202
6.9 ESG KEY INDICATORS	232
6.10 ESG KPI DEFINITIONS AND CALCULATION METHODOLOGIES	243
7. GRI CONTENT INDEX.....	257
INDEPENDENT ASSURANCE REPORT	268

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

GRI 2-22¹

Dear Reader,

We can proudly state that despite all the challenges and the turbulent economic and geopolitical environment affecting our continent, the 60-year old MVM Group closed one of its most successful years in 2023. The Group took several significant steps forward during the year and laid excellent foundations for the implementation of its medium- and long-term plans in line with Hungary's energy strategy goals set together with the Shareholder.

The most important result of 2023 is that we created a new strategy for our company, in which our task was no less than to find suitable answers to the energy challenges of the present and the future. Our ambitious goal is to make our Group an indispensable, leading player in Central and Eastern Europe's energy markets and infrastructure by 2035, offering carbon-neutral solutions that contribute to a more sustainable future. With large-scale domestic and foreign developments and projects, we took significant steps to accelerate the green transition of our company and Hungary, and with our activities we contributed to maintaining the security and affordability of domestic energy supply and also to strengthening our energy sovereignty. As a result of all this, the MVM Group achieved a record profit after tax of HUF 369 billion. This result is outstanding not only for the company, but also for the economy of the whole country, and it is no accident that MVM became the second largest company in Hungary.

The value of our achievements is further increased by the fact that we managed to achieve this in a business environment characterised by an international energy crisis and the difficulties of a war situation. At the same time, the biggest challenge facing the energy sector is undoubtedly the transition to sustainable, climate-neutral operations, which, however, also creates new opportunities for our company.

The four key pillars of the updated strategy of the MVM Group are green transition, portfolio diversification, customer-oriented and adaptive organisational operation, and financial excellence. The primary goal is green transition, in which our company wants to reduce its greenhouse gas emissions with wide-ranging projects by at least 50% by 2035, thereby promoting the energy independence and security of supply of the country. The second focus is portfolio diversification, in which we aim to achieve a healthy balance in the market product portfolio and to increase our international market presence with regulated business units. Organisational development is the third pillar, in which the main goal is to strengthen customer-oriented and adaptive organisational operation by increasing our proactivity and competitiveness. Finally, financial excellence is paramount in our strategy, to which maintaining and improving our investment credit rating and achieving a more favourable ESG rating contribute.

Our strategy created in 2023 will be revised from time to time since the world and the processes affecting energy around us can change faster than ever. For such a large group of companies, creating a strategy was a very complex task, but perhaps what is even bigger work

¹ The identification number and code of GRI and MVM indicators about which the GRI Content Index and the Annex contain further information.

is to keep the strategy up to date. The key to success is well illustrated by Henry Ford's famous saying: 'Success means having the skills that are in demand right now.'

The best business result of the MVM Group last year since our existence was mainly due to the international activities and effectiveness of our company. This also made it possible for MVM Ltd. to pay HUF 309 billion in interim dividends to the Shareholder.

As an integrated energy company, a company standing on solid financial grounds and with the fourth largest sales revenue in Central Europe, our wide range of activities cover almost the entire value chain. We play a decisive role in the energy wholesale markets of the region, while our foreign retail business units are also improving their performance. Our domestic network operation business unit also helped us achieve outstanding results, while we still do not generate profits in the domestic universal service segment, i.e. serving the population.

In 2023, we launched the lifetime extension project of the Paks Nuclear Power Plant, so we can operate the Paks Nuclear Power Plant reliably and cost-efficiently until 2057. With organic growth and acquisition, we further increased our renewable energy generation capacity, the participation phase of the public procurement procedure announced for the implementation of three new modern combined cycle gas turbine power plants in the Mátra Mountains and on the Tisza River was completed, and during the year a third well was also put into production in the natural gas field in Békés County, where natural gas and condensate extraction is continuous.

The fact that we continued to be highly active in domestic and international capital markets also in 2023 also provides a solid basis for financing our investment programmes planned to be implemented in the coming years, significantly increasing our capital raising opportunities. For the first time in the history of our company, we issued green bonds last year, which was completed with great success, and today as many as four of the bonds of our company are available on capital markets. The successful bond issue shows that the MVM Group is considered a stable, reliable and recognised partner even in the eyes of the international investment community. This is also confirmed by the fact that the MVM Group has maintained its investment grade credit rating from Fitch Ratings. In order to broaden our financing opportunities, we continue to strive for active investor relationships, and our company also continues to prepare to meet the conditions for admission to the stock exchange.

MVM also developed a Green Financing Framework last year to finance its projects undertaken in order to achieve national and corporate sustainability goals. The framework, which is also in line with the ESG Strategy of the Group and the green bond and green loan principles, opens up the possibility for MVM to use green financing through capital and credit market instruments. As a positive confirmation of the efforts made in 2023 to increase sustainability, MVM significantly improved its ESG rating² at the beginning of 2024, which also facilitates the efficient financing of the Group.

Compliance with sustainability criteria is highly important for the MVM Group because the decisive role and economic weight in energy supply is accompanied by outstanding responsibility. Therefore, we are committed to finding solutions in cooperation with the

² Morningstar Sustainalytics

Shareholder, our customers and our partners that serve our domestic and international business interests as well as the enforcement of wider social and national interests. We recognise the need to make sustained and committed efforts to achieve our long-term goals, and it is important not only to maintain security of supply, but also to achieve our long-term transformation goals.

I am confident that our strong corporate foundations, excellent team and talented specialists will help us play a prominent role in Europe's energy transition in the region.

For the details, I recommend you to read the 2023 Integrated ESG Report of the MVM Group.

Károly Mátrai
Chief Executive Officer

1. INTRODUCTION OF THE MVM GROUP

1.1 Activities of the MVM Group

GRI 2-1, 2-2, 2-6, 2-15 and 201-4

The parent company of the companies belonging to the MVM Group is MVM Ltd. (MVM Energy Private Limited Company, registered office: 1031 Budapest, Szentendrei út 207-209., Hungary) owned 100% by the state. The Group covers almost the entire spectrum of the energy sector, and its strategic objective is to strengthen its international presence and visibility.

Mission of the MVM Group: As a sustainable, regional company ready for the stock exchange, we provide affordable and clean energy to our customers.³

The MVM Group comprised a total of 120 companies as at 31 December 2023:

- one parent company,
- 104 subsidiaries (of which 93 fully consolidated),
- four joint management companies (including the subsidiaries of joint management companies),
- 11 associated companies (according to the Accounting Act in force, companies in which MVM Ltd. holds a direct or indirect interest of more than 20%, but less than 50%).

The group of companies covered by the Integrated ESG Report is set out in detail in Chapter 5.

MVM-9

In 2023, the Group completed two **acquisitions** that can be considered significant:

- Through a successful acquisition (Sunshine project), the Group acquired its largest solar power plant, which has an installed capacity of 109.6 MW_p (98.6 MW_e). This power plant located in Kaposvár was included in the portfolio of MVM Green Generation Ltd.⁴
- Purchase of a 50% stake in OGD Berettyóújfalu Concession Ltd. The company is engaged in natural gas extraction.

With respect to the acquisition of the Tázlár solar power plant with an installed capacity of 63.0 MW_p (46.6 MW_e), the most important milestones of the acquisition were achieved during the year, but the financial closing of the transaction took place in 2024.⁵

No material sales were made during the year.

GRI 2-6

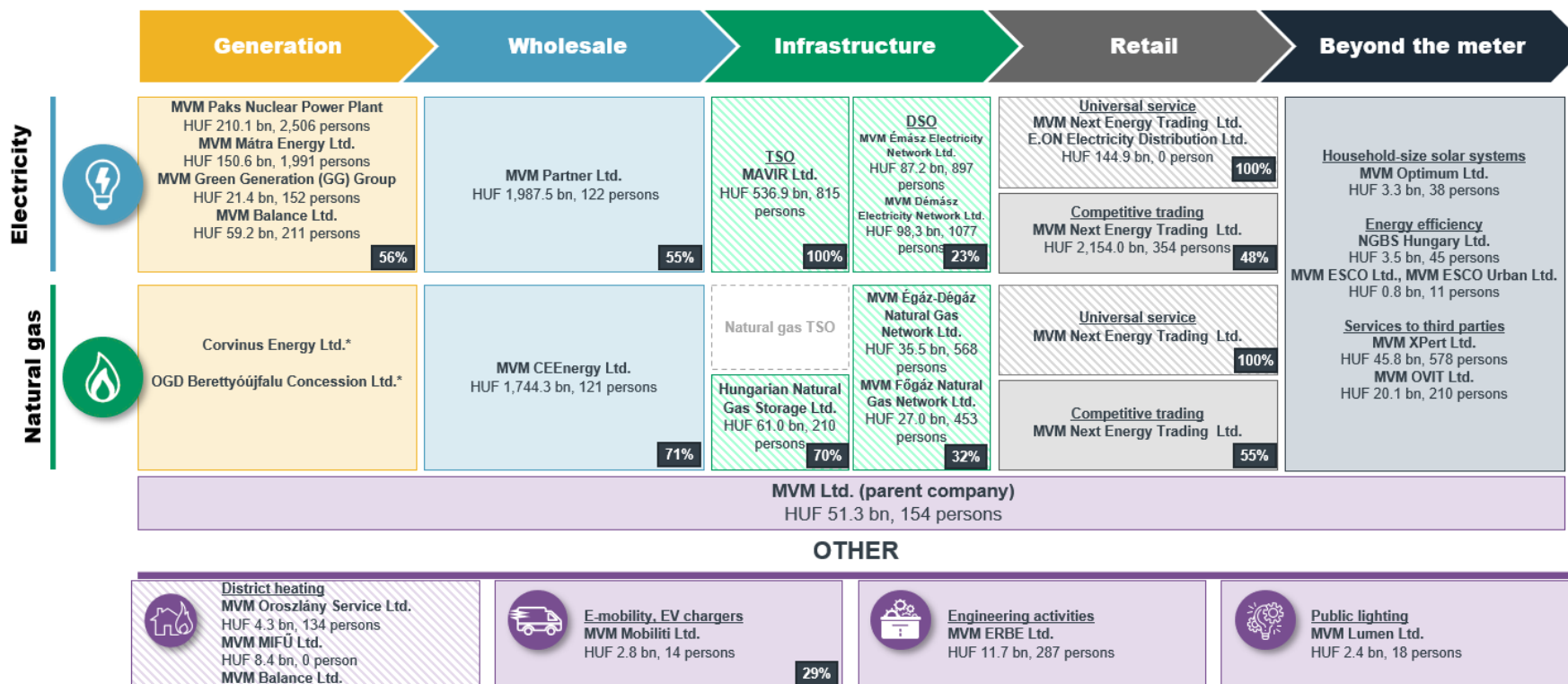
The key members of the MVM Group are presented in groups according to their role in the value chain. Further information about the Group can be found in the Consolidated Annual Report of the MVM Group, and a more detailed description of the companies included in the report can be found on the websites of the member companies of the MVM Group.

³ During 2023, the MVM Group developed a new, long-term strategy for the 2024–2035 period, which was adopted in 2024. However, due to its relevance, this strategy is presented in the Report.

⁴ As of 1 January 2024, the corporate form of the company is public limited company.

⁵ It has already been implemented at the time of reporting.

THE PRESENCE OF MVM IN HUNGARY'S ENERGY VALUE CHAIN



Price-regulated activities

No MVM presence

X% The market share of MVM in Hungary based on the number of charging points.

HUF X bn: Net sales, 2023; x persons: number of employees, 31.12.2023. For companies shown more than once in the figure, the details are stated once for the whole company.

* Non-consolidated companies.

MVM Ltd.

The parent company performs management service tasks for the other companies of the MVM Group, in particular, it provides asset management and investment solutions, facilitates cooperation and communication with international organisations and other stakeholders, and provides sustainability performance management, knowledge management, education, training and qualification services. In order to strengthen its international presence, MVM Ltd. has foreign representative offices in Brussels and Moscow.

GENERATION

MVM Paks Nuclear Power Plant Ltd.

The company accounts for more than 40% of Hungary's electricity generation capacity. The sales price of electricity generated by the nuclear power plant is the lowest among those of the domestic power plants.

MVM Paks Nuclear Power Plant Ltd. extended the lifetime of the units planned for 30 years by 20 years previously, while maintaining a high level of nuclear safety. As a result of the programme, based on the currently valid operating licence, Unit I of the nuclear power plant will be able to generate electricity until 2032; Unit II, until 2034; Unit III, until 2036; and Unit IV, until 2037.

At the same time, preparations for further lifetime extension have begun given that the Hungarian Government has decided in its resolution on the preparation of further extending the operating life of the Paks Nuclear Power Plant by another 20 years. The Government informed Parliament in advance about the commencement of activities related to the further lifetime extension of the Paks Nuclear Power Plant. With its Resolution No 56/2022 of 8 December 2022 OGY on the further lifetime extension of the existing units of the Paks Nuclear Power Plant, Parliament acknowledged it. According to the provisions of the Resolution, this investment programme serves the country's energy sovereignty, climate protection and security of supply goals. Furthermore, in accordance with Euratom regulations, the start of the further lifetime extension of the Paks Nuclear Power Plant was notified to the European Union in October 2023.

Public opinion polls demonstrate year after year that more than 70% of the population agree with the operation of a nuclear power plant in Hungary.

MVM Mátra Energy Ltd.

The company operates Hungary's only power plant based on lignite, the only significant domestic primary energy source, which plays an important role in terms of both security of supply and energy independence. The power plant procures lignite as its main fuel from its two own mines (at Visonta and Bükkábrány). The power plant is also present in renewable energy generation, also burning biomass in an amount of nearly 10% per energy content after mixing it with fuel. The implementation of the green vision of the facility and the phasing out of coal technology are in line with the EU's energy and climate policy goals as well, so the company can also apply for significant EU funding for the conversion. The professional background of the MVM Group guarantees that the supply system will run smoothly during the conversion process.

In connection with the implementation of Government Resolution No 1335/2022 of 15 July 2022 on taking certain necessary measures related to the energy emergency (the 'Government Resolution') and Government Resolution No 1452/2022 of 19 September 2022 on measures related to the enhancement of lignite-based generation, a new one, Government Resolution No 1500/2023 of 16 November 2023 on the future operation of the Mátra Power Plant was issued in the autumn 2023 given the suspension of the investment programme for generation enhancement in March 2023 and the gradual phasing-out (reduction) of generation by coal-fired units by the end of the second quarter of 2027.

In Government Resolution No 1500/2023 of 16 November 2023, the Government acknowledged the results of the impact assessment completed and presented with regard to the implementation of Government Resolutions No 1335/2022 of 15 July 2022 and No 1452/2022 of 19 September 2022 in

order to ensure domestic electricity supply. Furthermore, the Government agrees that until the commissioning of the combined cycle gas turbine power plant planned for the site of the Mátra Power Plant, by the end of the second quarter of 2027, it is necessary to ensure the operability of the lignite-fired units of MVM Mátra Energy Ltd. and to determine the optimised operation of the operable (available) lignite-fired units (one- or two-unit operation). Based on the above-mentioned Government Resolution, it is necessary to prepare a proposal for the period after 31 December 2024, which also includes the elaborated financing alternatives and the relevant risk assessments.

The main profile of **GEOSOL Ltd.** is the production of alternative fuels, the preparation of biomass and pre-treated waste for energy recovery, and the purchase and sale of biomass of plant origin for energy purposes. The company provides biomass and improved waste fuel supply to MVM Mátra Energy Ltd.

MVM Green Generation Ltd.

It is the renewable energy generation and project subsidiary of the MVM Group. The installed capacity of the solar, hydro and wind power plants of the companies belong to the MVM Green Generation Group exceeds 400 MW. The company currently operates eight wind farms with a total installed capacity of 23 MW, solar power plants on more than 180 sites, and the two largest hydropower plants of the country. The installed capacity of PV power plants exceeded 380 MW_p at the end of 2023, and that of the domestic hydropower plants amounts to 41 MW. One of the main tasks of MVM Green Generation Ltd. is to further expand the existing power plant portfolio and to supplement the significant weather-dependent power plant fleet with weather-independent elements as well. The corporate form of the company was limited liability company in 2023 and is private limited company from 1 January 2024 ('MVM GG Ltd.').

MVM Balance Ltd.

The company operates three backup gas turbine power plants providing system-level services (Litér, Sajószöged and Lőrinci) as well as the North Buda Heating Power Plant and the Bakony Gas Turbine Power Plant, the Combined Cycle Heating Power Plant in Miskolc and the gas engines located in Miskolc.

Corvinus Energy Ltd.

The company is 50% owned by the MVM Group and 50% by the US-based Aspect Holdings LLC Group (therefore, this Report does not cover the company). The company started shale gas and light oil extraction at Nyékpusztá in 2023, contributing to meeting as much of the gas demand as possible from domestic sources.

OGD Berettyóújfalu Concession Ltd.

The company was founded for natural gas exploration and production, with three wells drilled during 2023. This company is also 50% owned by the MVM Group and is therefore not included in this Report.

WHOLESALE

MVM Partner Ltd.

The company is the largest electricity wholesaler in the domestic market and is active in wholesale throughout Europe. Its branch offices operate in the Czech Republic, Slovakia and Romania, and its subsidiaries, in Serbia, Croatia and North Macedonia.

MVM CEEnergy Ltd.

The company is Hungary's largest natural gas trader and the most significant partner of the Hungarian universal gas service provider. Its subsidiaries are present in Austria, Slovakia, the Czech Republic, Croatia and Serbia.

INFRASTRUCTURE

MAVIR Ltd.

It is the Transmission System Operator of the Hungarian electricity system and the owner-operator of the transmission network. As a subsidiary of the MVM Group, MAVIR Ltd. operates according to the ITO (Independent Transmission Operator) model, which ensures the enforcement of the unbundling rules in compliance with the relevant EU Directive. The export revenues of the company are also significant.

Hungarian Gas Storage Ltd.

As the largest commercial gas storage company in Hungary, it operates four underground gas storage facilities with a total mobile gas capacity of 4.43 billion m³ and a daily withdrawal capacity of 49.8 million m³. Besides ensuring the winter gas supply to the country in the long run, it is an important objective for the company to contribute to Hungary becoming a central player in the Central-European region.

MVM Émász Electricity Network Ltd. and MVM Démász Electricity Network Ltd.

The two companies operate electricity networks as electricity distributors. Émász operates a network of 23,000 km in Nógrád, Borsod-Abaúj-Zemplén and Heves Counties and certain parts of Pest and Jász-Nagykun-Szolnok Counties, while Demász operates a network of 30,000 km in the Southern Great Plain.

MVM Égáz-Dégáz Natural Gas Network Ltd. and MVM Főgáz Natural Gas Network Ltd.

MVM Égáz-Dégáz Natural Gas Network Ltd. operates a gas network of about 23,000 km in its operating areas in Northwest Hungary and the Southern Great Plain, more specifically in Győr-Moson-Sopron, Vas, Komárom-Esztergom, Csongrád, Békés, Bács-Kiskun and Veszprém Counties, providing supply to 700 municipalities. MVM Főgáz Natural Gas Network Ltd. operates a gas network of about 6,000 km in its operating area in the capital region, in the capital and in 18 municipalities near Budapest.

RETAIL

MVM Next Energy Trading Ltd.

The company is engaged in universal service and electricity and natural gas trade in the competitive market in the whole territory of Hungary. It is a market-leading retail service provider in competitive retail trade.

E.ON Electricity Distribution Ltd.

The company provides universal electricity service in Hungary, primarily serving retail customers.

OTHER SERVICES

Only the more significant companies in the figure are presented.

MVM XPert Ltd.

The main activities of the company are the construction, installation, maintenance, elimination of breakdowns and possible operation of high-voltage transmission and main distribution network system components: transmission lines and substations.

MVM OVIT Ltd.

It is a company performing technical manufacturing activities and related services. It is engaged, among other things, in the manufacture of industrial steel structures, power plant machines and equipment as well as the development and manufacture of equipment for charging electric vehicles. The export activities of the company are also significant.

MVM Mobiliti Ltd.

It is Hungary's market-leading electric and gas mobility provider.

MVM ERBE Ltd.

The engineering office of the MVM Group participates in the preparation, planning and implementation of projects necessary for the operation of electricity and heat generation units and electric transmission and distribution networks, and undertakes the full implementation of these activities.

PRESENCE ABROAD**innogy Česká republika a.s. and its subsidiaries**

Five companies of the innogy Česká republika Group, which is the number one natural gas trader in the Czech Republic and supplies nearly 1.8 million retail and corporate customers with energy, has been owned 100% by MVM Ltd. since 2020. In addition, the Group is also engaged in combined heat and power generation, the installation of power plants and e-mobility. It has four subsidiaries in Slovakia.

MVM Energy Romania S.A.

The subsidiaries of the holding company are active in Romania, operating hydropower plants.

Other member companies operate in Croatia, Romania, Austria, Serbia and Switzerland through minority interests.

Objectives related to the ESG Key indicators of the MVM Group and their progress^{6 7}

ESG indicator identifier	Unit	2022	2023	Change (2023/2022)	2025 goal	2030 goal	2035 goal
EU-taxonomy aligned CAPEX	%	31.00	56.42	82%	45	55	65
Sales revenue generated from coal-related activities / Total sales revenue	%	1.38 ⁸	2.85	107%	3.2	0	0
Ratio of the carbon neutral installed own electrical capacity and the total installed electrical capacity	%	59.2	60.6	2%	63	67	73
Coal-based installed own electrical capacities	MW	884	884	0%	684	0	0
Scope 1 + 2 (emissions) total ⁹	kilo tonnes	4,464 ¹⁰	3,786	-15%	3,900	3,200	3,000
GHG intensity, CO ₂ -equivalent ⁹	gCO _{2e} /kWh	223	196	-12%	200	120 ¹¹	110
Water consumption intensity without hydropower plant: water consumed / electricity and heat energy produced ⁹	l/kWh	132	136	3%	135	125	120
Total volume of conventional (non-radioactive) waste produced in the reference year	tonnes	1,216,714	1,028,414	-15%	<1,550,000	< 50,000	<45,000
Volume of solid radioactive waste: low- and medium-level	m ³	61.8	72.4	17%	80	80	80
Rate of alternative vehicles in the company (light) motor vehicle fleet	%	11.2	19.1	71%	30	50	80
Customer satisfaction (Net Promoter Score, NPS) - Retail trade (electricity and natural gas) ¹²	#	13.0	64.0	-	#1	#1	#1
No. of registered users of online customer channels	#	1,387,638	1,448,166	4%	1,400,000	1,500,000	1,750,000
Share of customers served through digital channels	%	59.8	56.6	-5%	55	60	63
Lost-time injury frequency (LTIF)	accident/ million working hours	1.956	1.814	-7%	≤3.0	≤3.0	≤3.0
Number of significant or above (level 1 or higher) events on the INES scale	#	0	0	-	0	0	0
Compensation linked to ESG targets (goals) in the case of senior managers	yes/no	yes	yes	-	yes	yes	yes
Rate of women managers	%	24.3	25.3	4%	25	30	30
Proportion of employees subject to the Code of Conduct	%	98.6	98.6	0%	100	100	100
Rate of managers trained in the anti-corruption programme	%	Proportion of governance body	Proportion of governance body members: 19	-	100	100	100

⁶ The KPIs where the target values were met are marked in green.

⁷ During the development of the MVM Group Strategy (2024–2035) and the related strategy breakdown, the 2025 and 2030 targets were revised, and new KPIs were set also for 2035.

⁸ GR12-4: The 2022 figure is republished because the methodology for calculating the sales revenue of the coal-based activity has changed.

⁹ Among the scenarios calculated on the basis of the transition plan of the MVM Group in preparation, the target value expected according to the scenario that can be achieved with a probability of more than 50%.

¹⁰ GR12-4: Due to adjustments by the member companies, the 2022 value was changed from 4,441 to 4,464.

¹¹ It may change depending on the schedule of the lifetime extension works of the Paks Nuclear Power Plant.

¹² The 2022 value is NPS, while a Satisfaction Index has been provided for 2023, which cannot be directly compared to the 2022 NPS. #1 – Achieving industry best results_industry excellence.

ESG indicator identifier	Unit	2022	2023	Change (2023/2022)	2025 goal	2030 goal	2035 goal
		members: 0 Proportion of seniors staff: 24	Proportion of senior staff: 34				
Level of cyber hygiene based on the awareness and on the development of IT security	low/basic/medium/high	high	basic	-	basic	medium	medium
Rate of managers trained in cyber security	%	0.5	100	20,000%	100	100	100
Annual rate of procurement from local businesses in Hungary	%	92.6	92.7	0%	>90	>90	>90
No. of (supplier) risk screenings	#	2,230	2,384	7%	2,300	2,400	2,500
Availability of the Supplier Code of Conduct (CoC)	yes/no	no	yes	-	yes	yes	yes
Programmes and initiatives supporting the local communities	yes/no	yes	yes	-	yes	yes	yes

1.2 Macroeconomic, energy market and regulatory environment

The energy sector is currently undergoing a radical change, mainly due to events in the macro environment, the effects of changes in the regulatory environment and market trends.

MACRO ENVIRONMENT

Over the past few years, there have been several macroeconomic events that have fundamentally rewritten the rules of the industry. From 2020 onwards, the COVID-19 pandemic posed a challenge to the players of the sector, including the MVM Group. The crisis situation required immediate response and flexibility from organisations in the short term, but it also brought about a number of long-term changes, which were integrated into the operations of the Group. Subsequently, in 2022, the domestic and European energy markets faced another challenge as a result of the Russian-Ukrainian conflict. Measures related to the war have changed the market conditions, to which the actors have to adapt. In the strategy of the MVM Group, the issues of energy sovereignty and security of supply are given special emphasis.

REGULATORY ENVIRONMENT

The domestic regulatory environment has also undergone significant changes in recent years, when the basic directions of the next period have been unfolding in accordance with the regulations and plans of the European Union.

- Since the adoption of the 2020 *National Energy and Climate Plan (NECP)*, there have been a number of changes affecting the domestic energy sector (e.g. energy price increase, supply uncertainty and European sanctions policy), which warranted the revision of the plan in 2023. The focus of the NECP is on security of energy supply and reducing import dependency, in connection with which an important goal is to reduce the proportion of natural gas in the energy mix. Significant attention is also paid to sustainability objectives, especially the greater utilisation of renewable energy sources.
- The *National Energy Strategy 2030 (NES)* was published in 2020, which places clean, smart and affordable energy at the centre. Bearing this in mind, the most important strategic objectives of the NES also includes strengthening energy sovereignty and energy security, maintaining the results of utility rate cuts and decarbonising energy generation, the latter by using both nuclear energy and renewable energy sources. The strategy is expected to be updated in the near future, in line with the revised NECP guidelines.
- In May 2022, the European Commission published its *RePowerEU* plan, which, building on the 'Fit for 55!' recommendation package and complementing the measures on security of energy supply and storage, foresees a number of ambitious measures, in response to the Russian invasion of Ukraine in 2022. The REPowerEU plan aims to (i) increase energy savings, (ii) accelerate clean energy transition and (iii) diversify the EU's energy supply.

Several domestic pieces of legislation passed or issued in 2023 have a significant impact on the operations of the Group. In its resolution published on 16 November 2023 (Government Resolution No 1500/2023 of 16 November 2023), it agreed that it was necessary to ensure the operability of the lignite-fired units of MVM Mátra Energy Ltd. until the commissioning of the combined cycle gas turbine power plant planned for the site of the Mátra Power Plant, and invited the ministers concerned to develop alternatives to finance the further operation of MVM Mátra Energy Ltd. after 1 January 2024.

Act XL of 2008 on natural gas supply (Gas Supply Act) and Act LXXXVI of 2007 on electricity (Electricity Act) were also supplemented with provisions on accrual accounting, which aimed to make fluctuations between profitable and loss-making years manageable with accounting tools for network licensees. A decree was issued on the temporary emergency natural gas supply to district heat generators, on the basis of which MVM CEEnergy Ltd. and MVM Next Energy Trading Ltd. were appointed as natural

gas traders to supply district heat generators in the 2023/2024 natural gas year. The provisions on specific pricing were amended in the natural gas and electricity trading contracts of the individual institutions (for example, budgetary agencies belonging to the central state budget chapter). The provisions related to the right of way for a power line, network connection (and the additional financial guarantee in connection with it) and the feeding of electricity by small-scale household power plants into the public network were amended. An electricity storage revenue compensation support scheme was established, which will support winning projects in the tender procedure launched at the beginning of 2024. In order to preserve the positive balance of the district heating fund, the Government ordered additional reallocation.

With regard to price regulation, the level of electricity system usage fees for 2023 and 2024 could not have resulted in an increase in system usage fees paid by retail customers. During the period of emergency, provisions other than those of the Electricity Act were applied in relation to the annual pricing dates within the price regulation cycle, the setting of system usage fees and the distribution fees.

In June 2023, Act LVII of 2015 on energy efficiency was also amended. The regulations applicable to accounting within the period for savings made within the obligation period and the liability rules for the audit activity of the Hungarian Energy and Public Utility Regulatory Authority also changed. The regulation of the institution of the organised market and organised market trading as well as the authorisation required to develop them appeared as new elements.

INDUSTRY TRENDS

- Sustainability is primarily reflected in the transition to carbon-neutral energy (nuclear and renewable) in energy market efforts, including the activities of the MVM Group. Decarbonisation of energy generation and electrification result in the transformation of the energy mix, leading to a stable, flexible energy system.
- Achieving energy sovereignty appears as an important goal in domestic and EU regulations, and MVM also pays special attention to supporting security of supply and energy security.
- Digitalisation as a megatrend affects the operation on many levels since the spread of digital and AI solutions penetrates all elements of the value chain. It can be used to increase the efficiency of business activities, develop the core activities of the Group, and introduce new technologies/products in line with consumer needs.
- The rapid development of technologies plays a decisive role in the realisation of all these, which provides the background for meeting the challenges of the sector with innovative solutions.

ENERGY MARKET TRENDS

Electricity

Based on data from the International Energy Agency (IEA), developed countries experienced a decline in energy consumption and a slowdown in global electricity consumption growth in 2023. Worldwide demand for electricity increased by 2.2% in 2023 (2022: 2.4%). While China, India and many Southeast Asian countries experienced strong demand growth, developed economies showed a significant decline, mainly due to the unpredictable macroeconomic environment and declining manufacture and industrial production due to high inflation.

Until 2026, global demand is expected to grow at a faster rate (3.4% per year on average), which may be due to the favourable development of the economic environment.

The share of electricity in final energy consumption reached 20% in 2023. Electrification is a prerequisite for meeting global decarbonisation targets. In the IEA net-zero emission scenario by 2050 (consistent with limiting global warming to 1.5°C), its share in final energy consumption will approach 30% by 2030.

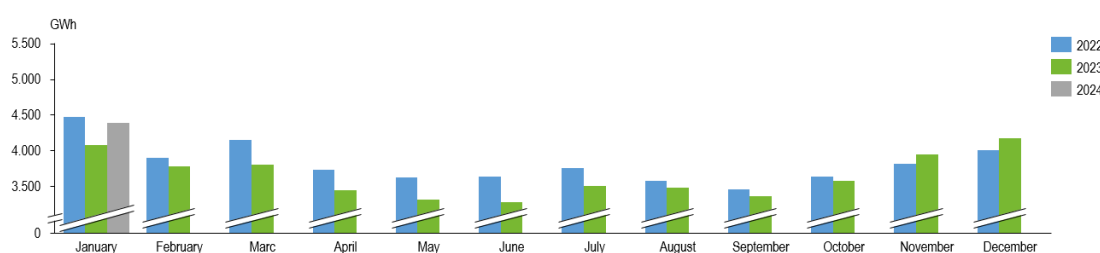
European renewable electricity generation will increase to 3,081 to 3,438 TWh by 2030, an increase of 90% to 112% compared to the 2022 figure.¹³

¹³ Source: IEA: World Energy Outlook 2023, 'Stated Policies Scenario' and 'Announced Pledges Scenario'

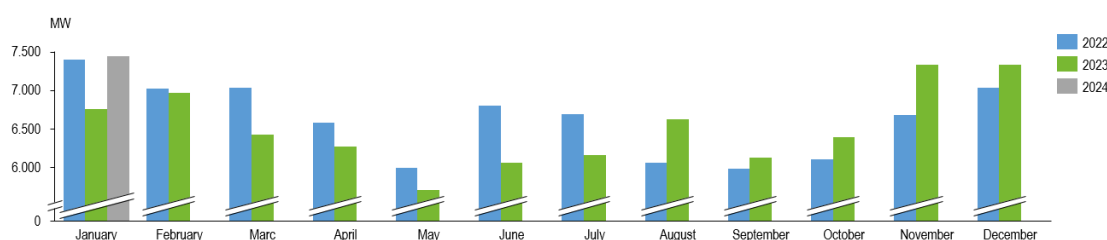
Electricity consumption in the CEE region and the Hungarian economy is on the verge of significant growth. There are essentially three processes behind this: (1) reindustrialisation, related to the manufacturing industry and battery manufacturing; (2) electrification, related to electromobility and heat pumps; and (3) implementation of a long-term hydrogen strategy. In Hungary, these processes are expected to increase electricity demand to about 61 TWh by 2035 compared to about 44 TWh in 2020.

The upward consumption trend poses a challenge to the actors of the supply chain since it raises both security of supply and infrastructure issues. Increased demand also means higher system load, which is reflected in the development of monthly gross electricity consumption and monthly peak time system load values.

Development of monthly gross electricity consumption in Hungary (January 2022 to January 2024)



Development of monthly peak gross system loads in Hungary (January 2022 to January 2024)

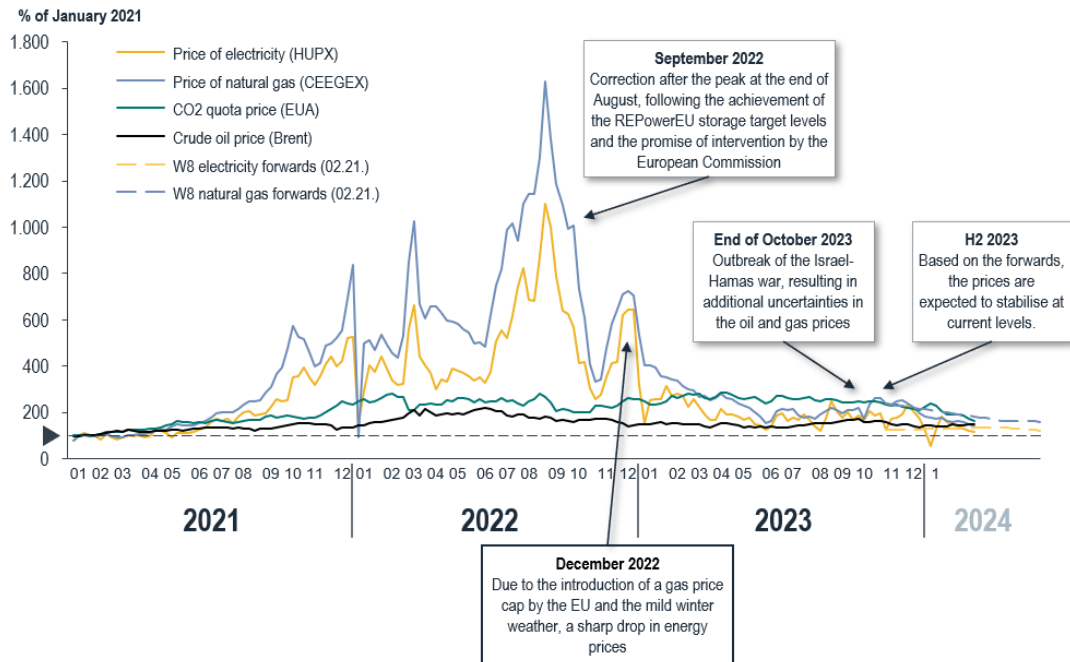


In the future, priority will be given to security of supply projects in the market, such as infrastructure developments and the development of a diversified domestic generation portfolio.

Trends in the domestic electricity system are closely related to demand and supply effects, which affect price developments in the Hungarian and European markets.

Since the outbreak of the Russian-Ukrainian war, the record prices of supply shortages due to the decrease in Russian gas supplies had been managed by EU decision-makers by encouraging LNG imports, coordinating demand reduction and price regulation, so after the great swings in 2021 and 2022, the previous turbulence calmed down by 2023.

Development of domestic stock exchange prices (2021–2024)



Energy prices appear to be stabilizing compared to recent highs, but are expected to be at higher levels than before. This trend can be influenced by unpredictable world political events.

PV power plants

The clean energy transition and electrification as well as the favourable support environment increase the willingness to invest in photovoltaic generators among households and companies alike. As a result, solar energy capacity is constantly increasing in Hungary, and renewable energy accounts for an increasing share of the energy mix.

With last year's annual construction peak, the total PV capacity in Hungary rose above 5,600 MW, of which about 3,300 MW were provided by industrial-scale solar power plants and about 2,300 MW by household-sized facilities at the end of 2023. Due to the faster-than-expected growth, the previously set target of 6,000 MW may be met as early as in 2024, so the revised version of the National Energy and Climate Plan expects a solar capacity of 12,000 MW by 2030.

Due to the constantly expanding capacities, the solar energy generation record was broken several times during 2023, and we can expect new records.

Trends experienced during 2023 show that solar energy will clearly play a key role in the future of the energy industry. A growing commitment to renewable energy and continued support for innovation and infrastructure development will allow solar energy to continue to play a leading role among sustainable and green energy sources.

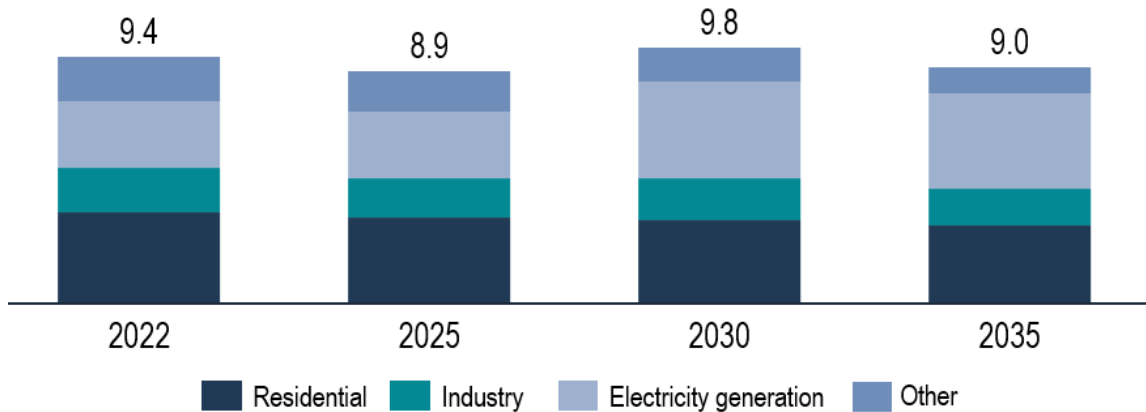
Natural gas

According to the IEA report, after the gas supply shock of 2022, natural gas markets became gradually balanced in 2023 due to rapid policy measures, market forces and favourable weather conditions. Gas prices fell significantly compared to the 2022 peak, but they were still above their historical averages in both Asia and Europe.

Decarbonisation in electricity generation will increase demand for natural gas in the short term, while incentives related to energy efficiency are expected to decrease it.

Natural gas demand in the strategic timeframe

Expected development of natural gas demand in the medium and long term (billion m³)

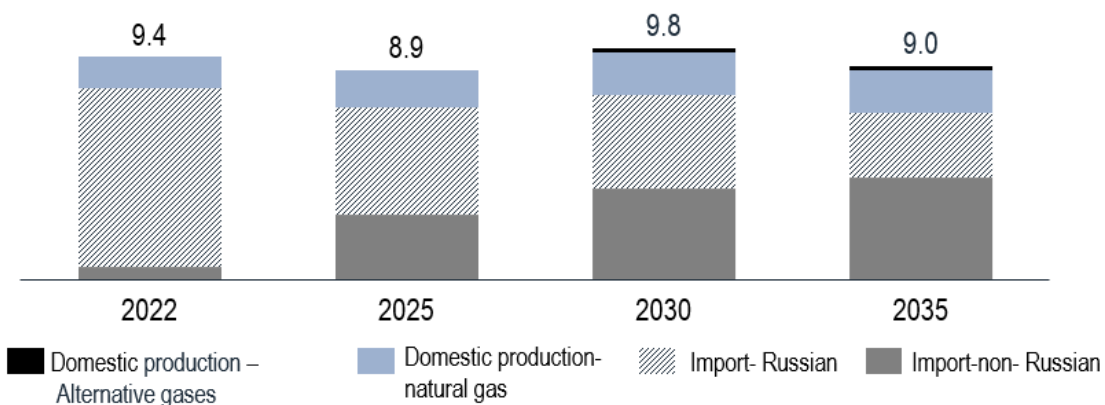


Source: revised NECP (2023), MEKH, BCG, Net4Gas, McKinsey, MVM analysis

Among fossil energy sources, natural gas will also play an important role in the energy transition period. Compared to coal, natural gas has much lower pollutant emissions. In addition, Hungary’s quick-response peaking power plants are also fired on natural gas, which will definitely take time to replace. Until renewable and related energy storage reaches a level to be able to play a greater role in the electricity service market, domestic energy generation will also have to rely on these power plants. As long as natural gas is needed, the diversification of natural gas sources is also necessary.

Development of the natural gas source mix over the strategic timescale

Expected development of natural gas resource mix in the medium and long term (billion m³)



Source: Revised NECP (2023), Hungarian Energy and Public Utility Regulatory Authority, BCG, Net4Gas, McKinsey and MVM analysis

Universal service providers must place at least 60% of the highest winter consumption in the last 10 years in their domestic natural gas storage facilities until the beginning of the next heating season. The injection period begins on 1 April and lasts until 1 October of each year. On 1 October each year, universal service providers must hold, directly or indirectly, a quantity of injected natural gas as determined by the Hungarian Energy and Public Utility Regulatory Authority. For the 2023/2024 gas

year, the Hungarian Energy and Public Utility Regulatory Authority required that the universal service provider MVM Next Energy Trading Ltd. inject 1.88 billion m³ of natural gas into storage. The European Parliament and the Council required that underground gas storage facilities be filled to at least 90% of their capacities by the start of the 2023/2024 winter period. Our country has already reached the target in August 2023. On 1 October, at the end of the injection period, the domestic natural gas storage facilities were filled at approximately 95% with 6.26 billion m³, so Hungary could start the winter heating period with solid foundations.

DECARBONISATION

Decarbonisation has been identified by MVM Ltd. as one of the most important factors affecting the strategic environment. Reducing greenhouse gas emissions has become one of the highest priorities at all levels of decision-making in recent years (e.g. global climate agreement, EU targets, national climate policy, corporate commitments and customer environmental awareness). In order to protect the climate, measures aimed at reducing CO₂ emissions in the fields of energy, transport, heating and cooling, among others, have been taken and the use of technologies implementing such reduction has been supported. The European Union aims to achieve at least a 55% reduction in greenhouse gas emissions by 2030 compared to 1990 levels.

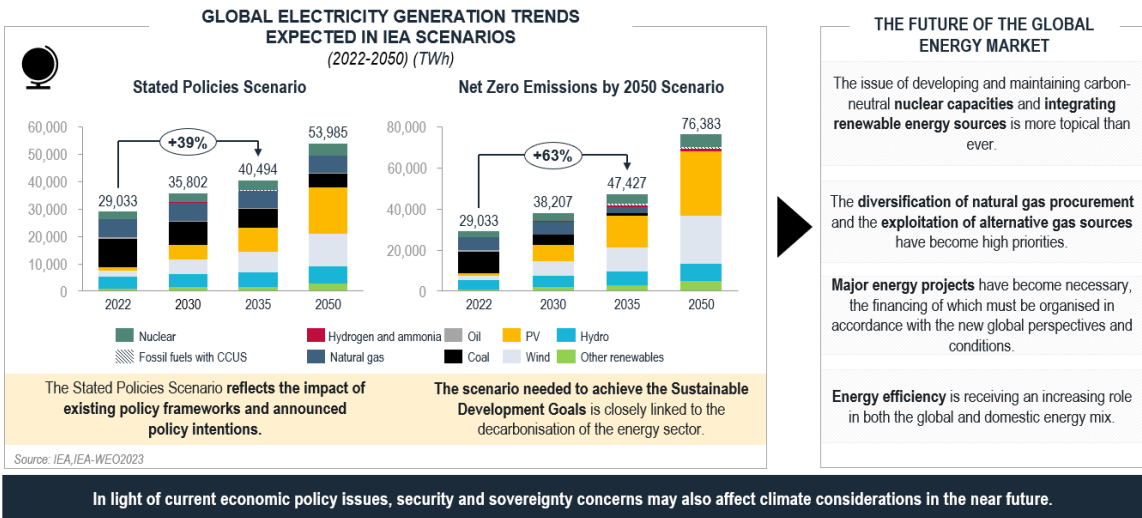
To this end, further ambitious expectations have been formulated. By 2030, the goal is to achieve a renewable share of 45% (42.5% + 2.5% indicative addition) in total energy consumption, to which Hungary intends to contribute by reaching a share of 29% according to the current plans (revised NECP).

The stated efforts have significant network development and flexibility needs and may strengthen price volatility. The reliability of forecasting renewable energy generation and the speed of system-level balancing will become all the more important.

Due to the decarbonisation goals, a significant part of the power plant capacities to be installed in the future will be renewable (utility scale and household size), but with the acceleration of decarbonisation programmes, nuclear capacities will also be given an important role in the European and especially Hungarian energy system.

GLOBAL ELECTRICITY MARKET OUTLOOK

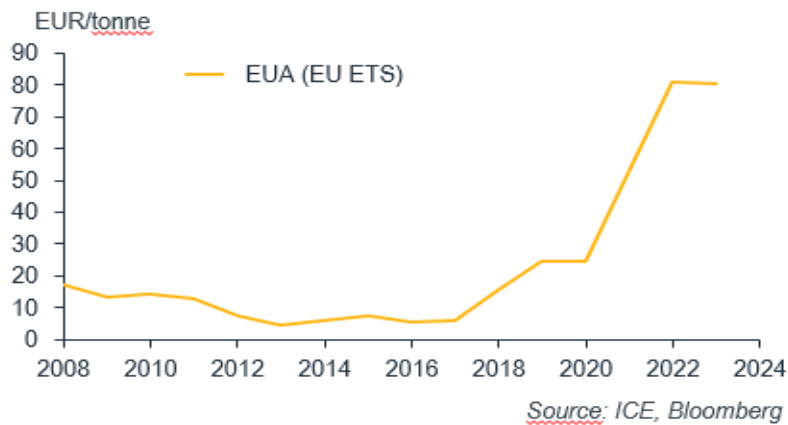
Weather-dependent renewable energy sources play a prominent role in the transformation and decarbonisation of the global energy mix



The EU ETS (European Union Allowance, EUA) rose from a minimum of EUR 5/tCO₂ in 2016 to EUR 30/tCO₂ by the end of 2020, which had a highly adverse impact on the competitiveness of fossil fuels. In 2021, the European Union Emissions Trading System (EU ETS) entered Stage 4 (2021–2030), in which the reduction of the total amount of emission allowances exacerbated the narrowing supply. The EUA

price exceeded EUR 80/tCO₂ in 2022 and remained above this level also in 2023 with a value of EUR 80.5/tCO₂.

Development of CO₂ quota prices



1.3 Strategy of the MVM Group

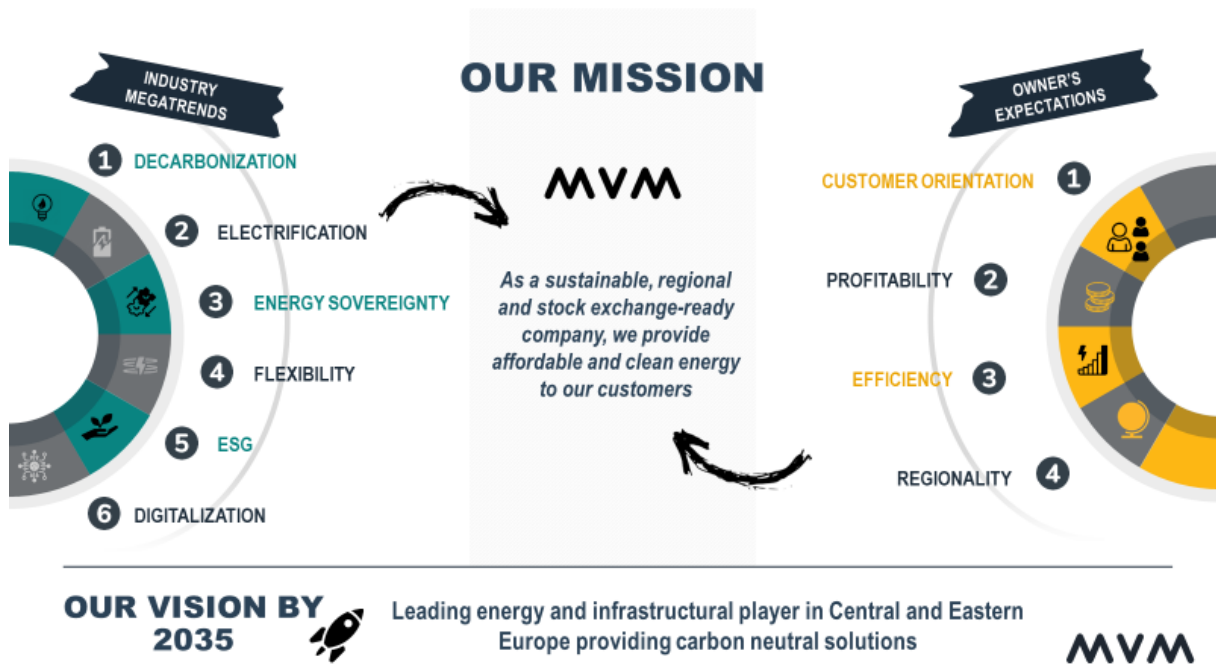
GRI Klí3-3, ÚHG3-3, 201-2 and E-INO-18

In line with its domestic energy policy plans, the MVM Group established its long-term Group strategy in 2023, which was adopted in January 2024.¹⁴ The strategy is also available on the website of MVM Ltd.

The key objectives of the single strategy for the period up to 2035 are:

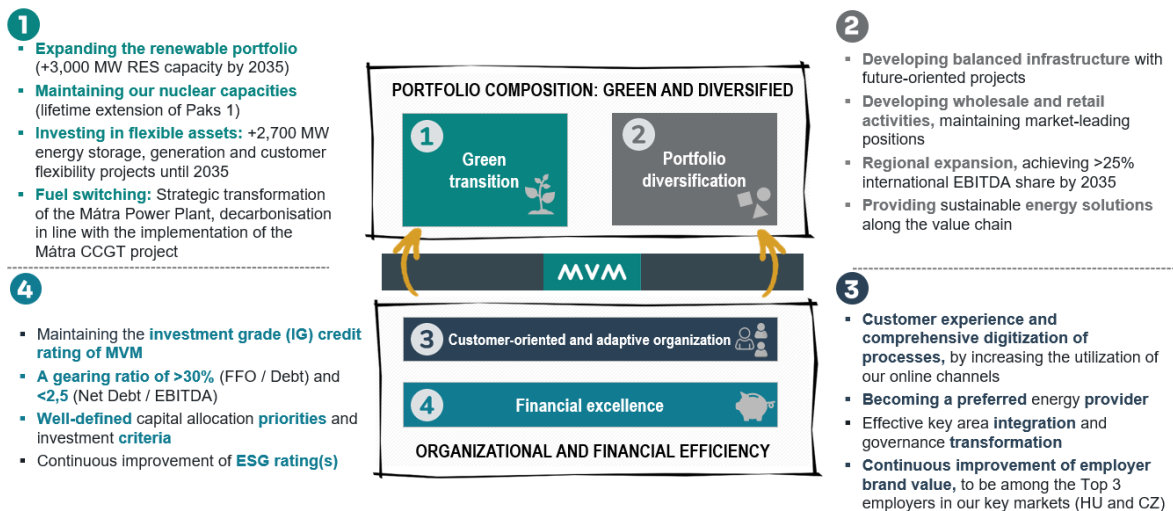
- to create security of supply,
- to diversify sources,
- to increase renewable capacity,
- to optimise the portfolio.

¹⁴ Considering that this strategy will determine the future operation of the Group, we consider it relevant to present it, not the previous strategy still in force in 2023.



By 2035, the Group aims to become a key, leading energy and infrastructure player in Central and Eastern Europe, providing carbon-neutral solutions.

In order to support the achievement of the vision, a strategic framework consisting of four pillars has been established, which structures the goals and the measures required to achieve them.



The priority thematic and sub-strategies related to the four pillars are as follows:

1. Green transition

A priority task of the MVM Group is to develop an efficient and diversified portfolio based on carbon-neutral energy sources and flexible solutions. The GHG intensity target of the company is to achieve a reduction from 241 gCO_{2e}/kWh of generated electricity in 2020 to 120 gCO_{2e}/kWh in 2030, and to achieve net carbon neutrality by 2050.

Expanding the renewable portfolio

According to current ideas, renewable energy sources will play a prominent role in Hungary's energy mix. Hungary's inherent conditions are favourable for the implementation of these

projects, so it can be said overall that solar and wind energy already play an important role in the power plant portfolio, but small-scale household solar power plant systems are also gaining more and more ground among the population.

The rate of planned domestic and regional renewable installed capacity expansion at the MVM Group is 3,000 MW by 2035 (compared to the end of 2022), which is divided between the individual energy sources as follows: about 2,450 MW PV, about 500 MW wind, about 100 MW geothermal and about 15 MW biomass.

Maintaining our nuclear capacities

Nuclear energy plays an important role in Hungary's energy supply and also in maintaining and developing an emissions-free generation portfolio. Completely carbon-neutral energy generation is not feasible without nuclear energy, so it is favourable that nearly half of Hungary's electricity output is provided by nuclear energy, in which the MVM Group has and will have a decisive role.

The preparation of a project aimed at extending the operating time of Units 1 to 4 in Paks until 2057 has been started. Striving for excellence by the power plant includes coping in an international environment and compliance with WANO (World Association of Nuclear Operators) requirements and guidelines (inclusion in the top quartile of WANO peers in terms of nuclear safety), including feeding back the results of independent international ratings into operation.

Investing in flexible equipment

Reliance on renewable energy sources and energy storage technologies is the ultimate goal, but flexible power plants are currently essential elements of the grid. They provide the necessary stability, reliability and flexibility for integrating renewable energy sources, handling peak demand and ensuring a flexible electricity supply. To this end, the Group is planning +2,700 MW of energy storage, generation and consumer flexibility projects by the end of the strategic timeframe. The installation of combined cycle gas power plants (CCGT) in the Mátra Mountains and on the Tisza River, which will provide a total of about 1,500 to 1,680 MW, is intended to support modern capacity replacement and flexibility. In addition, energy storage facilities (about 500 MW) and pumped storage power plant projects (about 650 MW) installed next to substations or at power plant sites also contribute effectively to the solution of balancing tasks.

Fuel switching – decarbonisation

One of the most important decarbonisation goals is the conversion of the lignite-fired Mátra Power Plant based on lower carbon emission technologies. Coal-based power generation should be maintained until the commercial start of the combined cycle gas turbine (CCGT) unit to be established (expected by the end of 2027). During the green transformation, the MVM Group pays special attention to supporting a sustainable and equitable transition in the region.

GRI 201-2 and 404-2

Led by the Ministry of Energy, a European Union co-financed programme (*LIFE-IP North-HU TRANS*) was launched in 2020, which will run until 2029 and aims to plan and support the implementation of the safe, efficient and low-carbon transformation of Hungary's last coal region. The budget for the programme is almost EUR 15 million (about HUF 5.8 billion).

Local stakeholders, such as municipalities, non-governmental organisations, representatives of the scientific community, representatives of economic operators, representatives of the employees of the power plant, but due to the energy transformation also several subsidiaries of the MVM Group and the Hungarian Energy and Public Utility Regulatory Authority, participate in the programme.

In addition to the development of the decarbonisation roadmap, the transition resulting from the conversion of the power plant is also being planned. The Hungarian Government has therefore decided to make use of the European Union's Just Transition Mechanism, which is a

key tool to ensure that the transition towards a climate-neutral economy happens in a fair way. One of the pillars of the Mechanism is the Just Transition Fund, which supports the areas most affected by the transition to climate neutrality in order to avoid increasing regional inequalities. Hungary plans to use the resources of the Fund (about HUF 110 billion) in Baranya, Borsod-Abaúj-Zemplén and Heves Counties, which the power plant has also included in its plan for the 2021–2027 Environmental and Energy Efficiency Operational Programme (EEEOP Plus).

In order to draw funds from the Fund, it is necessary to prepare and submit Territorial Just Transition Plans to the European Commission. This had been done by Hungary, and the Plans were approved by the Commission in December 2023.

The purpose of the Plans is to ensure that the transition to climate-neutral economy in the three counties (Baranya, Borsod-Abaúj-Zemplén and Heves Counties) most affected by the harmful socio-economic effects of the transition to climate neutrality takes place at the lowest possible social costs. The implementation of the Plans will also contribute to the reduction of CO₂ emissions in the counties.

At the end of 2023, the Ministry of Energy, as the responsible body for policy, with the involvement of the Minister without Portfolio Responsible for Regional Development, was still working on the development of calls for proposals for the implementation of the Plans.

2. Portfolio diversification

A prerequisite for the growth of the Group is the diversification of its portfolio in accordance with the requirements of the 21st century and the needs of its customers.

Developing a future-oriented infrastructure

As security of supply and consumer needs change, the grid faces new challenges.

As a result of the large number of renewable power plants, high performance chargers and heat pumps, a shift towards decentralisation can be observed. In addition, it is necessary to respond to the needs of concentrated industrial large consumers since national consumption may exceed 55 TWh by 2030. In response, the MVM Group plans to develop transmission lines and substations and to build interconnectors on the transmission and distribution network.

A significant challenge is also to support the integration of renewable power plants, the demand of which may reach up to 12 to 15 GW by 2030. In addition to expanding network capacities, it is essential to improve the planning and project processes for faster implementation, cost reduction and more efficient planning, and to integrate flexible generators and storage facilities into the system-level balancing market.

In addition to conventional network development, it is essential to implement digital developments and to increase smart solutions. According to plans, more than 650,000 smart meters will have been installed on the distribution network of the MVM Group by 2030, and with the transmission system operator we are in the process of developing its forecasting and balancing capabilities to build a flexible and future-oriented network.

With regard to the natural gas network, the priority tasks are to increase the operational efficiency of the existing infrastructure and to minimise technical gas losses. Preparations have also begun for the transformation of the natural gas infrastructure by increasing the flexibility of the distribution network, reducing the dependence on gas imports, and examining the conditions for receiving renewable gases.

The MVM Group is at the forefront also at European level in terms of natural gas storage capacities. In addition to effectively monitoring the current regulatory environment, an important challenge for our natural gas storage facilities is to prepare the Group for climate-friendly energy storage technologies. Storage facilities are expected to play an important role in storing green, alternative gases in the long term. Opportunities are explored and the storage facilities are modernized and prepared under several innovative projects.

Developing wholesale and retail activities and maintaining market-leading positions

With regard to electricity wholesale, the MVM Group aims to expand its product portfolio in line with the changed energy market conditions and megatrends, and to support the achievement of the planned electricity generation capacities within the EU legal framework, as in force. It also strives to exploit market opportunities related to the supply of large consumers in Hungary and to integrate opportunities related to consumer flexibility. At regional level, the expansion of its commercial presence takes place organically by serving the needs competitively.

In the wholesale of natural gas, the primary goal is to develop the position of the Group by increasing the diversification of sources and access routes and by acquiring new customers at regional level.

In the competitive electricity and gas market in Hungary, a goal is to maintain the current status, and another goal is to introduce high-quality customer service, including digital solutions, among other things, as widely as possible. The Group is aiming for increasing its market share at regional level in the Czech Republic, Romania, Slovakia and Serbia.

Increasing international diversification

The priority goal of the expansion is to obtain 25% of the EBITDA of the MVM Group from regional activities by 2035. The further development of the Czech, Slovak, Romanian and Serbian portfolios and the strengthening of the market position will play a significant role in this.

In order to be profitable, it is necessary to link the elements of the value chain, exploiting existing holdings and regional presence.

In order to support resource diversification efforts, a 600 to 800 MW renewable portfolio is planned to be developed on international markets, and the Group also places great emphasis on maintaining and developing its position as a leader in the retail and e-mobility market in both Hungary and the Czech Republic.

3. Customer-oriented and adaptive organisation

Growth requires an organisation that operates efficiently and is mindful of customer needs.

Developing an adaptive organisation

The MVM Group aims to strengthen internal practices that support organisational agility and innovation, especially in the field of human capital, in order to create a crisis-resistant, proactively operating organisation. Emphasis is placed on rationalising the company portfolio at group level, effectively classifying and then optimising resources and processes. The result of investing in human resources and digitalisation is a modern leadership approach and adaptive organisation.

Data-driven operation and digitalisation

Digital culture change and operational model change will be implemented along the entire value chain, which will permeate initiatives aimed at both improving efficiency and strengthening customer orientation.

Strengthening customer orientation

The customer database is segmented on a customer value basis, which provides a basis for the reorganisation of service processes in the individual segments. The focus of the renewal is on introducing additional innovative digital solutions and end-to-end digitalisation of processes. The MVM Group prioritizes service levels and customer satisfaction that are important to customers.

4. Financial excellence

A credible growth strategy is based on stable financial foundations, which ensure the creation of additional financing capacity and also show an attractive future for investors.

Maintaining credit ratings

The Group aims to maintain the investment grade credit rating(s) obtained in 2021, despite the challenges in energy markets. The existence of an investment grade credit rating category is an important prerequisite for widespread access to international capital markets and for maintaining financing costs at a competitive level. The diversification of the financing/investment portfolio is ongoing, including a further increase in the volume of capital market funds (up to 50%).

Sustainable financial trajectory

The CAPEX trajectory is driven in particular by projects related to carbon-neutral electricity generation, network developments, regional acquisitions and security of supply considerations. Achieving strategic goals requires very significant projects and investments (2024–2035: about HUF 14,000 billion). The MVM Group also wants to become a leading regional energy company, so its goal is to achieve an international EBITDA share of >25% by 2035.

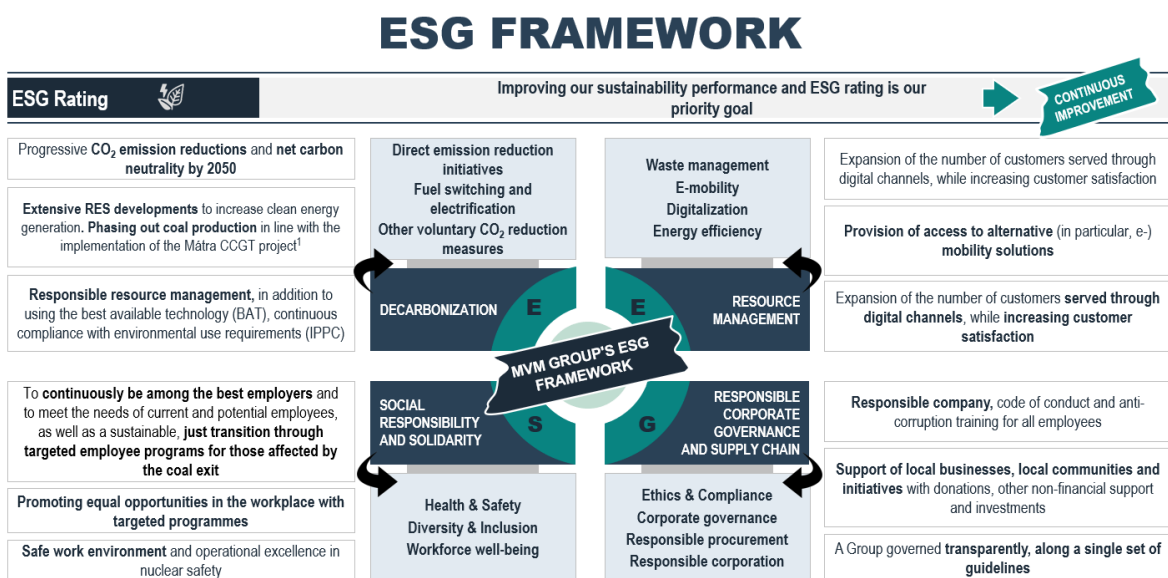
Competitive ESG certification

The priority goal of the MVM Group is to build and operate a balanced and transparent ESG framework, which takes into account industry-specific factors. The ESG framework is based on four pillars.

It is an important direction for the Group to continuously improve the existing ESG rating(s) with targeted programmes and the continuous improvement of the reporting system, as this has the potential to improve the financing situation in addition to transparency.

1.4 ESG Strategy

Part of the strategy of the MVM Group, the ESG framework was adopted in 2022, and the four pillars reflect the most important ESG priorities of the Group.



Note: (1) Expected until the end of 2027

The current values of the ESG rating appearing as an objective and the assessment of the performance of the company are available on the website of the company under [ESG disclosures](#).

Decarbonisation

- *Gradual reduction of CO₂ emissions and net carbon neutrality* by 2050.
- *Renewable energy developments* to increase clean energy generation (+2,100 MW renewable portfolio expansion by 2030 and +3,000 MW by 2035). *Gradual cessation of coal production* in line with the implementation of the CCGT project in the Mátra Mountains.
- *Responsible resource management*, continuous compliance with the environmental use requirements (IPPC) while using the best available technology (BAT) required by law.

Decarbonisation is a significant challenge and, at the same time, an opportunity for MVM also from the following aspects: (i) financial (e.g. decreasing costs of emissions and waste), (ii) prestige and marketing (e.g. the expectations of financiers, customers and potential employees), (iii) risk management (e.g. legal compliance, innovation and competitiveness), and (iv) corporate social responsibility.

Resource management

- Supporting the improvement of *energy efficiency* and promoting energy-saving initiatives.
- *Providing access to alternative (especially e-mobility) solutions*: increasing the proportion of alternative vehicles in the corporate (light) vehicle fleet to 80% by 2035, maintaining alternative mobility market-leading positions in Hungary (e-charging points) and the Czech Republic (CNG filling stations).
- *Expanding the number of customers served through digital channels while increasing customer satisfaction* (achieving the best competitive industry market result in key markets by 2030).

Corporate social responsibility and solidarity

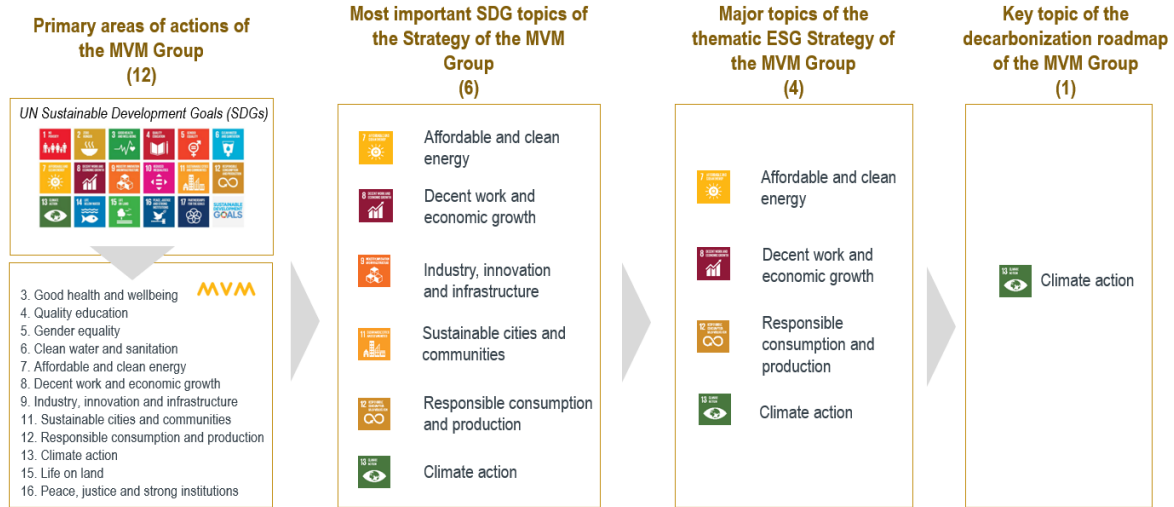
- *Continuously being among the best employers* and meeting the needs of current and potential employees (by 2030, the MVM Group should be among the top three employers in the priority target markets (HU, CZ)), as well as *sustainable, fair transition for employees affected by decarbonisation* (2035: the proportion of employees participating in a skills development campaign will increase to 75%).
- *Promoting equal opportunities in the workplace through targeted programmes*: attracting young talents, utilising the knowledge of the older employees, ensuring fair conditions and work-family balance (including the operation of company crèches), and supporting women in leadership positions.
- *Safe workplace* (LTIF <3) and operational excellence in nuclear safety.

Responsible corporate governance and supply chain

- *Responsible company*: providing code of conduct-related and anti-corruption training for all employees (introduction of ISO 37001 certification and in 2035 the percentage of executives and managers trained in the anti-corruption programme will be 100%).
- *Supporting local businesses* (over 90% procurement rate from local contractors), *supporting local communities and initiatives* with donations, other non-financial support and investments.
- A Group governed *transparently, along a single set of guidelines*.

At the same time, the ESG strategy is an integral part of the priority SDG topics of the MVM Group.

PRIORITY SDG TOPICS OF THE MVM GROUP



1.5 Stakeholder engagement

GRI 2-29

In 2022, the MVM Group reviewed the scope of its stakeholders and the methodology for their identification. It did not consider a new assessment necessary in 2023 because the activities of the Group had not changed significantly.

The identification of the stakeholders was governed by the following criteria:

1. Who is affected by the operation, products and services of the MVM Group, and for whom the MVM Group takes responsibility?
2. Who influence the operation, success and reputation of the MVM Group?
3. Who are directly the most dependent on the MVM Group, its operation and effectiveness?
4. Who are affected by the MVM Group, but cannot represent their interests properly?
5. Who are those with whom the MVM Group has regular contacts?
6. Who are the relevant experts in a material topic?
7. Who are relevant stakeholders based on strategic, financial, political and security criteria?
8. Who are the regulatory bodies and authorities?
9. On whom does the MVM Group have a negative or potentially negative impact?
10. Who will be affected by current activities in the future?

The MVM Group has identified the direct and indirect stakeholders by moving away from the Group. In the case of many direct stakeholder groups, the stakeholders are reached through advocacy organisations.

Stakeholders of the MVM Group		
Direct/indirect	Stakeholder group	Stakeholders
Internal stakeholders		
Direct	Shareholder/owner	Entity exercising the shareholder's rights: as at 31 Dec. 2023: Ministry of Energy
Direct	Subsidiaries	Member companies of the MVM Group
Direct	Employees	Employees and their advocacy bodies (trade unions, works council and occupational safety representatives)
Direct	Clients/customers:	Member companies of the MVM Group (The service and technical companies of the MVM Group perform activities for other members of the Group.)
External stakeholders		

Direct	Clients/customers:	Customers of all member companies: trading company customers, electricity distribution companies, natural gas transmission and distribution companies, and end consumers (the latter are also represented by consumer protection organisations)
Direct	Suppliers	Direct suppliers
Direct	Regulatory and state bodies	Ministries (Ministry of Energy, Ministry of Finance, Ministry of Foreign Affairs and Trade, etc.)
Direct	Authorities	Hungarian Energy and Public Utility Regulatory Authority, government offices, Hungarian Atomic Energy Authority, regional mining authorities, National Park Directorates, National Climate Protection Authority, National Office of Communications, Digital Government Agency, etc.
Direct	Media	National, regional and local media, specialist journalists and editorial boards
Direct	Institutes	Banks
Direct	Energy market analysts	Institutes and bank analysts
Direct	Natural environment	All elements of the natural environment (represented through NGOs or public bodies)
Direct	Competitors	Energy generation, energy trading and technical companies
Direct	Horizontal partner companies	Adjacent system operators
Direct	Professional organisations	Energy, sustainability, etc. organisations of which MVM is a member
Direct	Local population near the organisation and its facilities	Population (represented primarily by municipalities and local NGOs)
Direct	Supported organisations	Supported organisations
Indirect	Future generations	Represented through local NGOs, the ombudsman and state organisations
Indirect	Suppliers	Indirect suppliers (suppliers of suppliers)
Indirect	Shareholder/owner	Citizens and taxpayers

The MVM Group is committed to all stakeholder groups and maintains relations with them in accordance with the principles and expectations of ethical business conduct and the Code of Ethics. According to the values of the Group, this is key to a meaningful commitment to dialogue.

Stakeholders (parties concerned) were consulted in the following ways, along economic, environmental and social topics identified as significant by the stakeholders:

- regular provision of data and information to the Shareholder;
- with the companies of the MVM Group, in accordance with the group communications model;
- with information provided by suppliers on their governance systems, regulations and references in their offers, bids and applications;
- through the description of trading activities (services and products);
- through public hearings in the case of new facilities;
- through public forums, regular disaster preparedness and response drills, and provision of information;
- through the publication of resident information brochures;
- through participation in scientific work, advocacy, the operation of associations and the organisation of events;
- through the representation of the Hungarian energy industry in the work of international organisations;
- through the drafting and review of legislation and regulations affecting the industry in the legislative process;
- with topics related to permitting by and data provision to the competent authorities;
- with topics related to advocacy and interest enforcement activities;
- with media topics related to the publication of the objectives and interests of the Group.

In the context of making integrated ESG reports, a survey (questionnaire and interview) was also conducted as part of the materiality analysis carried out in 2022. Based on this, a high proportion of respondents considered it essential for the MVM Group to deal with sustainability. The survey participants considered environmental issues to be the most important: greenhouse gas emissions; climate adaptation, resilience and transition; biodiversity; as well as waste and water and liquid discharges were among the most important topics for most of them. During the interviews with key

stakeholders, its role in security of supply and the energy supply to the population was also emphasised.

1.6 Materiality analysis

GRI 3-1 and 3-2

In 2022, MVM Ltd. conducted a comprehensive materiality analysis in order to identify the topics of the Integrated ESG Report that are material for the MVM Group. The analysis was based on the requirements and guidance of the GRI Standards 2021: material topics are those that represent the most significant impact of the Group on the economy, environment and people, including human rights.

Potentially material topics were identified on the basis of two of the most widely accepted sustainability frameworks in the world, the GRI Standards and the SASB (Sustainability Accounting Standards Board):

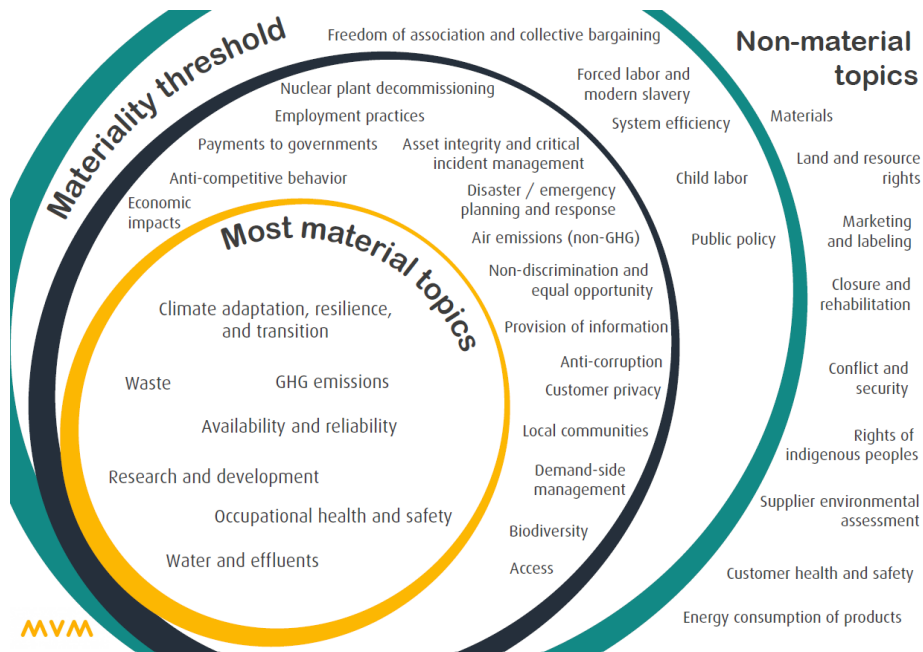
- G11 Oil and Gas and G12 Coal Sector topics of the GRI Standards 2021,
- topics of the GRI G4 Energy Utilities Sector Supplement,
- topics not covered by the sector topics of the GRI Standards 2021,
- topics of the SASB relating to the Infrastructure / Electric Utilities & Power Generators sectors.

Within the framework of expert evaluation, the experts of the Environmental Protection Department, who had compiled the Integrated ESG Report of RTG Corporate Responsibility Ltd. and MVM Services Ltd., analysed the topics in a workshop and included them in material and non-material categories. When materiality was determined, they considered the impact and potential impact of the MVM Group, paying attention to the importance of the topics in relation to each other. During the evaluation, customer satisfaction measurements by the MVM Group and the results of organisational culture and pulse employee satisfaction surveys were also used.

The material topics so identified were reviewed in three different groups by the Chief Officers of the Group: external and internal stakeholders and key stakeholders. Among the main stakeholder groups, the representatives of MVM subsidiaries, employees' trade unions, universities, NGOs and professional organisation groups reviewed and commented on the topics. Four external stakeholders with comprehensive knowledge of the activities of the MVM Group and the energy sector were involved. Thus, the opinions of the priority stakeholder groups (entity exercising the Shareholder's rights, subsidiaries, customers/consumers, authorities, staff, suppliers, NGOs, professional organisations and media) were directly or indirectly involved.

In 2023, there were no external factors or trends that made it necessary to consider a new sustainability topic, the activities of the Group did not change and the range of companies in the Group only changed slightly. Therefore, the Group considers the material topics identified during the analysis carried out in 2022 to be material for 2023 as well. In 2024, the Group plans to carry out a double materiality analysis in accordance with the requirements of the CSRD (Corporate Sustainability Reporting Directive), considering not only impact materiality, but also financial materiality.

MVM Ltd. identified 28 material topics. The topics are also listed in the GRI Content Index, and the explanations of sector topics that are not identified as material are presented there. The topics were divided into three groups in terms of the extent of materiality, based on expert evaluation and stakeholder feedback. In the figure, the materiality of the topics decreases when moving away from the centre.



1.7 Governance structure

GRI 2-9, 11.20.6 and 11.20.6

GOVERNANCE OF THE MVM GROUP

The corporate governance system of the MVM Group is based on its capacity as shareholder or owner, and its scope extends to companies under the majority control of MVM Ltd. (under Act V of 2013 on the Civil Code). MVM Ltd. has direct or indirect management rights in respect of this group of companies.

MVM Ltd. treats the companies that are not under its majority control as investments. The holding centre represents the interests of the MVM Group through a designated executive, whose powers are specified in the rules of competence within MVM Ltd.

Two pillars of governance

MVM Ltd. manages the operation of the MVM Group within the framework provided by the corporate governance system operated in accordance with the Shareholder's requirements and the group optimum. The corporate governance system is based on:

- business unit governance,
- function governance.

In respect of companies having their registered office abroad, this activity is carried out within the framework of the legal system governing in the jurisdiction where their registered office is located and under special regulations.

G-CGO-15 and G-CGO-16

The legal basis of the governance system is a 'governance clause' included in the Memorandum of Association of the companies, which contains regulations regarding corporate governance and the law applicable to the operation of the company. Accordingly, the given company, as a member of the MVM Group, is part of the central corporate governance system operated by MVM Ltd. Within the MVM Group, the number of companies included in the governance system is 69, which is 67.65% of the subsidiaries of the Group subject to direct and indirect majority control.

Exercise of ownership rights and business unit governance

Within the MVM Group, the main legal instrument for the governance of companies is the exercise of ownership rights. The scope of governance is determined by the legal rules in force, the Memoranda

of Association of the companies and the agreements on the cession of the shareholder or owner's rights in respect of certain companies.

For all companies, an executive is appointed within the organisation of MVM Ltd., who, from the point of view of governance, exercises the shareholder or owner's rights of the companies overseen by them. The CEO of MVM Ltd. is entitled to decide on the person exercising the shareholder or owner's rights, that is, to appoint himself or another executive as the officer exercising the shareholder or owner's rights.

MVM Ltd. directs and coordinates the value-creating activities of the MVM Group and the operation of the companies carrying them out, organised in a business unit structure. The business unit is a cross-company governance category made up of companies carrying out value-creating activities relevant to that business unit. The business unit is directed by the business unit manager, who carries out their activities in line with the strategic directions. The business unit manager's responsibilities and powers are basically related to the performance of the holding centre tasks of the business unit, but at the same time they are responsible for the performance of the business unit, where such responsibility is differentiated and adapted to the specificities of the business unit. In the case of companies included in the business unit, the head of the given business unit also exercises the shareholder or owner's rights over the companies belonging to the business unit.

Also for companies not included in a business unit, the exercise of the shareholder or owner's rights serves to prescribe and enforce the shareholder or owner's expectations formulated for the company in order to implement the strategy and vision of the MVM Group.

The direct and indirect holders of shareholder or owner's rights are to be distinguished. In the case of the former, MVM Ltd. is the shareholder or owner of the target company, or MVM Ltd. exercises certain rights to which the direct shareholder or owner is entitled under an agreement concluded with the direct shareholder or owner of the target company. The rights of an indirect shareholder or owner are exercised through the direct shareholder or owner of the target company.

Function governance

Function governance aims at the management of the given function to uniform standards at group level, which is implemented through legal and regulatory instruments.

Functions independently operate and centrally manage the functional tasks assigned to them uniformly at group level, across business units.

Function governance is carried out through central regulations and its hierarchical regulatory system is as follows:

- *Central Governance Code*: a document defining the legal foundations of the governance system of the MVM Group, the principles of the single governance model and the framework rules for the central regulatory system of the MVM Group.
- *Central policies*: short, concise documents setting out mandatory minimum requirements to be uniformly regulated as a process in respect of the activities of the functions.
- *Central rules of procedure*: documents regulating certain topics uniformly at group level.
- *Internal regulations of the companies*: company-level regulatory documents developed by the companies within their own competence.
- In addition to the above, the central functions may specify additional recommendations and guidelines for the companies, not regulated in the central policies, the observance of which is not mandatory.

G-CGO-18 and G-CGO-19

Central regulations have been continuously implemented by the companies since the introduction of the corporate governance system in 2021. MVM Ltd. reviews the central requirements at regular intervals and updates them as necessary. During 2023, 87% of regulations were reviewed, and 67 of

the 77 central regulatory documents were amended as necessary or it was indicated that they did not need to be amended.

G-CGO-20 and G-CGO-24

In order to operate efficiently internally, the companies of the MVM Group manage their operational processes in management systems certified according to transparent international standards.¹⁵ Obtaining internationally recognised certificates also increases the competitiveness of the organisation. In 2023, 49 member companies were ISO 9001 standard certified. The existence of additional certificates is indicated in the chapters of the report related to the given topic.

MVM LTD.

The operational procedures of MVM Ltd. are determined by the Articles of Association of the company (drawn up on the basis of the provisions of the Civil Code).

Supreme decision-making body

GRI 2-15

The Sole Shareholder of MVM Ltd. has been the Hungarian state since 23 November 2015. In the reporting period, the totality of the Shareholder's rights and obligations over the shares were exercised by the Ministry of Energy. There is no Shareholders' Meeting at the Company. The rights of the Shareholders' Meeting are exercised by the Sole Shareholder in such a way that it decides on issues otherwise falling within the competence of the Shareholders' Meeting in writing, and is obliged to notify the Chair of the Board of Directors and the CEO of the company of the adoption of resolutions in writing within 15 days. The decisions take effect upon notification to the Chair of the Board of Directors and the CEO of the company. In addition to the exclusive powers established by law, the Articles of Association also establish a number of other exclusive competencies for the Sole Shareholder of MVM Ltd. These powers are mainly to ensure tighter control by the Shareholder over the business operations of the company, but exclusive competencies related to the Governance of the MVM Group are also given a role.

Supervisory Board

The Supervisory Board is responsible to the Sole Shareholder for overseeing the management in order to protect the interests of the company. The Supervisory Board consists of minimum three and maximum six members. The Supervisory Board is obliged to examine every proposal concerning matters falling within the Sole Shareholder's exclusive decision-making competence. In this connection, the Supervisory Board is obliged to submit its opinion to the Sole Shareholder.

G-CGO-24

The reporting obligation of the Internal Audit Directorate of MVM Ltd. to the Supervisory Board is defined in the Articles of Association, Organisational and Operational Rules, Internal Audit Statutes and Internal Audit Manual of MVM Ltd. At least every 6 months, the Supervisory Board discusses the audit reports prepared by the internal audit unit, checks the implementation of the necessary measures and approves the annual audit report for the company.

Subject to the relevant legal rules, exceptions to the centralised group-wide operating model of the Internal Audit Directorate are Hungarian Natural Gas Storage Ltd. (a dual internal audit unit operates with an independent external service provider), MAVIR Ltd., HUPX Ltd., HUDEX Ltd. (they operate with an independent internal auditor) and MVM Paks Nuclear Power Plant Ltd. (a dual model operates with an independent internal audit organisation). The reporting obligation to the Supervisory Board is also ensured for these companies.

¹⁵ In order to ensure, among other things, compliance with the requirements of quality operation (ISO 9001), environmental protection (ISO 14001), energy efficiency (ISO 50001), safety at work and health (ISO 45001), information security (ISO/IEC 27001) and anti-corruption (ISO 37001).

Audit Committee

The three members of the Audit Committee are elected from among the independent members of the Supervisory Board by the Sole Shareholder, for the same term as that of the individual members of the Supervisory Board. The Audit Committee performs the tasks specified in the Civil Code and other relevant legislation.

Permanent Auditor

The Permanent Auditor elected by the Sole Shareholder is responsible for ensuring the performance of statutory audits under the Accounting Act. During this, the Auditor is first of all required to establish whether the statutory report and accounts of the company conform to the legislation and whether they give a true and fair picture of the pecuniary and financial situation of the company and the result of its operations.

Board of Directors

The Board of Directors is the management body of the company, which consists of minimum three and maximum seven members. The fulfilment of the position is subject to compliance with the legal rules applicable to such persons and the conflict-of-interest rules set by the Civil Code and the Articles of Association. The Board of Directors holds at least six meetings every year, and a period no longer than 2 months may elapse between the individual meetings. The Board of Directors decides on all matters referred to its exclusive competence by the Civil Code and the Articles of Association of MVM Ltd. The latter powers, similarly to the exclusive decision-making powers of the Sole Shareholder, are essentially to ensure control over the business operations of the company and the performance of the tasks of the Board of Directors relating to group-level governance. The Board of Directors is entitled to establish the work organisation of the company.

Chief Executive Officer

The CEO is the Chief Executive of MVM Ltd., who, within the scope set out in the internal regulations of the company, is in charge of the management of the company and provides for the operational management of the company in issues that do not fall within the competence of the Sole Shareholder and the Board of Directors.

The CEO is always a member of the Board of Directors. If the CEO is no longer a member of the Board of Directors for any reason, their appointment as CEO will also cease simultaneously.

If the Sole Shareholder also elects the CEO of the company Chair of the Board of Directors, they are entitled to use the title of Chair and CEO.

The CEO's duties at the company were performed by Dr Edit Juhász between 1 January and 15 January 2023, by László Fazekas between 16 January and 25 January 2023, and by Károly Tamás Mátrai between 26 January and 31 December 2023.

Composition of the governance bodies and committees of MVM Ltd.

[GRI 2-9, 2-15, 2-11, G-CGO-03, G-CGO-23 and G-CGO-24](#)

The composition of the management body, the Supervisory Board and the Audit Committee is shown in the table. The company considers members to be independent who do not have an employment relationship with MVM Ltd. or a company belonging to the MVM Group.

Members	Date of appointment and term of office	Period from the date of appointment until 31.12.2023 (months)	Independence	Number of Executive Officer and Supervisory Board positions at a domestic company (except for MVM Ltd.)
Board of Directors				
Dr Gábor Czepek	1.10.2021 – indefinite	26	yes	0
Károly Tamás Mátrai	26.1.2023 – indefinite	11	no	2
László Fazekas	26.1.2023 – indefinite	11	no	2
Dr Péter János Horváth	26.1.2023 – indefinite	11	no	1
Balázs Benczédi	26.1.2023 – indefinite	11	yes	1
Ferenc Szarvas	26.1.2023 – indefinite	11	yes	7
Róbert Barlai	19.5.2023 – indefinite	7	yes	3
Supervisory Board				
Dr Gábor Szörényi	22.8.2023 – indefinite		yes	
Dr Árpád Vidoven	28.5.2021 – indefinite		yes	
Dr Márk Ádám Janó	1.6.2021 – indefinite		yes	
Dr Zsolt Solyom Gonda	17.12.2021 – indefinite		yes	
Dr Anett Pandurics	22.8.2023 – indefinite		yes	
Dr Lívia Pavlik	11.9.2023 – indefinite		yes	
Audit Committee				
Dr Lívia Pavlik	11.9.2023 – indefinite		yes	
Dr Márk Ádám Janó	12.1.2022 – indefinite		yes	
Dr Árpád Vidoven	19.1.2022 – indefinite		yes	

In 2023, the Board of Directors had four independent members (57.14%). During the year, the positions of Chair of the Board of Directors and CEO were held by multiple persons. The members of the Supervisory Board were 100% independent during 2023, and the Chair of the Supervisory Board was not the same person as the CEO.

G-CGO-01 and G-CGO-02

Until 15 January 2023, the Board of Directors of MVM Ltd. had two female members (29%). In the period between 16 January and 25 January 2023, this number decreased to one person (16.67%), and after 26 January 2023, there were no female members on the Board. At group level, the proportion of women on the Supervisory Board and among executive officers was 18% at the end of the year.

GRI 2-10

Nomination and selection of governing bodies and their committees

According to the Articles of Association of MVM Ltd. in force, the Sole Shareholder of the company has exclusive competence over the election, removal and establishment of the remuneration of the members and Chair of the Board of Directors and the Supervisory Board and the members of the Audit Committee. The Civil Code contains mandatory criteria for the members of the Audit Committee. Stakeholders other than the Sole Shareholder do not have representatives in the bodies. Board members may be nominated by the Minister of Energy, the competent function of the ministry and also the company concerned. During the selection process, qualifications and expertise are examined, a minimum requirement is a university or college degree; a law or economics degree or experience in public administration is an advantage; in addition, there are also expectations regarding individual skills. Special criteria during the selection process are the identification of the special knowledge, capabilities and skills, experience and expertise required for the performance of the tasks arising from membership on the board and the widest possible validation of their existence during the selection of the candidates. The set of selection criteria includes that attention should be paid to the fact that, based on the professional career and the position currently occupied, no conflict of interest situation

may arise during decision-making by the board, which may hinder decision-making free of influence. Furthermore, in the case of the selected candidates, an effort should be made under legislation to conduct national security screening as widely as possible in order to make the possible risk factors related to potential influence over the selected candidate known to the nominating entity. The set of selection criteria includes the need to ensure as much heterogeneity as possible in the composition of the body.

G-CGO-04 and G-CGO-17

The establishment of the decision support committees of MVM Ltd. falls within the CEO's competence, and they are included in the Organisational and Operational Rules of MVM Ltd. The professional committees supporting group-level decision-making are also named in the Central Governance Code of the MVM Group:

1. Project and Investment Committee,
2. Corporate Social Responsibility Committee,
3. Occupational Safety Committee,
4. Job Evaluation Committee,
5. Group Compliance Committee,
6. Risk Management Committee.

The following committees at the level of MVM Ltd. facilitate efficient information exchange between executives and managers and thus the establishment of a consensus among them:

1. Executive Meeting,
2. Work Safety Committee,
3. Insider Committee,
4. ESG Committee.

The ESG Committee is a consultative body for the CEO. Its purpose is to support the supervision of ESG-related topics, including ESG performance evaluation and the prior approval of the ESG Strategy, KPI framework and related KPI targets of MVM Ltd. In addition, it makes recommendations to the CEO regarding ESG-related decisions. The progress of the ESG programme is reviewed by the Commission at least quarterly. The work of the Committee is supported by the ESG Working Group, which discusses the progress, the topics to be submitted to the ESG Committee and proposals to be decided on monthly. All functions of MVM Ltd. are members of the working group.

CONFLICT OF INTEREST

GRI 2-15

In order to avoid conflicts of interest, the MVM Group also applies special rules in addition to the relevant legal rules. In addition to the fact that each member company has its own code, at group level, the Code of Ethics of the MVM Group, the Central Compliance Policy, the Code of Ethics for Business Partners of the MVM Group adopted in 2023 and the Central Procurement Policy also contain requirements.

The Code of Ethics prescribes that the person concerned is obliged to immediately report the occurrence of a conflict of interest and to refrain from any action or measure that constitutes a conflict of interest. The Central Compliance Policy expects member companies to identify and manage potential conflicts of interest that may affect the employees, executive officers and supervisory board members of the companies and thus may infringe or threaten the legitimate economic interests of the companies. Companies are expected to assess and regulate the risks arising from potential conflict of interest situations.

At organisational level, multi-level decision-making within the MVM Group, control points built into each workflow, the establishment and maintenance of shared responsibilities, and an independent

internal audit and compliance function all support the prevention and handling of conflict of interest issues. The internal audit unit regularly fulfils its reporting obligation to the Supervisory Board.

In all executive, managerial and other specific jobs as well as in individual cases, the employer is entitled to request a written declaration from the employee concerned that there is no conflict of interest in the person of the employee or their close relative in the case of the given job, case or task. An employee who refuses to make a declaration may be excluded from participating in the given matter or task and may not hold a senior position within the MVM Group.

It should be pointed out from the regulations of MVM Ltd. that all new hires and subsequently all employees have to make a declaration of conflict of interest every year, which covers their economic interests, the economic relations of these interests with the MVM Group, other engagement for work, and, in the case of senior employees, also the economic interests of their close relatives. If these details change, the employees are obliged to report it.

The Code of Ethics for Business Partners states that the MVM Group expects its business partners to avoid any situation that may result in, or create the appearance of, a conflict of interest in connection with the performance or maintenance of an agreement or business partnership with a member of the MVM Group, or may otherwise jeopardise the legitimate economic interest of the MVM Group.

The Central Procurement Policy stipulates that the employees of the MVM Group may not participate in a procurement procedure involving a company or other organisation in which the employee or their relative has an ownership or other interest or a managerial position.

RESPONSIBILITY FOR MANAGING ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACT

GRI 2-13, 2-12 and 2-24

The basic document setting out the delimitation of the responsibilities and competencies of the organisational units of MVM Ltd. is the Organisational and Operational Rules of the company. For 2023, according to the provisions of the Rules:

- economic affairs are managed by the Chief Financial Officer;
- the Safety and Security Director is responsible for environmental issues;
- the Communication Director, the Chief Customer Relations Officer and the General Deputy CEO are responsible for the tasks affecting society.

The Chief Financial Officer and the Safety and Security Director are responsible for certain tasks related to the operation of the Environmental, Social and Governance (ESG) framework.

The internal regulatory environment of MVM Ltd. ensures that proposals and briefings on strategic and priority topics at group level or affecting more than one organisational unit are discussed at the CEO's decision-making level at regular intervals. Based on the rules of procedure of the Board of Directors of MVM Ltd., the CEO reports once a month on the course of business and results of the company and, in general, on the events affecting the operation of the company, which have occurred since the previous meeting.

The Chief Financial Officer plans and directs the business operations of the MVM Group in accordance with the Shareholder's requirements, and ensures the operation and development of the economic and accounting processes of the Group in accordance with the relevant legislation. In 2023, the Chief Financial Officer was responsible for the professional direction of the financing, treasury and investment relations, controlling, accounting and taxation, financial risk management, and sustainability performance coordination functions. He exercised the powers contained in the central regulatory documents and performed the process sponsorship tasks with regard to the regulations belonging to the function.

Besides their other responsibilities, the Safety and Security Director directs the fulfilment of the environmental responsibilities and obligations of MVM Ltd. arising from legislation and ensures that the environmental considerations are applied as expected in the contracts of MVM Ltd. They are

responsible for coordinating the sustainability and ESG reporting tasks, manage the reporting process and are responsible for compiling the Integrated ESG Report.

The General Deputy CEO liaises with social partners, in particular, with the trade unions and works councils of the MVM Group, and represents the MVM Group in collective bargaining, industrial agreement and wage negotiations. In cooperation with the Communication Director, they are responsible for carrying out the tasks of consistent internal communication with clients in the functions they direct and within the organisations they direct.

The Communication Director is responsible for the creation of a single group employer brand and the communication and brand strategy of MVM Ltd. and the MVM Group. They are responsible for the strategic direction of the marketing and communication activities of MVM Ltd. and the companies belonging to the MVM Group. At group level, they oversee the framework for the support, donation and sponsorship (CSR) activities performed by the companies of the MVM Group.

The Chief Customer Relations Officer ensures liaison with the sectoral advocacy bodies representing key corporate accounts and the municipal advocacy bodies representing key local governments, as well as with key social and educational organisations.

1.8 Values and Code of Ethics

VALUES, PRINCIPLES, STANDARDS AND NORMS OF BEHAVIOUR

GRI 2-23 and 2-24

As a key energy operator and the main custodian of the security of electricity and gas supply in Hungary, the MVM Group must meet strict moral standards and must represent the highest level of ethical requirements. The MVM Group can create significant value if it has the same high expectations of its employees and business partners in ethical issues as professionally. The operation of the Group is based on the principles of integrity, strict compliance with the legislation and the Shareholder's requirements, and respecting the individual.

The principles of responsible business conduct set out in the relevant intergovernmental documents have been incorporated into the internal processes and regulations of the MVM Group without specifying the specific documents. The Code of Ethics available on the [website](#) of MVM Ltd. contains a number of provisions regarding the referred principles. The Code states that the MVM Group is committed to the protection and respect of human rights (based on United Nations (UN) and OECD guidelines), including, in particular, the right to human dignity, the right to life, the right to personal freedom and security, the right to the highest attainable standards of health, the right to fair and favourable working conditions, with special regard to gender equality, the right to decent wages and decent living conditions, the right to a satisfactory standard of living, the right to establish and join trade unions, the right to collective bargaining, the right to freedom from all forms of forced or compulsory labour, the right to freedom from child labour, the right to non-discrimination and the right to freedom of expression. The MVM Group is further committed to health, safety and environmental protection, equal treatment and the protection of privacy and personal data.

The MVM Group seeks to develop relations based on mutual trust and respect with its suppliers and other business partners. To this end, it only enters into business relationships with persons and companies of good business reputation, with appropriate skills and references, who or which meet the requirements set out in the Code of Ethics and Code of Ethics for Business Partners of the MVM Group. Suppliers are selected on the basis of the contents of their business offers and previous references, avoiding any conflict of interest or any exception aimed at influencing the selection. Furthermore, the MVM Group supports fair and open competition in all markets, both domestically and abroad; it carries out its activities in accordance with the standards of fair competition and in compliance with the rules of competition law in force. It is an important goal of the MVM Group, furthermore, to take responsibility for society, the environment and sustainable development commensurate with its weight in the economy.

G-ETC-01 and G-ETC-02

Compliance with the Code of Ethics is expected of all employees, persons in temporary placement or other engagement for work, officers and persons acting on behalf of the MVM Group. In 2023, 18,861 employees, i.e. 98.60% of the employees of the MVM Group, were covered by the Code of Ethics. In October 2023, the Central Compliance Policy was extended, according to which the Code of Ethics of the MVM Group applies to all member companies that are obliged to implement it (member companies may have their own code of ethics, but it cannot be more lenient than the Code of Ethics of the MVM Group). In 2023, there were also member companies that did not have a code of ethics; they are primarily smaller, typically foreign member companies, which are not subject to the Central Compliance Policy. At the same time, it is important that MVM Ltd. strives to apply a code of ethics to all its member companies in 2024.

Each employee of the MVM Group and the personal example of the executives and managers have a prominent role in the development of ethical culture. It is the responsibility of the Chief Executive of every company to ensure that the employees become acquainted with the provisions of the Code of Ethics by learning the relevant online core curriculum or participating in classroom training. In addition, the practical implementation of high-level principles is supported by a number of mandatory and recommended training courses, the completion of which is recorded by the human resources functions. The training is typically delivered in the form of e-learning. The training topics include data protection training, data security training, environmental protection training, human and information security training, and compliance and anti-corruption training.

The principles set out in the Code of Ethics are complied with and enforced in accordance with the general corporate governance processes and powers delegation, and the individual functions and function managers are responsible for the tasks specified in the Organisational and Operational Rules. In order to properly include each principle in the rules and regulations, internal documents regulating the operation of the company are issued in accordance with specific rules of procedure. An important element of this is that the functions concerned by the topic must always be involved in the preparation of the rules and regulations, and there are functions that must be included in the review of all regulations for warranty reasons, such as the legal, compliance or data protection functions. Compliance with the regulations is examined by the compliance function as the second line of defence, while by the internal audit unit as the third line of defence. The management of the given company prepares a quarterly report on the operation of the compliance function to the central compliance function, and may, if justified, make a specific report to either the Supervisory Board or the Chief Executive of the company.

G-ETC-03

Compliance and corruption risk assessments are especially important for understanding the type and extent of risks present in the individual functions. This is necessary for the establishment of appropriate response steps, the assessment of the compliance of controls and the development of controls. The member companies of the MVM Group that are obliged to implement it are obliged to carry out a compliance risk assessment on an annual basis. In 2023, 48 member companies implemented it.

MECHANISMS FOR FORMULATING QUESTIONS AND CONCERNS

GRI 2-16, 2-25, 2-26, G-ETC-04 and G-ETC-07

MVM Ltd. operates a whistleblowing system through which it is possible to report concerns related to incidents that violate integrity by giving one's name or anonymously. Sixty-three subsidiaries of the MVM Group also have their own whistleblowing mechanisms. Reporting is possible in person, by email and by letter.

It is possible for both the employees of the MVM Group and parties outside the MVM Group to report wrongdoing. Parties outside the MVM Group receive information about the report on the public websites of MVM Ltd. and the individual member companies, while employees can also get acquainted with the related information in the form of training and the intranet called Group Compliance Portal of the compliance function of MVM Ltd.

The corporate compliance function and, at group level, the compliance function of MVM Ltd. are responsible for investigating whistleblowing reports (including reports on human rights and corruption). The MVM Group investigates all reports, with the exception of manifestly unfounded or repetitive reports. During the investigation of the reports, the presumption of innocence is respected and professionalism and confidentiality are ensured. The Group pays particular attention to the protection of the personal data of the whistleblower, and ensures that the whistleblower is not harmed, harassed or otherwise subjected to any form of retaliation or discrimination as a result of the provision of information in the event of suspected incidents of breach of integrity. In all cases, the investigations are concluded with a report, which is sent by the compliance function to the CEO of MVM Ltd. in order to take the necessary measures and draw conclusions. MVM Ltd. may also carry out the investigation even if the report it received concerns a subsidiary belonging to the MVM Group. It is also possible that the appropriate function of the subsidiary concerned acts at the request of MVM Ltd.

The investigation of the reports is carried out within the framework of a documented procedure, which is concluded with an investigation report, following a phase aimed at clarifying the facts. The investigation report also includes, if necessary, a proposal for the application of consequences.

In 2023, a total of 29 reports on ethical issues were received at group level. An investigation was launched into all reports, of which 24 were closed during the year and two investigations were ongoing. Of the closed investigations, 16 were unfounded, three were partially well-founded, five were well-founded, and criminal proceedings were initiated in three cases based on the reports. Based on the investigations, employment was terminated in four cases. In addition, a disciplinary investigation was initiated, new applications were invited, attention was drawn to the provisions of the Code of Ethics, training was repeated, and proposals were made to improve and clarify certain processes.

In addition to reporting wrongdoing, employees have the opportunity to seek advice and guidance from experts in the group or corporate compliance function. In 2023, requests for advice related to a number of topics, such as conflicts of interest, restrictive measures (sanctions) and insider trading. The confidentiality of these requests is, of course, also ensured.

The compliance function of MVM Ltd. reports on its operation quarterly to the CEO, the Board of Directors, the Supervisory Board and the Audit Committee, during which it has the opportunity to raise critical concerns. The possibility of communicating critical concerns is channelled into the decision-making processes at the highest level in such a way that the submissions to the decision-making forums have to pass through specific preliminary forums or it is necessary to obtain the preliminary opinions of the functions affected by the submission. No critical concern was raised by the compliance function in 2023.

PUBLIC POLICY

GRI KP3-3, 415-1, 11.2.4 and 12.2.4

The MVM Group commits itself to establishing, as a responsible organisation, a proactive relationship with the state and government, regional and local institutions and bodies.

The MVM Group keeps continuous contact and cooperates with state, municipal and other administrative bodies and institutions. In these relationships, it acts in good faith and in a fair manner, in compliance with laws and regulations, and uses only the means permitted by law. In order to coordinate efficient regulation management and cooperation with the authorities and bodies within the Group, the Group conducts consultations with the Hungarian and international regulatory authorities and administrative, European Union and international bodies.

Similarly to previous years, the MVM Group did not provide financial and in-kind political contributions either directly or indirectly in 2023.

The expectations related to participation in current affairs and politics and manifestations are set out in the Code of Ethics of the MVM Group. The MVM Group supports all of its staff's public appearances that promote the reputation and professional development of the MVM Group. It supports, in particular, the participation of its employees in scientific life and professional advocacy circles in their fields, where they can strengthen the positive image of the employer. Nevertheless, it is prohibited to express any political view, to make a position statement or to make any promise incompatible with the provisions of legislation, internal regulations and agreements and to provide inaccurate information on behalf of the company at any forum, including the workplace. So the MVM Group does not restrict the political involvement of employees outside the workplace and beyond working hours, but in such cases they may not use the name, contact details and communication channels of the MVM Group, and the political activity may not be in conflict with the interests of the MVM Group.

1.9 Legal compliance

The MVM Group expects all of its employees to engage in lawful conduct, to comply with the provisions of legislation and Group and internal regulatory documents, and to perform their activities in accordance with the interests and ethical norms of the MVM Group and holds them accountable for the same; this is also required by the Code of Ethics.

The compliance function of MVM Ltd. is responsible for the practical implementation of high-level principles, and the subsidiaries are also required to operate a compliance function. The compliance function helps MVM Ltd. comply with the legislation governing its activities and operation and ensures that its regulations are in compliance with the legal rules. In accordance with the obligation applicable to state-owned companies, the company operates a compliance framework within the framework of the internal control system. The main building blocks of the compliance framework are management engagement; risk assessment; appropriate processes, controls and regulations; training and communication; and the operation of a whistleblowing system. The compliance work plan ensures that the identified deficiencies are properly addressed.

MVM Ltd. defined the minimum requirements for each compliance topic in the Central Compliance Policy for the companies obliged to implement it.

Member companies that are not obliged to implement the Central Compliance Policy (foreign member companies and a small number of Hungarian member companies) form a heterogeneous group currently in terms of the maturity of their compliance framework. One of the most important foreign subsidiaries, innogy Česká republika a.s., operates a mature and high-level compliance framework, but there are also companies for which the compliance framework is still being developed.

The compliance function of MVM Ltd. reports on its operation on a quarterly basis to the CEO, the Board of Directors, the Supervisory Board and the Audit Committee of MVM Ltd., and prepares a separate report annually to the Supervisory Board of MVM Ltd.

GRI 2-27, E-REM-06 and E-REM-24

In 2023, 605 fines were imposed on the member companies of the MVM Group due to violations of the law and rules. The Group paid fines amounting to HUF 66 million.

- Of these cases, 567 were related to cases that occurred during the reporting period (fine amount: HUF 42 million);
- 38 cases related to an earlier period (fine amount: HUF 24 million).

Two cases were closed with significant fines, and no other significant cases were closed with sanctions. We consider cases with fines above HUF 5 million to be significant. One of the major cases relates to innogy Energo s.r.o. The company paid a fine as the legal successor of Areal Blansko LDS in 2023 because Areal Blansko had operated without a gas trading licence in violation of the law between

December 2018 and November 2019. A fine of HUF 11.2 million was imposed in the case, which the company paid to the Energy Regulatory Authority of the Czech Republic.

The other significant case was one that resulted in a large environmental fine (minimum EUR 10,000). The Government Office for Borsod-Abaúj-Zemplén County imposed a forest protection fine of HUF 5.4 million on MVM ÉMÁSZ Electricity Network Ltd. for (unauthorised) logging along a forest clearing corridor.

MVM OVIT Ltd. paid a fine of HUF 410,909 for exceeding the limit of its wastewater discharged in 2022.

G-RCO-04

The MVM Group is constantly working on information security. As a result of the implemented administrative, business IT integrations and consolidation tasks, the operation of the services has become more reliable, and the consolidation will continue as planned in the coming period. The number of incidents stagnated: in 2023 the number of incidents affecting the IT infrastructure was 210.

PROTECTION OF PERSONAL DATA

GRI SZAV3-3 and 418-1

Certain member companies of the MVM Group provide electricity and natural gas services to more than 8 million customers, also processing the personal data of a significant number of natural persons. The processing of the data without due circumspection and regulation may lead to misuse, which, in addition to the problems caused to customers, also jeopardises trust in the Group.

The personal data processing and data protection activities of the member companies of the MVM Group are specified by a uniform set of rules. The data protection requirements set out in the GDPR¹⁶-compliant group-wide central policy apply to member companies, which is reflected in each company's own internal personal data processing and data protection policies. For foreign member companies, an English translation of the Central Data Protection Policy is also available, which is applied in accordance with the legal system of their own country. The Personal Data Processing and Privacy Manual of the MVM Group, which contains methodological knowledge and optional samples for the practical application of the Central Policy, is available to member companies.

The detailed data processing activities within the MVM Group can be found at the following links and on the websites of individual member companies:

<https://mvm.hu/Rolunk/KozerdekuInformaciok/AdatkezelesiTajekoztatok>;

<https://www.mvmnext.hu/adatvedelem>

GRI 418-1 and G-ETC-13

The data leak prevention (DLP) system of the Group had 10,000 users also in 2023. In order to increase data protection awareness, the employees of the MVM Group are obliged to participate in regular data protection training in order to reduce the number of incidents resulting from possible ignorance by using lawful data processing procedures. A two-tier curriculum ensures that data protection knowledge is acquired in accordance with the intensity of the data processing associated with the business activities of the member companies.

Personal data breaches:

- In 2023, there were approximately the same number of personal data breaches in the MVM Group as in the previous year, a total of 421, all of which were related to external customers. In six cases, it was necessary to report them to the data protection authority. Unreported personal data breaches did not pose a risk to the data subjects.

¹⁶ General Data Protection Regulation

- Similarly to the previous period, the number of abusive attempts on behalf of companies providing energy to end-users was common among the incidents. However, it did not occur in 2023 either that fraudsters obtained personal data from data sources obtained from the companies without authorisation. The Group implements IT developments in order to reduce phishing activities related to the data of natural person customers.

Proceedings by the authorities:

- In 2023, eight proceedings were initiated by the data protection authority at the Group to investigate data protection complaints. The companies concerned provided timely and sufficiently detailed data on the basis of requests made by the authorities.
- No data protection fines were imposed on the Group in 2023.

The table shows complaints closed and attributable to the MVM Group.

Number of justified complaints about the misuse of customers' personal data or the loss of data				
	Unit	2021	2022	2023
Number of complaints about personal data that have proved to be legitimate	pcs	17	11	14
complaints from external parties	pcs	15	11	9
complaints from regulatory bodies	pcs	2	0	5
Number of incidents resulting from leakage, theft or loss of customer data	pcs	194^a	419	421

^a In the 2021 Integrated Report, this figure was included in the row 'Number of cases of personal data misuse'.

ANTI-CORRUPTION EFFORTS, NUMBER OF CORRUPTION INCIDENTS AND MEASURES TAKEN

GRI KORR3-3, 205-1, 205-2, G-ETC-05, G-ETC-06 and G-ETC-07, 11.20.6 and 12.20.6

The fight against corruption is important not only for compliance with anti-corruption legislation, but also for preventing, mitigating and recovering from the damaging effects of corruption. Corruption not only impedes the efficient functioning of markets, but also brings uncertainty to commercial transactions and degrades the quality of products and services. It increases the cost of the undertakings at the level of individual companies and reduces their economic performance and effectiveness. Corruption also carries a significant reputational risk and can induce the commission of many other crimes (for example, money laundering), thus triggering spill-over effects in the economy. Corruption can also have a destructive and demoralising impact on organisational culture and the enforcement of human rights since corruption is more likely to undermine human dignity, freedom of expression and, in general, (business) ethical values in an environment where corruption is accepted. Eliminating and minimising the above impact is not only in the basic economic interest of the MVM Group, but also its moral obligation as a state-owned company.

Given that corruption in the broader sense can appear in many forms, exposure to corruption can also occur in relation to the activities of the MVM Group and its business relationships. It is therefore important that, in addition to taking decisive steps to combat corruption itself, the MVM Group also expects its business partners to do the same. The MVM Group and its business partners also necessarily interact with each other in the fight against corruption, partly through the transmission of business ethical values and, in extreme cases, through impact on the specific business relationship.

The anti-corruption commitment of the company is set out at a high level in the Anti-corruption Policy of MVM Ltd. (for more details, see [Anti-bribery Management System](#)), in which the management of the MVM Group declares that the Group is committed to fighting corruption. The MVM Group

expressly prohibits and opposes all forms of corruption and takes decisive steps to prevent and impede it. Both the Code of Ethics and Code of Ethics for Business Partners of the MVM Group contain important provisions in relation to anti-corruption efforts, laying down the prohibition of all forms of corruption, as well as setting specific requirements for all employees and business partners of the MVM Group¹⁷. Such an expectation is, among other things, to indicate acts of corruption that have come to their attention.

At the end of 2023, 23 member companies had an operational **ISO 37001** anti-bribery management system certified by an independent auditor in order to put high-level principles and goals into practice. Certified companies: MVM Ltd., MVM Paks Nuclear Power Plant Ltd., MVM GG Ltd., Vértés Power Plant Ltd., MVM Balance Ltd., MVM OTSZ Ltd., MVM EGI Ltd., MVM ERBE Ltd., MVM NUKA Ltd., MVM XPert Ltd., MVM Partner Ltd., MVM CEEnergy Ltd., Hungarian Gas Storage Ltd., MVM Démász Electricity Network Ltd., MVM Főgáz Ltd., MVM Égáz-Dégáz Ltd., MVM Émász Electricity Network Ltd., MVM NET Ltd., MVM EÉ Customer Relations Ltd., MVM Customer Relations Ltd., MVM Next Energy Trading Ltd., MVM I Ltd. and MVM Services Ltd. Sixteen companies introduced the management system during 2023. By the end of 2024, another four member companies plan to obtain the certificate. These companies represent the overwhelming majority also in terms of economic, security of supply and strategic impact in the MVM Group, but it is also a medium-term goal to make companies not belonging to this group catch up in terms of compliance and anti-corruption performance.

In the Group, the compliance function is responsible for the development and operation of the anti-corruption framework. Member companies that are not obliged to implement the Central Compliance Policy form a heterogeneous group currently in terms of the maturity of their anti-corruption framework, too. The following is valid only for companies obliged to implement the Central Compliance Policy.

In the fight against corruption, controls built into processes, such as the *'four-eyes principle'* or the principle of documentation, play an important role. Dedicated anti-corruption training is carried out at several companies, which, firstly, includes the most important anti-corruption information and actions and, secondly, encourages the reporting of corruption concerns.

The anti-corruption clause is part of the mandatory content elements of contracts and the general terms of contract, and creates a legal basis for the enforcement of anti-corruption considerations in respect of individual business relationships. The ISO 37001 certified subsidiaries have integrated anti-corruption considerations into their partner due diligence processes, communicate the anti-corruption commitment of the MVM Group and the most important anti-corruption expectations to their business partners in a documented way, and inform their business partners about whistleblowing opportunities. The member companies of the MVM Group belonging to its integrated procurement scheme examine the ownership structure of their partners during supplier qualification in the procurement procedures. The central partner risk management function, in cooperation with the compliance function and the member companies, developed a standard KYC questionnaire, which is used in the partner risk assessment by the domestic companies operating in the wholesale sector (MVM Partner Ltd. and MVM CEEnergy Ltd. and their subsidiaries), and which includes the identification of the beneficial owner.

There is still little information on the effectiveness of anti-bribery measures because the compliance framework takes years to mature.

However, the ISO 37001 certificates obtained can also be interpreted as proof of the compliance of anti-bribery management systems and as a goal. The effectiveness of the measures is also measured by setting annual anti-bribery objectives as required by the ISO 37001 standard, as well as regular verification of their achievement, internal audits and management audits. The development cycle thereby ensures that the experience drawn from the practical operation can determine the directions

¹⁷ Business partners mean suppliers, their number was 8,163 in 2023.

of development. The goals set are typically qualitative, development-oriented and, at the same time, measurable. For example, in the case of MVM Ltd., the development goal achieved in 2023 was to create a Group Compliance Portal intranet interface in order to strengthen the anti-corruption organisational culture.

The compliance function of MVM Ltd. reports annually to the Supervisory Board as the governing body under the ISO 37001 standard on the effectiveness of the Anti-Bribery Management System.

GRI 205-3

Although the number of reports is not in itself decisive for assessing the efficiency of the Anti-Bribery Management System, it can be considered to be an expression of trust in the system and the compliance function that four corruption-related reports were received by MVM Ltd. in 2023. In all four cases, investigations were initiated, of which two investigations were closed during the reference year, while two investigations were still ongoing at the end of 2023. There was no case of corruption confirmed on the basis of the completed investigations, and there was no reason to take corrective measures.

GRI 205-1

Corruption risks are assessed as part of compliance risk assessment. The risk assessment includes the assessment of the influence of the individual stakeholders on the company belonging to the MVM Group and the impact of the company on the individual groups of stakeholders. In the risk assessment, specific corruption risks are also assessed in terms of impact and likelihood. The report prepared on the basis of the risk assessment also includes the risk classification of the stakeholders and the individual risks. In 2023, a total of 48 member companies (40%¹⁸) conducted (ethical) compliance risk assessments. Based on the results, the most significant corruption risks occur in the trading, technical and control functions. MVM Ltd. reduces these inherent risks to a level acceptable to it through the implemented controls.

GRI 205-2 and G-ETC-06

MVM Ltd. is aware of the importance of properly communicating its anti-corruption commitment and main rules both within and outside the MVM Group. Information on the anti-corruption policy and whistleblowing opportunities, the Code of Ethics of the MVM Group and the Code of Ethics for Business Partners of the MVM Group are also communicated to the employees and business partners (for example, through intranet news, direct mail and public disclosure), while regulations setting out internal procedures (for example, Anti-Bribery Management Code, internal regulations, process instructions) are only available to the employees. The bodies of knowledge are available to the employees of the MVM Group on the Group Compliance Portal intranet interface.

Number and proportion of persons receiving anti-corruption training and information, 2023		
	persons	%
Received training		
Members of the Supervisory Board and the Board of Directors	62	19%
Senior officers	858	34%
Subordinate white-collar employees	8,891	86%
Subordinate blue-collar employees	4,269	69%
In Hungary	13,542	77%
In Europe (including Hungary)	13,700	72%
In Asia	0	0%

¹⁸ Each member company is an operation.

Received information ¹⁹		
Members of the Supervisory Board and the Board of Directors	139	43%
Senior officers	1,159	46%
Subordinate white-collar employees	11,212	108%
Subordinate blue-collar employees	6,045	97%
In Hungary	16,415	94%
In Europe (including Hungary)	17,546	92%
In Asia	0	0%

The percentage is relative to the year-end headcount, while training and the provision of information took place throughout the year. Given the change in personnel during the year, a percentage greater than 100% is possible.

An important milestone for suppliers is the completion of the Code of Ethics for Business Partners in 2023, by which the MVM Group expects its suppliers to take measures proportionate to the size, complexity and risk exposure of their organisations to ensure ethical operation and compliance. The procurement process of many member companies expects suppliers to be informed about anti-corruption expectations and to accept basic anti-corruption commitments, the Code of Ethics of the MVM Group as well as, from 2023, the Code of Ethics for Business Partners and the Anti-corruption Policy of the MVM Group. Several member companies make the anti-corruption training material available also to their suppliers and expect them to declare that they have become familiar with and acknowledge its contents.

GRI 11.20.5 and 12.20.5

The MVM Group provides information about its contracts in accordance with the data disclosure provisions of Act CXXII of 2009 on the more economical operation of publicly owned companies. The disclosure obligation also covers the change of the published data due to the amendment of the contract or the situation where it becomes obliged to publish them due to the amendment of the contract. The disclosures can be found on the [website](#) of MVM Ltd. and on the websites of the member companies.

Exceptions to the disclosure obligation are laid down by law. For companies engaged in energy and telecommunications activities, among others, the disclosure of business, financial and technical data on the relevant subjects listed in Annex 1 to Act CXXII of 2009 is expressly prohibited during the period allocated to these subjects if there is a national security, central financial or foreign affairs interest associated with it. In the field of energy, the main reference point is the national security interest, given that the continuous and uninterrupted supply of electricity and gas to the country is undisputedly a national security interest. It is expressly prohibited to disclose the data concerned, there is no discretion in this regard. On the other hand, data related to the business activities of companies the acquisition or disclosure of which by others causes disproportionate harm to the business activities of the company concerned, typically business disadvantage or competition law infringement, may not be learned by the public. In this case, the disclosure of the data is based on discretion, during which the infringement of interests must be proved.

In addition, the members of the Group strive to enforce transparency in all aspects of their regular data disclosures.

Transparency is fulfilled in relation to the licensed companies belonging to the MVM Group, and the licences of the companies are established by the Hungarian Energy and Public Utility Regulatory Authority in a decision, which is published on its website. In addition, the Authority is constantly updating a table on its [website](#), in which the licensees can also be found, and the individual licences are also available on the companies' websites.

¹⁹ Those who have received training are also considered to have received information.

PREVENTION OF ANTI-COMPETITIVE BEHAVIOUR

GRI VE3-3 and 206-1

The MVM Group is committed to curtailing anti-competitive behaviour. Due to the key role of the Group in terms of security of supply and domestic energy generation, the elimination of anti-competitive behaviour is an indispensable condition for the transparent operation of the organisation. The liberalised energy market and competition support domestic security of supply and the increase of the volume of energy generation, which is also in line with the interests and goals of the MVM Group. Distortions of competition, in addition to hampering the organic development of the Group, could also hinder its ability to innovate and would result in reduced efficiency and lower service standards.

The Group supports fair and open competition in all markets, both in Hungary and abroad. It performs its activities in compliance with the standards of fair competition and observes the rules of competition law in force. It takes all necessary measures to ensure that any violation of competition law within the Group is excluded. To this end, it employs experts experienced in competition law and compliance and uses consultants competent in this field during its operation. Furthermore, it operates an internal regulatory system, which ensures compliance with competition law.

In the event of employee activities that promote anti-competitive behaviour, the responsible employee will be held liable.

At organisational level, the implementation of anti-competitive operation is supported by multi-level decision-making in the MVM Group, the control points built in the work processes, the establishment and maintenance of shared powers, the internal audit and compliance organisation, and the whistleblowing channels operating at the member companies and at central level alike.

The MVM Group is represented in professional and industry associations, organisations and cooperation, and is actively involved in their operation, bearing in mind, at the same time, the representation of the interests of the MVM Group. Associations and initiatives of which MVM Ltd. is a member are described in the annexes and in the sections below. Employees representing the MVM Group in professional and industry organisations and associations perform their activities on the basis of prior authorisation from the management.

Avoiding conflicts of interest is also necessary in order to achieve fair competition; the related procedures are described in the section *Governance structure*.

The Group adapts all of its competitively relevant communications in accordance with the relevant legal rules. It cooperates with official bodies if competition concerns arise.

In respect of the member companies of the MVM Group, there was an ongoing case related to anti-competitive behaviour at the end of 2023, and no official decision has been taken yet in the proceedings.

NON-DISCRIMINATION

GRI DM3-3 and 406-1

The Code of Ethics and the Code of Ethics for Business Partners of the MVM Group also declare its commitment to the protection of the right to non-discrimination. Based on United Nations (UN) and OECD guidelines, the MVM Group aims not only to respect human rights, but also to actively implement their enforcement in its own operations, and the company strives for positive impact at the level of society as well. In 2023, the right to fair and favourable working conditions was complemented by an emphasis on gender equality. The principles are observed and enforced in accordance with the other requirements of the Code of Ethics and the Code of Ethics for Business Partners, as described in the Section *Values and Code of Ethics*. The section *Equal opportunities* provides more information on the practices applied in relation to equal opportunities for employees.

The effectiveness of non-discrimination procedures is characterised by the related reports received and legal compliance. In 2023, no discrimination was reported within the MVM Group through the whistleblowing system.



2. ECONOMY

FOLLOWING SUSTAINABLE DEVELOPMENT GOALS

The activities of the MVM Group also help the achievement of three SDGs that primarily include economic objectives. These are the goals of 7. *Affordable and clean energy*; 8. *Decent work and economic growth*; and 9. *Industry, innovation and infrastructure*.

Among the SDGs, SDG 7 (*Affordable and clean energy*) is undoubtedly the one most affected by the activities of the Group in Hungary. Sustainable energy generation, increasing energy efficiency and reducing pollutant emissions are in the focus of the activities of the MVM Group.

The transition to sustainable consumption and the improvement of resource efficiency also serve the achievement of SDG 8 (*Decent work and economic growth*). Measures supporting this also include the development of the transmission network, which contributes significantly to the achievement of the economic development goal and the implementation of measures in the areas of infrastructure, technology development and innovation (SDG 9 *Industry, innovation and infrastructure*).

GRI GT3-3

The economic performance of the MVM Group has an impact on the well-being and economic performance of its employees, suppliers and customers as well as on the economy of the Hungarian state.

In 2023, prices and the macro environment were essentially determined by the curtailment of inflation that had increased in the previous period. As a result, interest rates increased significantly, and both the European and Hungarian economies experienced a slowdown.

In terms of energy prices, they slowly tapered off in 2023, but volatility remained extremely high. Although prices normalised during the year, high volatility remained, as a result of which trade and pricing risks were also stuck at a high level, so appropriate risk management continued to play a prominent role in the Group. An important tool for managing these risks was the continuous monitoring of market fundamentals, the monitoring of up-to-date economic, energy market and regulatory developments (see Section 1.2 for more details), and the money and capital market hedging business activities, during which hedging transactions managing the individual risks appropriately were actively carried out in accordance with the current market conditions. In 2023, the electricity and gas market environment stabilised compared to a highly volatile 2022, albeit at higher price levels than in previous years.

In 2023, the MVM Group significantly increased its liquidity margin. In addition to renewing and increasing the maturing loan and bank guarantee facilities, it set up new facilities, with new banking partners expanding the group of financiers of the Group. The maturity structure of the portfolio was optimised in accordance with the financing strategy.

In the first half of the year, the green financing framework of the MVM Group was completed, which enabled the first green bonds to be issued in the history of the Group in June 2023. During the transaction, the MVM Group raised USD 750 million in funds from the capital markets with a maturity of 5 years, which contributes to the realisation of the green projects of the Group, thus facilitating the achievement of the decarbonisation goals set out in the National Energy Strategy. The bonds were issued at the sole risk of the MVM Group, without guarantee from the Shareholder. The issuance in US dollars significantly increased the number of international bond investors in the MVM Group. The high interest experienced from investors and the successful issuance demonstrate that the MVM Group is also a recognised player and is considered a reliable partner in the international financial arena.

In 2023, the MVM Group maintained its investment category rating at both S&P Global Ratings and Fitch Ratings. The credit agencies continue to acknowledge the integrated business model, key role in regional and domestic markets, conservative financing policy and stable liquidity position of the MVM Group as well as the involvement of the state.

2.1 Key technical and economic indicators

GRI GT3-3

The MVM Group closed the 2023 business year with an operating profit, as defined in the International Financial Reporting Standards (IFRS), of HUF 644.6 billion compared to HUF 212.8 billion in the 2022 business year. In 2023, the Group generated a total comprehensive income of HUF -189.6 billion, as opposed to HUF 78.8 billion a year earlier.

In 2023, the MVM Group realised sales revenue of HUF 5,079.0 billion, which decreased by HUF 2,568.7 billion compared to the previous year, and its total operating revenues amounted to HUF 6,317.0 billion in the reference year. The decrease can be explained mainly with lower natural gas sales revenues.

The most important task of the Group in 2023 was also to guarantee the security of supply in Hungary and to provide affordable and clean energy to the Hungarian population and businesses. The MVM Group continued to do this with stable business operations and financing also in 2023, achieving an EBITDA of HUF 910.5 billion, which is HUF 457.1 billion higher than the 2022 actual figure.

A Consolidated Report (financial report) is prepared every year on the economic performance of the MVM Group pursuant to the provisions of the Accounting Act. The Auditor always issues an independent opinion on the Consolidated Report. The financial data of the Group are included in Section 6.5.

GRI 201-1, GRI EU8, E-GHG-09, E-GHG-10, E-GHG-11, E-GHG-12, E-GHG-14, E-GHG-18, E-OTH-09, E-INO-24, G-RCO-01, G-CGO-14, G-RCO-07 and G-RCO-09

	Unit	2021	2022	2023
Installed electrical capacity of power plants	MW _e	3,891	3,950	4,098
Installed heat capacity of power plants	MW _{th}	9,371	9,096	9,133
Electricity generated (gross)	GWh	20,340	20,074	19,499
Heat generated (gross)	TJ	5,040	5,053	4,607
Electricity sold	GWh	41,596	44,341	38,906
Heat sold	TJ	4,449	4,339	4,178
Sales revenue	HUFm	2,774,474	7,647,782	5,079,039
EBITDA	HUFm	262,442	453,347	910,481
Profit/(-)loss after tax	HUFm	-1,143	72,744	369,122
Non-current assets	HUFm	2,850,069	3,534,964	3,213,930
Total assets	HUFm	6,259,452	8,297,369	7,025,452
Equity	HUFm	2,132,326	2,234,359	1,936,726
Non-current assets Ratio	%	45.53	42.6	45.8
Rate of Return on Assets (ROA)	%	-0.04	2.06	11.49
Rate of Return on Equity (ROE)	%	-0.05	3.26	19.06
Rate of Return on Sales revenue (ROS)	%	-0.04	0.95	7.27
Earnings Per Share (EPS)	HUF	-11.47	685.15	3,476.63
Net debt / Equity (Indebtedness Ratio)	–	-0.05	0.47	0.73
Net debt / EBITDA	–	-0.37	2.30	1.55
EBITDA / Interest paid (Interest Coverage Ratio)	–	23.78	8.82	10.95
Net cash flow from operating activities	HUFm	654,096	-967,076 ^a	377,651
Consolidated capital expenditures	HUFm	243,578	452,769	447,626
Effective tax rate (ETR)	%	106.5	33.4	32.3

Tax liability	HUFm	18,657	36,521	176,450
Chartered auditor's fees	HUFm	656	582	808
EU Taxonomy-aligned sales revenue	%	12 ^d	13	22
EU Taxonomy-aligned CAPEX	%	59 ^d	31	56
EU Taxonomy-aligned OPEX	%	21 ^d	47	58
Sales revenue from ISO 14001 certified member companies / Total sales revenue	%	40.7	6.7	16.4
Network developments allowing renewable integration (CAPEX) / Total CAPEX	%	n/a	7.1	16.8
Sales revenue from coal-based activities / Total sales revenue	%	2.5 ^a	1.4 ^a	2.9
GHG emissions (Scope 1+2) / Total sales revenue	gCO ₂ /HUF	n/a	0.52 ^b	0.75
R&D costs for environmental purposes / Total sales revenue	%	0.02	0.04	0.02
R&D&I projects / Total projects	%	3.5	2.3	2.9
Year-end headcount	persons	14,672	18,399 ^c	19,128

^a GRI 2-4: Due to a change in methodology, the marked figures were recalculated.

^b GRI 2-4: The value has changed due to the revision of GHG emissions in 2022.

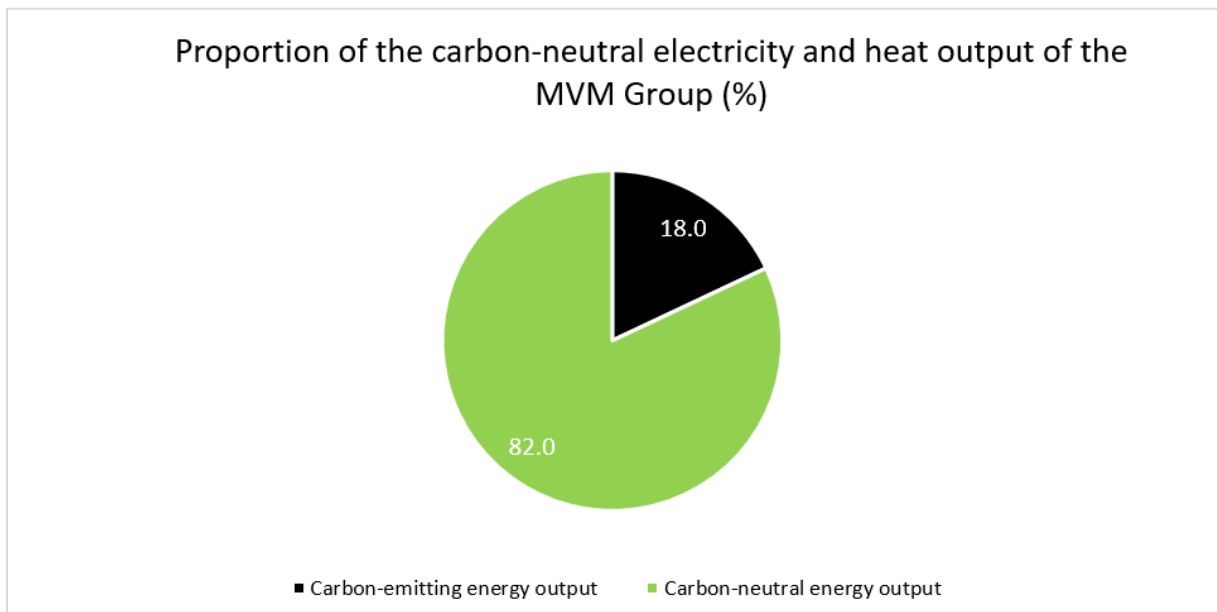
^c See Section 4.2 for details.

^d In 2021, only an eligibility study was conducted.

The generation units of the MVM Group generated a total of 20.8 TWh of electricity and heat in 2023. 77% of this amount of energy, 16.1 TWh, was generated by MVM Paks Nuclear Power Plant Ltd. and 15%, i.e. about 3.1 TWh, by the lignite-fired units of MVM Mátra Energy Ltd. (including biomass and RDF/SRF).

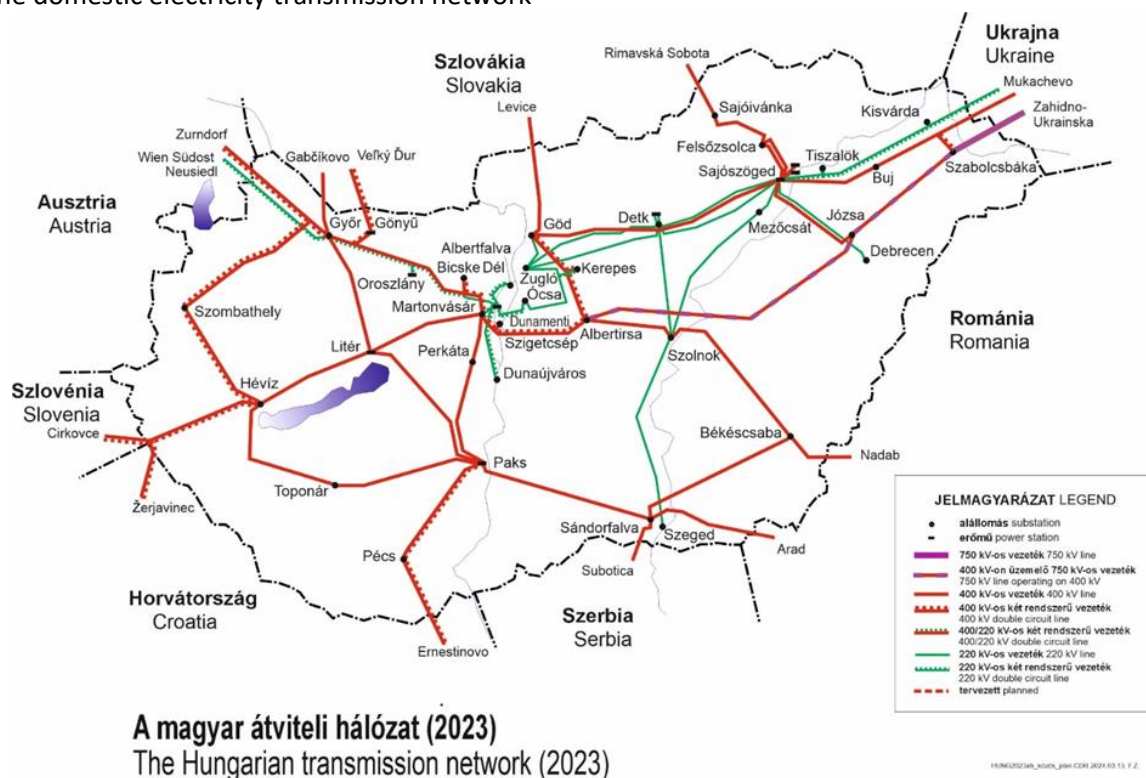
The energy generated on a renewable basis (including biomass and renewable RDF/SRF) reached 984 GWh at group level by the end of the year, representing 4.7% of the total amount generated.

Due to developments and strategic actions, the proportion of the carbon-neutral electricity and heat output of the MVM Group is 82%.



LENGTH OF POWER LINES AND GAS PIPELINES

The domestic electricity transmission network

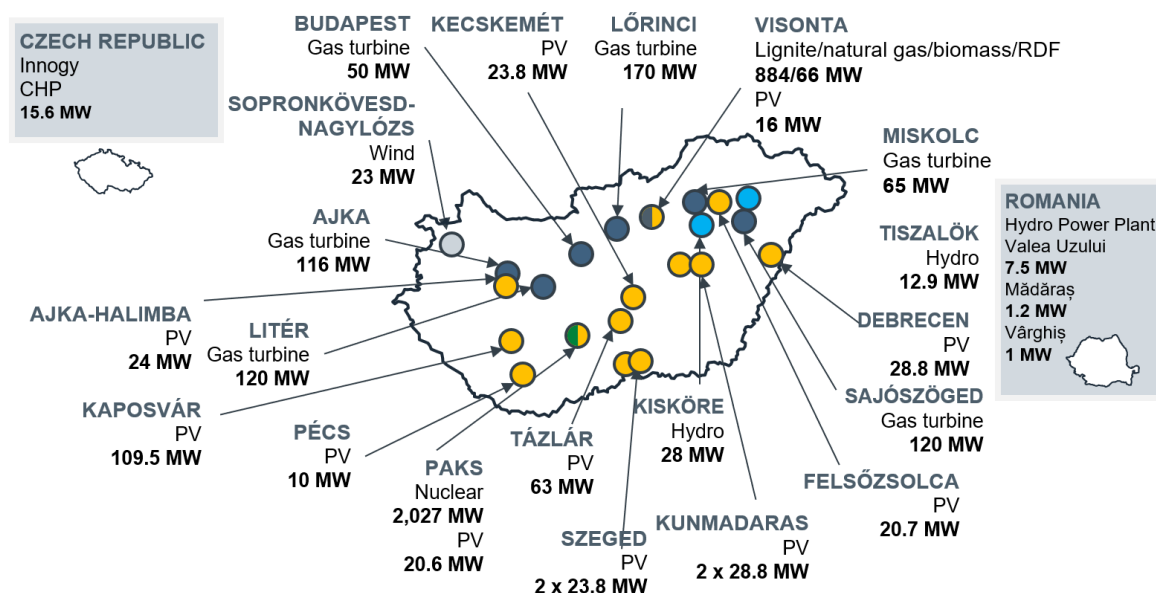


There was no significant change in the network. The network development activities are set out in Section 2.2.

GRI EU4, E-OTH-07

Length of power transmission lines		Unit	Route length	System length
750 kV		km	266	266
400 kV		km	2,324	3,020
220 kV		km	1,094	1,413
132 kV		km	126	176
	of which total underground	km	16	16
Length of power distribution lines		Unit	Route length	System length
132 kV		km	2,224	2,867
	of which total underground	km	3	3
	<i>proposed</i>	km	20	22
35 kV		km	346	346
	of which total underground	km	48	48
	<i>proposed</i>	km	0	0
20 kV		km	21,453	21,453
	of which total underground	km	1,917	1,917
	<i>proposed</i>	km	0	0
10 kV		km	1,143	1,143
	of which total underground	km	1,140	1,140
	<i>proposed</i>	km	0	0
0.4 kV		km	30,259	30,259
	of which total underground	km	4,954	4,954
	<i>proposed</i>	km	0	0
Total length of the underground power distribution network		km	8,061	8,061

Length of gas distribution lines		Unit	Route length	System length
Low pressure	Underground	km	4,798	6,609
Medium pressure	Underground	km	12,453	17,474
High medium pressure	Underground	km	5,175	5,457
High pressure	Underground	km	48	48



The Tázlár PV was included in the MVM Group only in 2024.

In 2023, MVM GG Ltd. commissioned photovoltaic power plants with a total nominal capacity of 121.85 MW_e and a total solar panel capacity of 145.22 MW_p as follows:

Power plants	Rated capacity [MW _e]	Total capacity of solar panels [MW _p]
Kunmadaras I	24.00	28.73
Kunmadaras II	24.00	28.73
Szeged I	19.98	23.64
Szeged II	19.98	23.78
Kecskemét II	19.98	23.79
Oroszlány (15 power plants)	7.47	8.93
Pécs (five power plants)	2.49	2.98
Multiple locations (eight power plants): Berettyóújfalú, Dánszentmiklós, Dorog, Kunszállás, Nyírcsaholy, Pusztaföldvár, Sükösd and Vésztő	3.95	4.66
Total	121.85	145.22

innogy Energo s.r.o.

The implementation of its 8 MW_{th} electric boiler project was completed at the heating plant in the city of Náchod. The boiler can support the maintenance of the balance of the Czech electricity system in the system-level services market by converting electricity into heat energy. In addition, the replacement of a 2.4 MW_{th} gas boiler and the installation of a new cogeneration unit were completed at the Králuv Dvur heating plant and the Beroun-Hlinky facility, respectively. innogy Energetika Plhov-Náchod, s.r.o. completed the 8.5 MW_{th} steam boiler project started in 2022.

GRI EU1, E-GHG-13, E-GHG-15 and E-OTH-11

Installed capacity by energy source (based on licences issued by the Hungarian Energy and Public Utility Regulatory Authority)	Unit	2021	2022	2023
Installed electrical capacity	MW_e	3,891^a	3,950	4,098
Natural gas	MW _e	320	318	320
Distillate oil / fuel oil	MW _e	410	410	410
Coal ^b	MW _e	884 ^a	884	884 ^b
Nuclear	MW _e	2,027	2,027	2,027
Renewable/biomass	MW _e	0	0	0
Renewable/wind	MW _e	23	23	23
Renewable/hydro	MW _e	10 ^c	51	51
Renewable/solar ^d	MW _p	184	237	383
Total renewable	MW_e	217	311	457
Carbon-neutral installed electrical capacity	MW_e	2,244	2,338	2,484
Proportion of carbon-neutral installed electrical capacity	%	58.7	59.2	60.6
Installed thermal capacity	MW_{th}	9,371^a	9,104.8^a	9,133
Natural gas	MW _{th}	1,212	1,034 ^a	1,040
Distillate oil / fuel oil	MW _{th}	0	0	21
Coal ^b	MW _{th}	2,126 ^a	2,126 ^b	2,126
Biomass	MW _{th}	5	5	5
Nuclear	MW _{th}	5,940	5,940	5,940

^a GRI2-4: The 2022 figure for natural gas installed heat capacity was modified by entering the data of the innogy companies.

^b It does not include the capacities of Vértes Power Plant Ltd. As of 2022, the former capacities of the Vértes Power Plant no longer belong to the MVM Group.

^c The 2021 figure does not include the installed capacities of the turbines of the Tiszalök Hydropower Plant and the Kisköre Hydropower Plant of MVM Hydropower Plant Ltd.

^d Installed solar panel capacity, peak value [MW_p]. Capacity connected to the grid in 2023: 323 MW_e. The generation and installed capacity data for the Sunshine project purchased at the end of 2023 are not yet included in the above tables.

The natural gas-based thermal capacity has been including the Szolnok district heating provider and, in the case of the Mátra Power Plant, a backup boiler with a capacity of 37.89 MW since 2022.

GRI EU2, E-GHG-16, E-OTH-17 and E-OTH-28

Energy generated and output by energy source	2021	2022	2023
Electricity generated by the MVM Group (GWh)	20,340	20,074	19,499
Natural gas	491	384	165
Distillate oil / fuel oil	49	44	31
Coal	2,928	2,893	2,431
RDF/SRF	224	160.4	123
Biomass	349	320	251
Wind	45	44	46
Hydro	19 ^c	151	155
Solar	244	265	381
Nuclear	15,990	15,812	15,918
<i>Carbon-neutral electricity generation^a</i>	<i>16,648</i>	<i>16,593</i>	<i>16,750</i>
<i>Proportion of carbon-neutral electricity generation, %</i>	<i>81.85</i>	<i>82.7</i>	<i>85.9</i>
Electricity output of the MVM Group (GWh)	18,998	18,733	18,215
Natural gas	472	345	158
Distillate oil / fuel oil	45	40	28

Coal	2,569	2,528	2,124
RDF/SRF	197	140	108
Biomass	306	140	219
Wind	44	43	45
Hydro	15 ^c	146	150
Solar	239	259	371
Nuclear	15,112	14,952	15,013
<i>Carbon-neutral electricity output^a</i>	<i>15,716</i>	<i>15,680</i>	<i>15,797.4</i>
<i>Proportion of carbon-neutral electricity output, %</i>	<i>82.72</i>	<i>83.7</i>	<i>86.7</i>
Heat generated by the MVM Group (TJ)	5,040	5,053	4,607
Natural gas	3,467	3,500	3,041
Distillate oil / fuel oil	7	4	6
Coal	854	882	924
RDF/SRF	66	49	45
Biomass	103	100	98
Nuclear	543	518	493
Heat output of the MVM Group (TJ)	4,449	4,711	4,050
Natural gas	3,448	3,710	3,000
Distillate oil / fuel oil	6	4	5
Coal	692	709	781
RDF/SRF	53	40	39
Biomass	83	82	84
Nuclear	167	166	141
<i>Carbon-neutral heat output^b</i>	<i>250</i>	<i>248.3</i>	<i>224.6</i>
<i>Proportion of carbon-neutral heat output, %</i>	<i>5.62</i>	<i>5.3</i>	<i>5.6</i>
Carbon-neutral electricity and heat output, GWh	15,785	15,749	15,860
Total electricity and heat output, GWh	20,234	20,042	19,340
Proportion of carbon-neutral electricity and heat output, %	78.01	78.6	82.01

^a Carbon-neutral energy sources for electricity generated/output: biomass, wind, hydro, solar and nuclear.

^b Carbon-neutral energy sources for heat output: biomass and nuclear.

^c It does not include the electricity generated by the Tiszalök Hydropower Plant and the Kisköre Hydropower Plant received as contributions in kind in 2021.

All energy generated and output figures are derived from measurements. The 2022 figures are the first to include the generation data of the two domestic hydropower plants. The generation and installed capacity data for the Sunshine project purchased at the end of 2023 are not yet included in the above tables.

There were several reasons for the decrease in the amount of electricity generated with natural gas and heat output: in terms of the established daily and IntraDay tiered balancing power fees introduced as of 15 November 2023, flexible capacity gas power plants did not have many calls in terms of the volumes contracted on the market of system-level balancing of MAVIR (aFRR secondary and mFRR tertiary reserve). At the same time, it can be established that, with a much lower utilisation rate than before, essentially the most valuable, fastest and flexible power balancing for the system operator can be provided still by the generating units using gas as their primary source, which participate in the aFRR market. In addition, several gas power plants fell out of real-time generation for a longer period, as opposed to their scheduled operating conditions. Since there are also many cogeneration units in the portfolio, electricity generation also decreased due to a decrease in heat demand.

The decrease in heat demand was due partly to milder weather and partly to the 2023 energy crisis, and in the case of retail consumers, more people switched from natural gas to other alternative heating sources (e.g. to electricity through the use of A/C units). During the winter, many public institutions did not operate, and many food and beverage establishments were closed due to the drastic increase

in natural gas prices. This also explains the decrease in the total amount of heat generated. In addition to the above, the increase in the share of renewable energy also appears as an indirect effect: the share of solar power plants increased significantly in 2023, and there is a rearrangement on the user side in terms of how to meet heating needs. In 2023, natural gas-fired power plants had a share of 22% in the gross domestic output (while this value was 26.7% in the base year 2022), and renewables increased their share from 17.9% in 2022 to 20.7%, thanks to the outstanding penetration of PV generation.

In terms of total gross national electricity consumption taken into account with imports, the share of natural gas was 16.5% in 2023 (compared to 19% in 2022), while renewable generation increased from 12.7% in the base year 2022 to 15.4% by the end of 2023, according to preliminary data of MAVIR Ltd.

Since only the Mátra Power Plant generated electricity with biomass, the decrease in the amount of electricity generated from biomass results from the decreasing output of the power plant. The same applies to a decrease in the amount of RDF/SRF.

Distillate oil / fuel oil is also used by the Mátra Power Plant for energy generation. The boilers of the Power Plant are ignited with oil, and in the case of Unit II, if the coal alone is not sufficient to achieve the appropriate efficiency, the coal fire is supported and stabilised by oil burners in order to ensure dispatchable electricity generation. Its rate depends on the quality of coal and the current caloric parameters of the unit, and therefore the rate of oil use may vary.

The three quick-start gas turbine power plants operated by MVM Balance Ltd. also use distillate oil, and the Bakony gas turbine power plant uses both distillate oil and natural gas for energy generation.

11.21.8 and 12.21.8

In 2023, MVM CEEnergy Ltd. purchased domestically produced natural gas on behalf of the MVM Group from the state or a third party designated by the state. The company purchased 3,646 GWh of natural gas to the value of HUF 11.7 billion from MOL plc in the quality corresponding to gas types 2/H and 2/S according to Hungarian standard MSZ 1648:2016.

In line with the strategy, the MVM Group wants to achieve this balanced portfolio composition by increasing domestic and regional production and by involving LNG and other regional sources.

GRI EU5

EUA carbon dioxide emission allowances allocated to the generation companies of the MVM Group	Unit	2021	2022	2023
Validated CO ₂ emissions	kilotonnes/year	3,790	3,740	3,157
Freely allocated allowances	kilotonnes/year	46	37	38
Purchased allowances	kilotonnes/year	3,699	3,576	3,558
Proportion of freely allocated and purchased allowances	%	1.2	1.0	1.1

Due to the emissions of MVM Mátra Energy Ltd., it does not appear as a seller, but rather as a buyer in the EU ETS market. Rába Energy Supply Ltd. withdrew from the quota system in July 2022.

SYSTEM EFFICIENCY

GRI RH3-3 and EU11

The power plants owned and operated by the MVM Group serve the domestic electricity system in a comprehensive manner; each generation unit has a specific role and performance indicators representing operational excellence and efficiency. The basis of the security of supply expected by the

Transmission System Operator is the reliable and efficient operation of the members of the system, to which the company pays special attention at both strategic and operational (technical) level.

In order to maintain the expected high level of condition of the existing energy generation facilities, the members of the Group strictly adhere to the maintenance and development specifications and guidelines specified in, firstly, the operating rules and, secondly, by the manufacturer, which improve operational safety and operational efficiency.

Due primarily to the planned and scheduled development of the Remote Power Plant Control System, which was established to monitor the operational data of the generation units and to fully control renewable power plants, it also becomes possible to optimise the generation costs at group level in terms of dispatchability by increasing operational efficiency.

In the case of new projects, the application of the 'BAT' (best available technology) policy is a basic requirement from a technical point of view, and the implementation of comprehensive, objective, cost- and resource-efficient project management based on professional considerations is ensured in line with policies on the authorisation and management of projects, applicable at group level.

The operational efficiency of the power plants is monitored in accordance with the guidelines set out in the document *The Shareholder's requirements* formulated at group level, the central element of which is compliance with the cost plan and the maintenance of operational safety. To this end, the management of the business unit performs, among other things, regular activity monitoring, weekly, monthly and annual data provision, and the definition and evaluation of key performance indicators. The operational efficiency related to business unit governance is supported by periodic audits by the functions of MVM Ltd. (quality audits and internal audits of specific sub-processes), both in terms of the processes of the member companies and the holding centre.

Average generation efficiency of power plants by energy source	Unit	2022	2023
Natural gas, Hungary	%	87.7	84.8
Primary energy use (generation and house load)	TJ	4,471	3,144
Energy output (total heat and electricity)	TJ	3,921	2,667
Natural gas, Czech Republic	%	93.0	88.1
Primary energy use (generation and house load)	TJ	1,109	1,024
Energy output (total heat and electricity)	TJ	1,031	902
Distillate oil / fuel oil	%	28.8	30.6
Primary energy use (generation and house load)	TJ	522	347
Energy output (total heat and electricity)	TJ	150	106
Coal	%	31.3	31.3
Primary energy use (generation and house load)	TJ	31,356	26,900
Energy output (total heat and electricity)	TJ	9,810	8,428
Biomass	%	31.3	30.9
Primary energy use (generation and house load)	TJ	3,483	2,805
Energy output (total heat and electricity)	TJ	1,091	868
RDF/SRF	%	31.3	31.1
Primary energy use (generation and house load)	TJ	1,739	1,371
Energy output (total heat and electricity)	TJ	544	426
Wind	%	98.1	97.6
Primary energy use (generation and house load)	TJ	158	166
Energy output (total heat and electricity)	TJ	155	162
Hydro	%	96.7	95.9
Primary energy use (generation and house load)	TJ	544	516
Energy output (total heat and electricity)	TJ	526	495
Solar	%	97.7	97.5
Primary energy use (generation and house load)	TJ	954	1,372
Energy output (total heat and electricity)	TJ	932	1,337

Nuclear	%	31.6	32.4
Primary energy use (generation and house load)	TJ	170,794	168,120
Energy output (total heat and electricity)	TJ	53,993	54,390

GRI EU12, E-OTH-41 and E-OTH-42

As the owner-operator of the transmission network, MAVIR Ltd. ensures that the necessary network developments and maintenance are performed, the network assets are conserved and augmented, and the works are coordinated and implemented. Steps aimed at reducing network losses are taken in the course of these activities, but the effect of the measures is limited because losses are also significantly influenced by a number of other external factors (for example, weather).

Losses on the transmission network in the MVM Group (data courtesy of MAVIR)	Unit	2021	2022	2023
Electricity fed into the transmission network	GWh	43,961	44,974	42,451
Transmission loss	GWh	427	451	461
Transmission loss percentage	%	0.97	1.00	1.09

Covering distribution and transmission losses is one of the main costs for network licensees. Network losses are heavily influenced by the power supplied to the network, and with increasing input network losses are also increasing (in addition to the unchanged state of other factors, such as weather). The goal is to keep network losses low.

The loss is a cost element that can be recognised in the rates (a certain amount of cost risk is borne by the licensees), its extent is proposed by independent experts and the Hungarian Energy and Public Utility Regulatory Authority. The distribution fees are uniform and therefore the recognised costs provide different incentives for each licensee to reduce network losses.

Losses on the power distribution network in the MVM Group (data courtesy of MVM Émász Electricity Network Ltd. and MVM Démász Electricity Network Ltd.)	Unit	2021 ^a	2022	2023
Electricity fed into the distribution network	GWh	4,996	11,274	10,553
Distribution loss	GWh	353	640	549
Distribution loss percentage	%	7.06	5.67	5.2

^a The 2021 figures include only the data of MVM Démász Electricity Network Ltd., while the 2022 and 2023 figures also include the data of MVM Émász Electricity Network Ltd.

E-OTH-45

Losses on the natural gas distribution network in the MVM Group	Unit	2022	2023
Quantity of natural gas measured and aggregated at distribution network feeding points	TJ	112,956	94,591
Quantity of natural gas measured and aggregated at distribution network delivery points	TJ	111,595	93,547
Distribution loss percentage	%	1.2	1.1

The energy generated by power plants, heating power plants and heating plants is accounted for with accredited settlement meters at the delivery points stipulated in the contracts.

The electricity generated by power plants and heating power plants is sold by the trading subsidiary of the MVM Group, MVM Partner Ltd., while the heat generated by heating power plants and heating plants is always sold to the local district heating provider (for example, in the case of MVM MIFŰ Ltd. and the Miskolc site of MVM Balance Ltd., to MIHŐ Central Heating Plant Ltd., and in the case of the North Buda Heating Power Plant of MVM Balance Ltd., to Budapest Public Utilities Non-profit Ltd.). In the MVM Group, the energy experts prepare the annual reports in accordance with the relevant legislation, which are available on the websites of the companies.

2.2 Capacity expansion and replacement

GRI EU10

Capacity expansion is an important element of ensuring availability. The long-term planned capacity expansion is presented in the table. The data relate to net installed capacity.

Planned capacity expansion ^a until 2035	Unit	Within 1 to 5 years	Within 5 to 10 years
solar	MW	1,486	522
wind	MW	92	268
geothermal	MW	24	45
RDF/SRF ^b	MW	0	0
biomass	MW	15	0
hydro	MW	0	0
natural gas	MW	1,680	0
nuclear	MW	0	0
battery energy storage facility	MWh	201	199

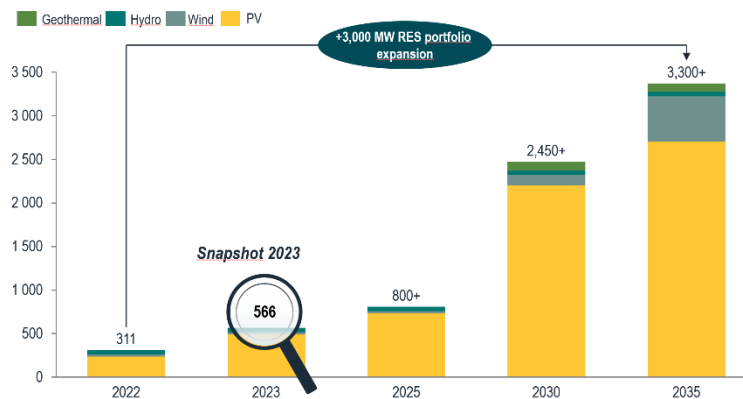
^a In the case of nuclear energy, we can talk about capacity maintenance.

^b From 2024, MSW, municipal solid waste.

RENEWABLE ENERGY PORTFOLIO

We are continuously developing our renewable portfolio, our proprietary renewable generation capacity will increase by 3,000 MW by 2035

RENEWABLE VISION – EXPECTED DEVELOPMENT OF CAPACITY UNTIL 2035 (MW)



Our plans to expand our renewable portfolio are implemented at domestic and regional level (especially solar and wind energy capacities)

MVM

Major ongoing capacity expansion projects:

- Under the Mátra CCGT project, a high-efficiency (>60%) combined cycle gas turbine power plant unit (CCGT) using natural gas fuel with a maximum electrical capacity of 650 MW_e will be constructed with the implementation of connected auxiliary facilities. The commercial operation of the power plant is expected to start in 2026.
- Under the Tisza CCGT project, a high-efficiency (>60%) combined cycle gas turbine power plant unit consisting of two units (2x499 MW_e), using natural gas fuel, will be constructed with the implementation of the connected auxiliary facilities. The first unit is expected to start its commercial operation in 2026 and the second, in 2027.
- The company is also currently working on four different energy storage projects with the common goal of developing the company in this dynamically changing field. Energy storage is of high and growing importance in today's energy sector because it helps compensate for fluctuations in generation from renewable energy sources and ensure the stability of energy

supply. Energy storage allows for more flexible energy use and the management of stand-by reserves, and contributes to sustainable and efficient energy use, which is key to the energy management of a sustainable future.

- Examination of the preparation of a small 38 to 45 MW power plant fired on refuse derived fuel (municipal solid waste- / biomass-fired) at MVM Máttra Energy Ltd.
- Preparation of solar power plants at Visonta and Bükkábrány.

NETWORK DEVELOPMENT AND REFURBISHMENT

Among other things, in order to increase climate adaptation and resilience, MAVIR Ltd. will, with a grant of more than HUF 15.4 billion from the Government and the EU, implement the development of 20 substations and seven transmission lines in a consortium by 2026 in order to connect new solar power plants to the domestic electricity network. Pending the adoption of its Hungary Recovery and Resilience Plan, the Government will pre-finance the project from the National Recovery Fund. Under the project, firstly, 11 substations belonging to the Transdanubia region (Szombathely, Győr, Gönyű, Hévíz, Toponár, Bicske, Litér, Paks, Pécs, Perkáta and Szigetcsép) and nine substations belonging to the Central Hungary and Northern Great Plain regions (Békéscsaba, Szolnok, Sándorfalva, Debrecen-Józsa, Szabolcsbáka, Sajószöged, Felsőzsolca, Kerepes and Göd) will be developed. Secondly, it increases the load capacity of seven 220 kV transmission lines, namely, the Detk-Sajószöged I, Detk-Sajószöged II, Detk-Zuglói I, Detk-Zuglói II, Kisvárda-Sajószöged, Tiszalök-Sajószöged and Sajószöged-Szolnok transmission lines.

GRI 203-1

Some of the network development activities of electricity network companies were carried out to connect renewable energy, primarily solar, generation units to the electricity system. This also requires the expansion of the qualitative and quantitative capacity of the electricity network; therefore, in addition to replacing existing equipment with equipment with higher capacity, new distribution network elements and new, modern equipment to help monitor and dispatch the network were also established.

MVM Émász Electricity Network Ltd. started the construction of new substations in Jászfényszaru, Maklár and Miskolc, Bogánics utca due to the concentrated customer needs of large consumers and power plants, and preparations were started near Sajókeresztúr. The refurbishment of the substations based on their age pyramid was carried out in Miskolc East, and a necessary transformer replacement was carried out in Hatvan.

On the high-voltage network, the company implemented capacity-increasing projects, cable and insulation replacements, and new line constructions in order to further improve and maintain long-term security of supply. The replacement of the cables with high-temperature cables was started on the sections of the Miskolc West-Dusnokpuszta transmission line in poor repair. The refurbishment of the supporting structure was started on the 40 km long 132 kV transmission line between Sajóivánka and Borsodnádásd.

Network developments and interventions to increase security of supply were continuous on the medium- and low-voltage electricity distribution network. In 2023, 68 km of overhead lines and 17 km of underground cables were rebuilt to strengthen the network, and interventions were performed on 128 distribution network transformers.

The company pays special attention to the replacement of overhead lines with underground cables. Their primary purpose is to ensure the uninterrupted supply of electricity to consumers and to reduce the number of breakdowns on the network between municipalities, but these projects are also important from an environmental point of view (see *Section 2.5*). A 31 km long underground cable network was built in the Bükk Mountains and 33 km, in the Máttra Mountains.

At MVM Déász Electricity Network Ltd., the Szeged Lake White substation was delivered in 2023, which, in addition to enabling solar power plants established in the region to feed electricity to the

grid, also responds to local large consumer needs. With two transformers with a rated capacity of 40 MW, it will supply power to important scientific facilities such as the Science Park or the ELI Laser Research Centre, but, in addition, it is also suitable for serving up to 160,000 retail consumers.

The flexibility of the electricity network is increased by the establishment of the Soltvadkert substation, the preparatory works of which were completed in 2023, enabling implementation and commissioning in 2024. In addition, the company spent a significant amount of money on the construction of an about 18 km long high-voltage line connecting Csongrád with Szentes on a row of dual-circuit pylons, which will provide additional capacity for the uptake of a very significant volume of renewable energy, 144 MW.

In addition to the greenfield substation and transmission line developments, the company also focused on the optimisation of the existing infrastructure, and as part of this, it made its Mezőhegyes substation more reliable and more efficient in 2023, among other things, by adding busbars.

In addition to development projects, the company also kept in mind the continuous improvement of service quality and security of supply in the reference year. To this end, it carried out a large number of condition maintenance interventions at all voltage levels. In order to strengthen the network, it refurbished almost 800 low- and medium-voltage pylons, 58 kilometres of overhead lines and 35 kilometres of underground cables, intervened on 114 distribution network transformers, and replaced the earth wires on the high-voltage power line section between Sándorfalva and Kiskundorozsma. In addition, it continued to refurbish its substation equipment as scheduled.

Meeting new consumer needs, 2023	Unit	Émász	Démász
cost of meeting new consumer needs ^a	HUF billion	11.6	14.5
new overhead line established as part of network development requested by the customer	km	61	143
new underground cable established as part of network development requested by the customer	km	46	64
new transformer established as part of network development requested by the customer	pcs	158	271
connection of small and large consumers ^b	pcs	about 10,800	about 21,500
implementation of the network connection of small-scale household power plants	pcs	about 5,500	about 16,500 ^c

^a Major projects involving network construction and minor interventions involving several thousand consumer connections.

^b It also includes capacity enhancements.

^c It includes the operation of heat pump cooling/heating systems in 4,000 households by switching to electricity.

In 2023, MVM Főgáz Natural Gas Network Ltd. participated in seven refurbishment projects related to infrastructure development, in which a total of 228 m of pipeline was built. The reason for the completed refurbishments was the condition of the gas pipeline. The gas pipeline replacements were not constructed under the project management of the company, but were implemented from borrowed funds as utility relocation. The entire implementation of the projects was carried out by the project owner, the company only provided technical supervision. The completed pipelines were transferred to the assets of the company free of charge.

In 2023, MVM Égáz-Dégáz Natural Gas Network Ltd. implemented a new pipeline construction project in a total length of 9,228 m, subject to an establishment licence associated with seven other infrastructure developments, with an investment of about HUF 700 million. The most important of these were:

Construction of the gas network infrastructure necessary for the gas supply of the newly established Kisbéri Industrial Park. The company contributed to the construction of utilities for the industrial park with an investment of more than HUF 120 million. As part of this, a 1,820 m long gas distribution pipeline was built, and it was also necessary to install a pressure-regulating station.

The increased energy demand resulting from the dynamic development of the Southern Industrial Area of Kecskemét, made it necessary to establish a second gas distribution and feed-in pipeline, which

MVM Égáz-Dégáz Natural Gas Network Ltd. implemented faster, in two phases, instead of the three phases previously planned, entirely under its own project. In addition to the factory employing most employees, who are local residents, the development implemented from HUF 353 million also strengthened the security of gas supply of the plants built around it and even the entire city.

The establishment of the new gas distribution pipeline required for the operation of the gas engine of the new gas-powered small power plant to be installed at the site in Oroszlány was implemented by MVM Égáz-Dégáz Natural Gas Network Ltd. under a project of nearly HUF 14 million on the section between the site and the main gas pipeline in Vasút utca.

MVM Oroszlány District Heat Generation and Service Ltd. developed a smart district heating metering system in Szolnok, thereby completing a unique development in Hungary. Under the programme, 26,078 heating cost allocators were replaced in about 7,500 units and 6,387 hot water meters were replaced in 4,400 units, so more than 90% of the units receiving district heating have modern heating cost allocators. The presence of cost allocators and thermostatic radiator valves alone results in less and more rational heat consumption by customers. Due to the new system, the customer does not have to be at home when a meter reading is taken, the consumption values are read and the data of possible device errors are collected automatically. With the help of radio devices, tampering with the meters can also be screened immediately, but hot water meters (DHW meters) also have a water leakage detection function, which is very practical in practice.

2.3 Innovation

GRI KF3-3 and EU8

Research and development (R&D) and innovation (in summary: RDI) activities are essential for the companies of the MVM Group because they allow companies to offer new or substantially improved products or services to their customers, thereby achieving additional sales revenue or expense reductions. Several successful research and development ideas have been implemented by the companies of the MVM Group in recent years, and further promising projects are underway. Besides other knowledge-generating activities, the research and development results serve as a basis for the innovation activities of the Group. As indicated by the increase in the indicators of R&D and innovation activities in recent years, these activities gradually gain increasing weight in the operation of the Group and contribute to the strengthening of the role of the MVM Group in Hungary's innovation ecosystem. Failure to allocate resources for R&D purposes and, overall, the lack of RDI activities in the MVM Group would result in the Group not being able to exploit the potential in technological projects and non-technological innovation, which are essential for the successful operation of the Group in the future. Without its own R&D activities, the Group would be less suited to adopting new technologies and improving existing ones.

The central research, development and innovation policy of the MVM Group sets out the requirements for the planning and implementation of RDI activities carried out with the participation or on behalf of the companies, the management of intellectual property created as a result of such activities, which can be protected by industrial property rights, and knowledge sharing at group level in relation to such activities. The guidance set out in the policy on the monitoring and approval process of projects, in connection with the preparation of decision-making at a level corresponding to the life cycle of the projects, specifically facilitates the identification and mitigation of development risks, ensures the consistency of RDI activities with the strategic objectives of MVM, and accelerates the implementation of RDI projects through a flexible and streamlined decision-making scheme.

The background of the RDI activities is provided by the Innovation Strategy of the MVM Group, the group-level research, development and innovation process, the 'Innovation Specialist Network', which facilitates the efficient operation of this process, and the MVM Knowledge Centre, which enables internal knowledge sharing at group level.

The R&D and innovation activities of the companies of the Group are primarily carried out on a project basis. As part of annual business planning for the MVM Group, the central function responsible for the coordination of RDI activities prepares the Preliminary Annual RDI Plan of the MVM Group, to which the responsible functions of the individual companies provide data. For all RDI-related projects initiated by the companies, the Innovation Committee examines the justification and feasibility of each initiative and their preliminary resource needs. Based on its proposal, the Head of Technology and Innovation Department makes a decision on the inclusion of the projects in the Preliminary RDI Plan, that is, on the proposal for including them in the business plan. The RDI Plan of the MVM Group is approved by the CEO of MVM Ltd.

The role of the function responsible for the coordination of RDI activities also extends to the monitoring of projects under implementation, on which it maintains a database.

The effectiveness of RDI activities is measured by strategic performance indicators, which are reviewed every 6 months by the company:

- number of jobs created by investments,
- number of employees involved in R&D and innovation activities,
- number of patents filed,
- RDI application grant amounts,
- number of R&D partnerships,
- next-round capital raising rate,
- number of pilots/prototypes,
- number of investments closed in the reference year,
- number of ideas examined.

The tasks and processes related to RDI planning are reviewed annually so that the planning process can work as efficiently and smoothly as possible based on experience and feedback.

The RDI activities of the companies of the MVM Group are all directly or indirectly related to the supply of energy provided by the Group from carbon-neutral sources. Thus, with occasional exceptions, the total R&D expenditure can (also) be considered to have environmental purposes. The volume of R&D expenditures and their proportion to sales revenue are highly dependent on external funding mainly available through applications; therefore, it indicates an increase in the weight of R&D activities to a small extent for the time being. At the same time, it is a definite goal, also set out in the Innovation Strategy of the MVM Group, to increase these expenditures in the long-term, as a trend, and thereby to support the knowledge-intensive value-creating capacity of the Group.

E-INO-24

R&D costs for environmental protection	Unit	2021	2022	2023
Development of state-of-the-art energy technologies	HUFm	605	2,712	1,209
Research and development of renewable energy technology	HUFm	56	76	43
Total R&D costs for environmental protection	HUFm	661	2,788	1,252
Sales revenue	HUFm	2,850,817	7,647,782	5,079,039
Ratio of R&D costs for environmental protection to total sales revenue	%	0.02	0.04	0.02

R&D activities related to hydrogen technology

E-INO-20

Hydrogen as an energy source has gained increasing attention in global and regional energy policies in recent years. Globally, hydrogen is becoming important in several areas: the integration of energy storage and renewable energy generation, decarbonisation, energy diversity and energy security. The MVM Group prepares and implements projects in hydrogen technology in two directions: 1. production and use of green hydrogen for its own decarbonisation purposes and its supply to its transport and industrial partners; 2. hydrogen-based energy storage: storing hydrogen together with natural gas can support the long-term, seasonal energy storage of renewable energy sources.

The Aquamarine project of MFGT Ltd., the largest environmental project of the Group, continued in 2023. Under the Aquamarine Project, which was launched in 2021, received a grant of HUF 1.9 billion and being implemented at a total cost of HUF 4.3 billion, Hungarian Gas Storage Ltd. creates new knowledge, which can be used by the Group, with the participation of four Hungarian universities.

Under the Aquamarine pilot project, Hungarian Natural Gas Storage Ltd. will establish an electrolysis system with a total capacity of approximately 2.5 MW and the associated hydrogen gas conditioning technology at the Kardoskút Underground Gas Storage Facility. By operating the electrolyser, it can be ensured that instead of 'switching off' the renewable energy source, excess electricity is used to produce hydrogen through water splitting. Mixed with natural gas, the hydrogen produced in such a way is used in Hungarian Natural Gas Storage Ltd.'s own gas-powered equipment, thus reducing CO₂ emissions. In addition, hydrogen can be delivered to the end consumers in the future through the transmission system, in strict compliance with the gas quality specifications. The spillover effect of the Aquamarine project is to take the first step towards the widespread adoption of hydrogen technology. In 2023, the on-site architectural construction and mechanical, electrical and instrument installation works of the project were completed. After the trial runs of the completed new technological system, the operational problems that had arisen were addressed. The project is expected to close in 2024.

Our other main R&D activities in 2023:

- The digitalisation of the electricity network, and thus the system integration of renewables, as well as the increase of flexibility are aimed at by projects running within the framework of an international partnership with direct European Union support, successful in Horizon 2020 applications. In 2023, the INTERRFACE and FARCROSS projects were successfully completed, and the implementation of the OneNet project continued, in which MVM Démász Electricity Network Ltd., HUPX and MAVIR participate. In addition, the member companies of the MVM Group successfully applied also with the next TwinEU project, starting in 2024, under Horizon Europe. These goals are implemented by the Békés Smart Grid, DSO Flexibility Platform, Artificial Inertia and Sunny Road projects of MVM Démász Electricity Network Ltd.
- The Keszthely energy community project implemented through the support of the call for proposals entitled 'Implementation of the pilot project supporting the development and operation of Energy Communities (2020-3.1.4-ZFR-EKM)' and the project entitled 'LIFE-IP North-HU-Trans Mátra Life – Energy Community Development', which aims to develop the business model of the energy community and to establish the energy community in a functional manner, are related to the design and implementation activities of MVM Optimum Ltd. focused on renewable energy and energy efficiency.
- MVM EGI Ltd. implements projects for the development of the jHECC ACC module and the numerical flow simulation of the behaviour of cooling systems under different meteorological conditions.
- Among the projects aimed at IT development, the RPA project of MVMI Ltd., which was launched in 2021 and is implemented with the support of the Market RDI call for proposals, should be highlighted. The project regarding the development of RPA (Robotic Process Automation), that is, an analytical and robotised process automation system for high load customer services, is progressing according to the schedule, and a database was built and the analysis tool was tested in 2023.

- The Tesseract Project, which is studying a storage facility based on sodium sulphur technology, was launched in 2022 under the direction of MVM Balance Ltd.; it aims to integrate renewable electricity into the grid, together with Pannon University, Budapest University of Technology and Economics, and the Energy Research Centre. The project aims to examine the possibilities of using lithium-ion batteries with a short discharge time and sodium sulphur batteries with a long discharge time together by installing a NaS storage facility on the site of the Litér Power Plant. A preliminary market consultation was carried out by July 2023, during which the technical specifications necessary for the implementation of the project were finalised and then the launch of the public procurement was approved in a decision. The procurement and installation of the NaS system, site construction processes and permits are foreseen for 2024.
- In accordance with the electricity market design reform currently prepared by the European Union, MVM Partner Ltd. is working on a green corporate PPA (power purchase agreement) scheme, which is commercially viable in Hungary in the long term and can make the company become a direct link between renewable energy consumers and renewable energy generators, mainly PV power plants.

INNOVATIVE PROJECTS

In order to dispatch the solar power plant portfolio under its management in an innovative and more efficient way, MVM GG Ltd. has made significant developments to the METEO renewable energy generation management software developed under the FIEK project, and has also purchased the property rights of the software. Due to the development of this software using artificial intelligence, dispatching becomes more efficient both operationally and financially.

The gas distribution companies of the MVM Group purchased a DJI P4 Multispectral drone specially designed for industrial use, which was officially registered by the Administrative Division for Aviation Supervision of the Ministry of Construction and Transport. The specialists of the companies plan to use the drone primarily in hard-to-access locations in the outer areas of municipalities to support gas network inspection. The device with a multispectral imaging system can help detect gas leaks and can provide data with a positioning accuracy of 1 cm: images taken with the special camera of the drone show that the vegetation has typically turned yellow in a circle around the point of leakage. Following encouraging initial results in 2023, field tests for gas network inspections launched under the pilot project will continue in 2024. Specialists examine the effectiveness of the method and discuss development opportunities (possible use of image evaluation software) and other methods of use of the device (for example, checking and documenting work) before making a decision on the wider introduction of the use of drones in the Group.

GRI 203-1

MVM Lumen Light Provider Ltd. and MVM ESCO Urban Ltd. upgraded more than 25,000 public lighting fittings throughout the country, reducing the use of electricity for public lighting by an average of 40% in the affected municipalities. Due to the ESCO financing scheme, modern LED light sources can be installed by municipalities that do not have the necessary funds for the project, but can cover the ESCO service fee through the energy efficiency increase achieved. During the upgrading, in addition to increasing energy efficiency, the improvement of the lighting level is also achieved in every municipality.

EMPLOYEE INVOLVEMENT

An important aim of the MVM Group is to systematise the experience and knowledge available to employees or gained in previous research and innovation projects and to improve their usability. The tools for this are primarily the Innovation Specialist Network, the MVM Group Knowledge Centre interface, the Be-novative platform and events that aim to facilitate the mapping and coordinated utilisation of knowledge capacities within the Group.

Through the portal available to our 55 member companies operating within the MVM Group Knowledge Centre, employees are continuously informed about the most important RDI, regional, regulatory and tender/application news, events and novelties in the energy sector, thus inspiring innovation within the Group. Through a working group consisting of delegates from companies and functions that support the operation of the Knowledge Centre, employees can share content about projects and company news and events themselves. The continuously updated and expanding business, technology, dictionary and glossary, and tender/application opportunities, corporate and project chapters of the Knowledge Centre portal are aimed at the more efficient operation of the MVM Group and the development of a common professional culture and language.

E-INO-17

In 2023, the MVM Group involved 646 employees (315 women and 331 men) in R&D and innovation activities. The range of employees includes, firstly, employees who are actively involved in the implementation of R&D projects and, secondly, those who participate in innovation events organised by MVM itself.

- In 2023, the series of meet-up programmes aimed at knowledge transfer continued. The series of three sessions in the spring was built on the topic of successful Hungarian start-ups, while the autumn sessions explored the topics of awareness and sustainability.
- At the MVM Academy, MVM staff can hear about MVM topics from MVM speakers. It focuses on transferring information, expanding knowledge, and giving employees an insight into what is happening at some member companies.
- In 2023, the group-wide internal idea competition Innochallenge was launched for the third time. The employees submitted their proposals for solutions to the problems raised by the company on the Be-Novative interface. The closing event took place on the Innovation Day, where the idea promoters presented their developed concepts.
- The MASTERCLASS programme is a structured 6-month incubation programme for Innochallenge-placed idea promoters and their teams, who have been given the opportunity to develop their ideas and create a prototype in the first half of the year. In its implementation, lean start-ups, design thinking, stakeholder analysis, system-level thinking and agile methodologies were used to help the participants.
- In 2023, the Group organised the fifth Innovation Day, where technology trends and innovative solutions were presented, primarily on the topic of artificial intelligence. The Innovator of the Year, the Innovative Team of the Year and the Audience Award were also presented.

COOPERATION

E-INO-16

The research, development and innovation activities of the companies of the MVM Group are typically carried out in cooperation with external partners in cases where the MVM company concerned does not have the capacity needed to successfully implement the project. The tasks aimed at finding potential RDI partners, such as Hungarian and international higher education and research institutions and corporate actors, and establishing partnerships are carried out by the Technology and Innovation Department of MVM Ltd. In 2023, the Group participated in 21 RDI partnerships.

E-INO-20

The MVM Group attaches great importance to cooperation with higher education institutions, whether it is talent nurturing and the business incubation of student ideas or initiating joint RDI activities with universities.

Among the partnerships ongoing in 2023, the following are to be pointed out:

- The priority cooperation with a university in the 2021–2025 period is an interdisciplinary research project implemented in partnership with the Budapest University of Technology and

Economics, i.e. the Zero Carbon Centre operating within the university. The project examines the priority issues of Hungary's transition to a climate-neutral economy affecting the electricity sector, with the aim that the transition process can be implemented in an innovative way, while producing as significant added value as possible for the MVM Group and the Hungarian economy. The research programme covers closely interrelated topics in energy communities, the flexibility market, energy storage, smart distribution network developments and cybersecurity.

- In 2023, the MVM staff mentored the idea promoters of the student group of the Corvinus University of Budapest during the CUB professional week, and then as a jury, they made a proposal to improve the ideas and make them more attractive to investors.
- Together with the University of Pécs, the company is studying the technical and economic conditions of the installation of a hydrogen refuelling station. In 2023, the local hydrogen demand was mapped, memoranda of understanding were signed with potential partners, and based on this, the technical and economic plans of hydrogen refuelling stations were developed. In 2024, they are looking for financing opportunities for implementation.
- The implementation of the mentoring programme with the National University of Public Service also began, during which the innovation function of MVM Ltd. provides business development assistance to university student teams.

MVM EDISON START-UP COMPETITION

The MVM Edison start-up competition organised by MVM Smart Future Lab Ltd. was held for the seventh time, to which competitors could apply in two categories: in the idea and scale-up phases. In the context of the competition for the benefit of society as a whole, they are looking for ideas and existing start-ups that offer solutions to real problems, while facilitating the daily lives of users and making the operation of, primarily, the energy sector more efficient. One of the biggest values of the competition is the incubation programme, where expert mentors not only prepare the teams for the Demo Day, but also provide the participants with a knowledge base from which they can benefit after the competition.

During the history of the programme, nearly half a thousand applications were placed on the table of the jury, and 59 teams participating in the finals of the 7 years participated in an individual mentoring programme.

In 2023, the six best candidates for the 2-month incubation programme were selected from over 100 applicants, including many from abroad. In line with strategic goals of MVM, start-up ideas were also included in the educational programme of the start-up competition, and thus in its finals, who paid special attention to environmental protection and sustainability considerations. Out of the countless good ideas, the following were the winners:

- ChillWell: a passive A/C system, which can provide energy-efficient air cooling using up to one-tenth of the consumption of conventional air conditioners.
- Metrenergy: a cost-optimising idea, which helps businesses operate sustainably and profitably despite rising energy prices.
- Beeco: an eco-centric platform, which connects eco-conscious users with companies fighting for sustainability.
- BitMagician: The winner of the scale-up phase facilitates and accelerates the completion of official documents with an innovative SmartDoc solution, while also making the process safe.

2.4 Alternative mobility

Transport accounts for one quarter of the total EU carbon dioxide emissions, so it is necessary to continuously reduce the load of transport on the environment also in order to achieve Hungary's climate protection and GHG emission targets. The MVM Mobiliti mini Group (MVM Mobiliti Ltd., e-Mobi Non-profit Ltd., Mobiliti VOLÁNBUSZ Ltd. and Kapos CNG Ltd.) has been actively involved in

spreading environmentally friendly natural gas-based and electric transport in Hungary for years, including both compressed natural gas filling and electric charging services. In addition, the Czech innogy companies also take an active role in alternative mobility.

G-mobility

The use of CNG fuel provides significant environmental benefits to users because the simplest hydrocarbon, methane, is burned as fuel in suitable vehicles. In 2023, Mobiliti operated eight public and three operational CNG filling stations, providing fuel for more than 60 CNG buses and 60 waste transport vehicles in Budapest and Szeged and 40 CNG buses in Kaposvár. Mobiliti VOLÁNBUSZ Ltd. produced CNG fuel for 140 CNG buses in Budapest, Szolnok and Zalaegerszeg. The innogy companies operate 69 public CNG filling stations in the Czech Republic.

E-mobility

MVM Mobiliti operates Hungary's largest e-charging infrastructure with chargers owned by itself and its partners. It has a nationwide, continuously expanding charging network, making Hungary the first country to be interoperable for e-motorists. In 2023, MVM Mobiliti installed 114 chargers with a license issued by the Hungarian Energy and Public Utility Regulatory Authority, and the annual energy output of all chargers on its own charging network was more than 10 million kWh.

The innogy companies operate 112 public charging stations in the Czech Republic.

By the end of 2023, more than 90,000 customers had signed up for the continuously improved Mobiliti app. In 2023, the parking function, which can be used in both surface and closed car parks, was made available in addition to the charging and e-vignette purchase option. The Fleet Tag app also became available to fleet users, so they can also enjoy the benefits of convenience services.

MVM Mobiliti introduced pricing per charging point on its charging network, due to which it is possible to charge motor vehicles on more favourable terms where possible. For DC chargers with a capacity of more than 40 kW, time-based pricing was replaced by combined, that is, energy- and time-based (kWh and minutes) pricing, so customers can use the service on even more predictable terms.

Established to supply fuel to the clean and zero-emission buses (CNG and e-buses) of VOLÁNBUSZ, Mobiliti VOLÁNBUSZ Ltd. successfully applied for the establishment of e-charging stations for buses, together with its consortium partner, VOLÁNBUSZ under the Green Bus Project. In the summer of 2023, the company fulfilled its obligations undertaken in the contract by the deadline: seven electric charging stations consisting of 96 high-performance chargers for 100 new environmentally friendly buses operating in Budapest (for buses serving the conurbation), Győr, Székesfehérvár, Zalaegerszeg, Szolnok, Szeged and Eger.

In addition to the installation of e-charging stations at the seven locations, Mobiliti VOLÁNBUSZ also ensures the operation of the special infrastructure serving electric buses by operating and maintaining the chargers.

E-INO-15, E-INO-27a, E-INO-27b, E-INO-27c and E-INO-27d

Number of alternative charging devices and gas dispensers installed and operated by Mobiliti	2021	2022	2023
Total number of electric charging connectors	1,442	1,620^b	1,831
x < 44 kW charging connectors	1,287	1,399	1,573
44 kW ≤ x ≤ 75 kW charging connectors	155	197	220
x > 75 kW charging connectors ^a	0	24 ^b	38
Number of recharging stops at e-charging stations	236,926	455,132	423,437
Compression service at CNG filling stations	n/a	19,745	12,351
Filling service at CNG filling stations	n/a	55,615	57,729

^a The figures do not include the data of Mobiliti Volánbusz because they are not public chargers.

^b GRI2-4: The figure for 2022 was modified for the above reason.

New cooperation

- MVM Mobiliti signed an agreement with Hsubject, a leading global eRoaming provider in the e-mobility sector. With this step, the company is successfully integrating its charging stations into the wider European e-mobility environment, which is also available to electric drivers without Mobiliti registration in Central Europe and beyond.
- At the end of the year, the company signed a cooperation agreement with Progress Restaurant Network Ltd., which operates McDonald’s restaurants in Hungary. Under the agreement, a minimum 50 kW charger will be installed at all restaurants across the country where the conditions are met, but in many busy locations up to 150 kW chargers will be installed by the end of 2024.

Alternative-powered vehicle fleet of the MVM Group

E-INO-12 and MVM-11

In 2023, due to unfavourable financing conditions, a high interest rate environment, high motor vehicle prices and internal regulations specifying the maximum value of the procured motor vehicles, the MVM Group postponed motor vehicle replacements where this was still possible based on their technical condition or mileage. Compared to 2022, the number of alternative-powered motor vehicles changed, and the total fleet increased by 343 alternative powered motor vehicles, so their proportion increased.

Some of the total fleet expansion is made up of special duty motor vehicles for which no alternative-powered motor vehicles were available on the market.

In 2024, the proportion of both procured and leased motor vehicles will be gradually increased by the company. The goal is that, where this is allowed by the tasks performed, the needs for the design of the vehicles, the daily mileage and the charging infrastructure, the newly procured vehicles should at least have a Plug-in hybrid design.

Alternative-powered and conventionally powered vehicle fleet of the MVM Group		2022		2023	
Vehicle type (passenger cars and commercial vehicles under 3.5 tonnes)		pcs	proportion (%)	pcs	proportion (%)
alternative	Pure electric	105	2.8	116	2.9
alternative	Hybrid	297	8.0	458	11.5
alternative	CNG/petrol	15	0.4	186	4.7
alternative	Hydrogen-powered	1	< 0.1	1	< 0.1
	Petrol	1,253	33.7	1,168	29.4
	Diesel	2,050	55.1	2,045	51.5
	Total	3,721	100.0	3,974	100.0
	Total alternative-powered vehicles	418	11.2	761	19.1

2.5 Environmental projects

MVM-6

In 2023, major environmental projects were carried out at the member companies listed below.

MVM Paks Nuclear Power Plant Ltd.

Procurement and installation of a liquid radioactive waste cementing technology

The low and intermediate level liquid radioactive waste generated during the operation of the Paks Nuclear Power Plant may be transported only in solidified form to the final repository established at Bataapáti, so solidification must be ensured by taking into account the relevant ‘packaging’ and acceptance requirements. As a solidification method, the nuclear power plant chose the technology in which waste is cemented in packages placed in metal containers containing four barrels of waste. To apply it, special waste-cementing equipment is procured, and a comprehensive transport and

handling, service and safety technology and architectural infrastructure ensuring its operation are established in the operational room of the nuclear power plant established for this purpose. Under the multi-year project, which is expected to cost HUF 3,750 million, the technological installation works were practically completed, and the commissioning works started in 2021 continued in 2022 with active tests and a trial run. Following the official (HAEA) approval of the cementation formulas and technology, the active comprehensive tests took place in 2023. The active comprehensive tests are aimed to fill the 3x4 containers (four barrels per container) under the contract with active cement pulp in 3 days, with which compact waste packages complying with the orders of the authorities regulations can be made. Following the active comprehensive tests, the start of the 6-month test run was hindered by several technical problems, some of which were solved in 2023. The trial run is foreseen to resume in February 2024, so the project is expected to be completed by the end of April 2024.

Development of the Environment and Release Monitoring System

As part of the Targeted Safety Review carried out as a result of the Fukushima accident, the usability of the installed devices that measure possible radiation on and in the vicinity of the site of the nuclear power plant was examined in situations arising during an earthquake and complete loss of voltage. As a result of the review, the installed measuring systems were reinforced against earthquakes; modifications serving 72-hour availability were made for the event of a complete loss of voltage; measuring and measurement processing equipment was provided for accident prevention activities; an information connection was provided for the backup accident prevention facility; an autonomous data collection solution was established; and equipment- and system-level refurbishment tasks accumulated during obsolescence were carried out. The implementation works of the project with an expected cost of HUF 1,500 million were started in 2020.

In 2023, with two exceptions, the individual measuring stations, the modifications of the central systems, and the modification of the radio base station of Stage I were completed. The work is expected to be completed in 2024.

Prevention of slowly growing overpressure in the containment in an accident situation

Based on the findings of the Targeted Safety Review, a requirement has been identified, according to which, in order to prevent an excessive pressure build-up in the hermetic space due to steam generation resulting from the flooding of the reactor cavity against the melting of the reactor vessel in a serious accident situation, an independent and active heat removal system capable of the long-term cooling of the hermetic space has to be established, thus ensuring the integrity of the containment and, at the same time, the release of any molten core meltdown from the reactor vessel as well as the avoidance of radioactive releases into the environment. The project with a total appropriation of HUF 6,700 million received a permit after long preparation in 2019. In 2023, the installation on Units 1 and 2 was fully completed and commissioned at equipment level. The project is planned to be completed in 2024.

Hungarian Gas Storage Ltd.

Boiler refurbishments: Zsana Natural Gas Storage Facility (NGSF), Pusztaederics NGSF and Hajdúszoboszló NGSF South Reservoir

The projects aim to replace the existing boilers with more efficient boilers. Thus, the specific gas consumption and, consequently, the quantity of the direct local of combustion products emitted is significantly reduced. The project started in 2023 and is expected to be completed in 2024. Its cost is HUF 645 million.

Refurbishment of uninterruptible power supply units: Hajdúszoboszló NGSF

During the refurbishment, the number of uninterruptible power supply units was optimised, so the extent of electricity use decreases significantly. As the number of batteries used decreases, the amount of hazardous waste generated also decreases. The expected time of completion of the project is 2024. Cost: HUF 50 million.

Refurbishment of the electric drive of compressors: Pusztaederics NGSF

During the refurbishment, as a result of the completed project, the extent of electricity use decreases significantly. The expected date of completion of the entire project is 2024. Cost: HUF 541 million.

Installation of gas jet compressors: Zsana NGSF

Waste gases generated during the withdrawal mode can be collected and utilised locally after the project. This reduces the use of natural gas and the amount of air pollutants emitted. The project was implemented in 2023 at a cost of HUF 105 million.

Refurbishment of a slop pipe system: Zsana NGSF

As a result of the refurbishment of the slop pipe system, the collector pipe system transmitting the fluid was replaced along its entire length. Thus, the pipe system was placed in the category with the lowest possible risk in terms of its safety rating (increased wall thickness and corrosion supplements), thereby minimising the risk of soil and groundwater pollution. The project was implemented in 2023 at a cost of HUF 100 million.

GEOSOL Ltd.

Establishment of a non-hazardous waste composting site in Bükkábrány

In 2023, GEOSOL Ltd. implemented the establishment of a non-hazardous waste composting plant at the site leased in Bükkábrány. The construction of a leachate drainage and storage system was necessary for the commissioning of the plant. A mobile office container suitable for staying, warming and washing was set up, and an electricity supply system was installed to meet the energy needs of the plant. The capital and equipment procurement costs of the plant exceeded HUF 100 million. There was no operational composting at the plant in 2023.

Design and construction of an inert waste management site in Ludas

It is necessary to establish a site in the area, which includes the construction of an operating area and an access road, the installation of on-site equipment and the construction of electricity supply. The area is located next to the village of Ludas, on the land of the lignite mine retired from cultivation. The capital and equipment procurement costs of the plant exceed HUF 30 million net. The expected completion date of the project is April 2024.

MVM MIFŰ Ltd.

In order to comply with the stricter emission legal limits, the complete refurbishment of the PTVM50 hot water boiler was carried out at the Miskolc Tatár utca Heating Plant in Avas. The refurbishment included the implementation of a technical design with four bottom burners and the installation of a flue gas recirculation system. In 2023, the boiler was officially delivered.

MVM Balance Ltd.

Following the recommissioning of the Miskolc Hold utca Combined Cycle Gas Turbine Power Plant in 2022, the construction of the forced cooling system and the installation of a bypass chimney were completed in 2023. With this equipment, the power plant can operate not only during the heating season and in combined cycle, but also outside the heating period, as a quick-start flexible generation unit in open cycle, thus it is able to participate in the market of system-level services, both in the secondary and tertiary markets. The equipment was commissioned and activated in 2023.

MAVIR Ltd.

The company refurbished the base of transformer No 2 in Tiszalök as well as the base of transformer No 2 in Oroszlány. In order to ensure reliable operation, the pipes connecting transformers No 1 and No 2 at the Szolnok station were modified and refurbished. The noise barrier wall belonging to the two

transformers at the Zugló 220/120 kV substation was renovated. The total amount of projects was HUF 145 million.

MVM Égáz-Dégáz Natural Gas Network Ltd. and MVM Főgáz Natural Gas Network Ltd.

The companies are constantly carrying out cathodic protection projects to prevent gas leaks and escapes. During 2023, projects related to corrosion protection were carried out at 18 locations, and design was carried out for two locations. Corrosion protection is also helped by the continuous replacement of old, buried neutral point communication modules. In 2023, the development and design of cathodic protection surfaces were implemented in the HET-MIR technical information system. The reduction of methane emissions is helped by the refurbishment of the gas network, which is also ongoing. In 2023, 24 km of pipeline was refurbished at the two companies.

Pressure control reception stations are of strategic importance in operation because their failure can cause a loss of natural gas supply, and a lack of pressure or overpressure can cause an accident or a gas leak (gas escape). In 2023, 44 pressure regulators were refurbished.

In 2023, mobile flares were procured for all plant units of MVM Égáz-Dégáz Natural Gas Network Ltd. In the case of MVM Főgáz Natural Gas Network Ltd., two flares and eight gas leak detectors were procured. During the operation of the distribution network, the flaring of the vented natural gas resulting from the technology contributes to the reduction of GHG emissions.

MVM Démász Electricity Network Ltd.

The company spent HUF 46 million on the refurbishment of transformers with oil leaks, which made it possible to handle 26 cases. In addition to protecting the environment, the refurbishment also strengthens operational safety.

MVM Émász Electricity Network Ltd.

The company spent HUF 37 million on the refurbishment or replacement of transformers with oil leaks, which made it possible to handle 13 cases. After the termination of the Karancskeszi 22 kV switching station, the contaminated components were transported to the value of HUF 6 million.

MVM Real Property Management Ltd.

The company implemented building energy developments (replacement of doors and windows, upgrading of heating systems, replacement of lighting, thermal insulation and shading) on the Kiskunhalas, Nagykőrös and Szeged sites to the value of HUF 221 million. In addition, the sewerage networks were digitally mapped on five sites to the value of HUF 1.2 million.

MVM OVIT Ltd.

One 0.5 MW PV power plant was built on each of the Göd and Kiskunfélegyháza sites, the capacity of which covers the electricity needs of the sites. The total cost of the projects was HUF 196 million. The power plants will be licensed in 2024.

innogy Česka Republika s.r.o.

The company carried out energy efficiency projects, including the implementation of lighting replacement, the renovation and replacement of cooling and heating systems, and insulation to a total value of HUF 60 million.

MVM XPert Ltd.

A 50 kW small-scale household solar power plant system was built and commissioned on the Bicske site. The net cost of the project was HUF 19.5 million.

FLOGISTON Ltd.

The company carried out energy efficiency projects: lights and a boiler were replaced to a value of HUF 0.5 million.

2.6 Availability, reliability and security of supply

GRI RA3-3 and EU6

The availability of electricity is an essential condition for the functioning of the economy and society. Its provision in the short- and long-term at the most favourable prices and conditions available is crucial for the functioning of the systems that guarantee the well-being of people and the economy as a whole.

With respect to energy supply, a number of security-related risks can be examined, such as armed threats to energy reserves, political uncertainty in several energy-producing countries, and the limited amount and uneven distribution of raw materials. Hungary's National Security Strategy states that *'... Our geographical conditions make us highly vulnerable, especially in the areas of energy security, supply routes and environmental security ...'* The prevention and management of the conflicts of our age require a global and comprehensive approach.

The MVM Group is a key player in the Hungarian energy system and contributes greatly to the security of supply in Hungary and Central and Eastern Europe with its professional competence. The strategy of the Group is to supply affordable and clean energy to its customers in a sustainable manner, in accordance with the requirements and customer expectations of the 21st century (see *Section 1.3* for more details).

The Group proactively and continuously analyses the business continuity risks arising from foreign market crises and affecting the activities of the Group, and agrees the necessary measures with governmental actors.

Taking advantage of the opportunities, the MVM Group fully performs its tasks set out in the National Energy Strategy to guarantee security of supply for domestic residential and industrial consumers.

As the dispatcher, operator and owner of the transmission network, MAVIR Ltd. pays special attention to ensuring availability and consumer supply at all times. As part of this, the company is responsible for maintaining the power balance of the system in order to stabilise the network frequency of the national electricity system. The first step of this is to determine the extent of the required balancing capacities, then to procure them through competitive bidding, to finalise them in daily reserve planning processes and finally to use the available balancing capacities during real-time dispatch, taking into account the technical parameters, in accordance with the price order.

In addition, in order to maintain system security, the technical condition of the domestic transmission network must be monitored and, also taking into account the availability of the networks of neighbouring countries, the maintenance plans of the transmission and distribution networks must be coordinated, and decisions must be made on which shutdown requirements can be approved in order to ensure that supply is always safe and meets the set quality requirements.

The performance of the necessary network developments and maintenance, the conservation and augmentation of the network assets, and the coordination and implementation of the works must be ensured. The network development objectives of MAVIR Ltd. are to maintain the security of supply and operational safety specified in the relevant legislation and regulations for system users, to maintain interoperability with the European electricity system and to meet the needs of market players for the grid by applying the lowest cost (CAPEX and OPEX) principle.

Ensuring long-term availability

MAVIR Ltd. prepares electricity consumption forecasts by taking into account historical measurement results and the basic data provided by the economic environment, which it makes available to the competent authorities and the organisations concerned.

The company considers the operational reliability of the electricity system to be a priority task, for which it conducts compliance audits on an annual, monthly, weekly and daily basis. The System Operator works in close cooperation with the players in the domestic electricity market both during

the preparation for operation over different periods, dispatch and settlement. Its contacts cover the generation and distribution network licensees as well as foreign system operators and organisations at international level (ENTSO-E, Core CCR and TSCNET GmbH), which contributes to full compliance with the required quality indicators of the Hungarian electricity system.

Ensuring short-term availability

The main means of ensuring short-term availability is the proper maintenance and operation of power plants.

The availability obligation of electricity generation units has to be taken into account in accordance with the provisions of Section 5 of Act LXXXVI of 2007 on electricity. The company operates and maintains the generation equipment by taking into account the methods, techniques, standards and restrictions regularly applied to the safe, efficient and economical operation and maintenance of heat and electricity generation and supply equipment, in line with the manufacturers' operating and maintenance manuals. In order to ensure availability and business continuity, it carries out all refurbishment and maintenance tasks that ensure the proper condition of the generation equipment concerned.

Each generation equipment has a valid operating and official licence and system operator accreditation.

The company holds liability insurance for the power plants, and has annual agreements for the procurement of natural gas and electricity and long-term agreements for the sale of electricity and the procurement of distillate oil.

The Risk Management Directorate of MVM assesses the emerging risks on a quarterly basis and develops methods for their management.

Technical indicators related to the technical condition and operation of the equipment (including availability, start-up safety and freedom from breakdowns due to personal error) are recorded in the KPIs and their performance is continuously monitored. The company monitors the availability of power plants and heating plants on an annual, quarterly, monthly and weekly basis in generation, productivity and maintenance plans and weekly reports.

The indicators are evaluated (and the need for interventions is established) at management forums. The operational and maintenance activities are checked by the competent specialist senior executives of the company continuously and by the quality and group-level professional and internal audit experts on a case-by-case basis.

The power plants of the MVM Group are the actors of the electricity system. They are responsible for being available in accordance with the agreements concluded with the trader (MVM Partner Ltd.) and the System Operator (MAVIR Ltd.). If this cannot be achieved for any reason (for example, breakdown, machine breakage), it will be sanctioned in accordance with the above agreements, but it does not mean the interruption of electricity supply. Capacities are available not only in the domestic market, but also abroad due to network connectivity, and on the basis of the IGCC (Integrated Gasification Combined Cycle) model, a foreign transmission system operator (TSO) can also contribute to Hungary's balancing needs in the market of system-level balancing.

In terms of electricity generation, all the players in the energy mix are present in the portfolio of the Group, which is therefore able to meet a wide range of system-level needs, supporting the maintenance of security of supply.

MVM Paks Nuclear Power Plant Ltd. is the most important and indispensable base load power plant of the Hungarian electricity system; its system-level role is continuous, reliable electricity generation. Nuclear safety is high in accordance with international practice and expectations. In cooperation with a highly prestigious international professional organisation, WANO, process control and the implementation of the necessary developments in accordance with the development trends are continuous. General overhauls are carried out every year as planned and scheduled in advance. The

nuclear power plant also has limited 'mFRR' balancing, which it implements at the direction of the independent System Operator.

In addition to a high capacity utilisation rate, MVM Paks Nuclear Power Plant Ltd. had several unscheduled power losses in 2023, most of which were caused by, besides a delay in the overhaul of Unit 1, protective operation on Units 3 and 4.

- Availability: 89.69%
- Number of operating units: 4
- Actual operating time: 32,120.2 hours
- Duration of scheduled shutdowns: 2,789 hours
- Forced (unscheduled) shutdowns: 131 hours.

Due to the Russian-Ukrainian conflict, security of energy supply risks and significant economic recession effects appeared in the Hungarian economy. According to the climate policy goals, the goal is to achieve climate neutrality in the EU by 2050. In terms of gas, the EU is vulnerable to external suppliers; therefore, in the future, priority may be given to the generation of carbon-neutral, affordable electricity to meet energy needs, which nuclear power plant units are able to do besides renewable sources.

For all these reasons, the issue of the lifetime extension study of MVM Paks Nuclear Power Plant Ltd. has become topical for both economic and political reasons. In its Resolution No 56/2022 of 8 December 2022 OGY, Parliament acknowledged the additional lifetime extension of the nuclear power plant (see Section 1.1).

The only domestic **coal-fired power plant** owned by MVM Mátra Energy Ltd. is the second most important generator after the nuclear power plant, and its role is indispensable from the point of view of security of supply. According to plans, the existing lignite-fired units will be replaced with modern, carbon-efficient and economically generating units in the short term. After the 2022 energy crisis, the power plant reduced its output in 2023 compared to the previous year, but it still significantly supported the security of energy supply: its generation strategy was changed to the operation of two units and availability of one unit in the periods when the backup units are not subject to annual general overhaul. MVM Mátra Energy Ltd. has been available with an installed capacity of 850 MW since 1 January 2024 in accordance with the needs of the Hungarian electricity system.

Within the Group, MVM GG Ltd. and its subsidiaries are dedicated players in the decarbonisation efforts and renewable energy generation. Weather-dependent power plants are capable of generating electricity under specific conditions, and they participate in domestic electricity generation at system level in view of this. The actions developed at member company level (Renewable Programme I to V and acquisitions) ensure the efforts to increase the installed capacity of renewable energy generation units included in the energy strategies of the EU, Hungary and the Group.

MVM GG Ltd. carries out the operation of the power plants owned by it and its subsidiaries in such a way that their availability for generation is as high as possible on an annual average: this is at least 80% for hydropower plants, at least 95% for wind power plants and above 99% for solar power plants. For this purpose, it performs maintenance, overhauls, diagnostic tests at the frequency required by the technologies, and pays special attention to the prevention of breakdown conditions and, if they occur, to their professional and quick elimination. Regular maintenance that requires major shutdowns is carried out by the company in a period of the year when it causes the least possible generation shortfall.

The gas turbine power plants operated by MVM Balance Ltd. are available to ensure system-level balance are essential for the stability of the electricity system. Their role has become even more important with the large-scale spread of weather-dependent renewable energy source-based

generation capacities, and the balancing needs arising at system level can be balanced by the use of these power plants for the time being. They can also participate in the voltage / reactive power balancing of the electricity system during their operation, and the Lőrinci Power Plant is able to take part in the rebuilding and restoration of the network (black start) in the event of a possible system-level breakdown, if necessary.

In order to ensure the reliable operation of the power plants, the company applies a condition-dependent and preventive maintenance strategy, always based on the recommendations of the maintenance contracts concluded with the manufacturing/supply companies. The leading specialists of the company regularly consult the manufacturers and other power plant operators (due to the exercising best practice) and exchange experiences on the most effective, preventive maintenance steps and the development of the necessary further improvements. Before the winter period of each reference year, the company sends a report to the Hungarian Energy and Public Utility Regulatory Authority on the expected and implemented steps of 'winter preparation', thus ensuring a high level of availability in harsher weather conditions.

For the relevant members of management of the company, the annual Performance Evaluation System also includes the target indicators of power plant availability, error-free operation, regulatory compliance, etc., which are subject to the payment of middle and senior management bonuses, if any.

MVM Oroszlány District Heat Generation and Service Ltd. (MVM OTSZ Ltd.) is a company operating gas-fired heating plants, which generates district heat and hot water for, and supplies district heating to, more than 5,000 dwelling units in the case of the city of Oroszlány and the village of Bokod, and more than 8,500 units in the case of Szolnok, and its availability is almost 100%. District heat generation takes place in Oroszlány at the Oroszlány Heating Plant and in Szolnok at the József Attila Heating Plant, in the Széchenyi Heating Plant, in the Móra Ferenc Heating Plant and in the boiler building of the TVM housing estate. In 2023, there was one recorded breakdown at the Oroszlány heating plant, affecting both the boiler and the district heat generation system for a total of 3.62 hours, which represented 99.9% availability at heating plant level. There were 20 recorded breakdowns affecting the boiler and the district heat generation system at the Szolnok heating plants for a total of 1,373.8 hours, which represented 98.6% availability at heating plant level. The company also carried out the annual overhaul of the district heating system at the Oroszlány Heating Plant and in its service areas.

The North Buda Heating Power Plant, which cogenerates heat and electricity, is subject to an availability obligation of 60 MW_{th} towards FŐTÁV in respect of the North Buda Region, while the Miskolc Heating Power Plant and the Miskolc Combined Cycle Power Plant are subject to an availability obligation of 170 MW_{th} towards the Miskolc Heat Supply Company. In addition, an availability obligation is imposed on the cogeneration power plants towards the national electricity network and the System Operator up to the maximum value of their installed electrical capacity, but at all times up to the value of the available and dispatchable capacity.

2.7 Number of customers and service

Universal electricity service customers are served by MVM Next Energy Trading Ltd. and E.ON Electricity Distribution Ltd., while universal natural gas service customers, by MVM Next Energy Trading Ltd. Customers in the competitive electricity and natural gas market are served by MVM Next Energy Trading Ltd. District heating customers in both Oroszlány and Szolnok are served by MVM OTSZ Ltd. For the first time in the country, the customers of MVM OTSZ Ltd. now have the opportunity to use district heating supply besides natural gas and electricity supply within the MVM Group.

Number of customers ^a	2022	2023		
	Total 2022	DSO – Customers connected to a distribution network	TSO – Customers connected to a transmission network	Total 2023
Universal electricity service	5,934,343	6,068,929	0	6,068,929
Retail customers	5,836,927	5,926,195	0	5,926,195
Industrial and commercial customers	94,848	142,734	0	142,734
Public institution and business customers	2,568	0	0	0
Customers in the competitive electricity market	44,301	52,500	31	52,531
Retail customers	0	500	0	500
Industrial and commercial customers	43,201	50,000	31	50,031
Public institution and business customers	1,100	2,000	0	2,000
Universal natural gas service	3,362,401	3,368,776	0	3,368,776
Retail customers	3,311,071	3,320,066	0	3,320,066
Industrial and commercial customers	48,752	48,710	0	48,710
Public institution and business customers	2,578	0	0	0
Customers in the competitive natural gas market	59,083	55,001	4	55,005
Retail customers	0	1	0	1
Industrial and commercial customers	58,233	53,000	4	53,004
Public institution and business customers	850	2,000	0	2,000
Total of the above	9,400,128	9,545,206	35	9,545,241
District heat	14,868	14,958		14,958
Retail customers	14,636	14,789		14,789
Industrial and commercial customers	72	98		98
Public institution and business customers	160	71		71
innogy customers (gas and electricity retail)	n/a	1,800,000		1,800,000
GRAND TOTAL	9,414,996			11,360,199

^a Number of metering point identifiers.

The 9.5 million consumption points identified based on the number of metering point identifiers represent nearly 8 million consumers and customers. The relationship between the two numbers is that a customer (person) may have more than one metering point identifier (e.g. a residential property and a holiday home). Therefore, the number of metering point identifiers will always be higher than the number of customers. The number of retail customers is about 7.85 million.

E-INO-04, E-INO-07 and E-INO-08

Number of customers	Unit	2022	2023
Number of customers using more than one service (retail natural gas and electricity service) (estimate)	persons	3,300,000	3,300,000
Number of customers with electronic accounts (in the entire customer base receiving universal electricity and gas services) ^a	number of consumption points with electronic invoices, pcs	2,109,102 ^b	2,280,233
Number of registered users of online customer channels	persons	1,387,638	1,448,166
Universal service customers who own small-scale household power plants	persons	148,551	218,203
Customers in the competitive market who own small-scale household power plants	persons	8,989	12,500

^a It does not include the number of users of the EnergiApp app or the online customer service interface.

^b Due to the calculation methodology, the 2022 value was adjusted from 2,528,222 to 2,109,102.

E-INO-09

In 2023, MVM Next Energy Trading Ltd. further increased the number of users of the new Next online administration interface. By the end of 2023, the number of customers registered with a consumption point exceeded 1.4 million. The growth in 2023 was supported by the transfer of all retail customers from the old online interfaces to the new Next online customer service and Next app.²⁰

In 2023, the number of customers served on digital channels was 2,103,686, accounting for almost 57% of the total customer base.

Proportion of customers served through digital channels	Unit	2022	2023
Customers not receiving cheques	persons	1,699,392	1,773,503
Customers receiving cheques but using the online customer service channel or mobile application in the 12 months preceding the reference month	persons	541,008	330,183
Number of customers served through all digital channels	persons	2,240,400	2,103,686
Total number of customers ^a	persons	3,745,778	3,718,443
Proportion of customers served through digital channels	%	59.81	56.57

^a Retail customers receiving universal electricity and natural gas service (and within electricity, only customers registered in the system of Demász)

The number of customers served on the digital channel decreased because in 2022, due to utility charge changes, some of those who switched to online interfaces did not use the interface later, so after 1 year they did not belong to the category of digitally served customers.

CUSTOMER SATISFACTION

E-INO-06a, E-INO-06b, E-INO-06c, E-INO-06d and E-INO-06e

MVM Next Energy Trading Ltd. ensures a high level of customer satisfaction and customer experience by operating a quality assurance system, continuously monitoring and reporting the traffic on customer service channels, and maintaining the quality indicators required by law. The quality of customer service is measured by the results of customer satisfaction surveys and market research, which serve as a basis for future developments.

Customer satisfaction	Method	2021	2022	2023
Universal service – customer relations (natural gas)	User Satisfaction Survey	– ^a	8.5	– ^a

²⁰ Retail customers taken over with the ELMŰ-ÉMÁSZ portfolio have not yet been able to register with the Next online customer service and are therefore not included in the number of registered users of the online customer channels and in the table. The Next online platforms are expected to be available for them in 2024.

Universal service – customer relations (electricity)	User Satisfaction Survey	7.6 ^b	– ^a	8.8
Competitive market – retail (electricity and natural gas)	NPS ^d	42	13	64
Competitive market – wholesale (natural gas)	NPS ^d	72	58	66
Natural gas storage	In-house methodology ^c	5.6	5.7	5.7

^a There was no survey.

^b It excludes customers who belong to the previous ELMŰ-Émász portfolio.

^c A web questionnaire survey sent to customers; the average of the results of the individual topics presented on a scale of 1 to 6.

^d In 2023, not the NPS indicator, but a ‘Satisfaction Index’ is used, so the figures are not comparable.

Based on the orders of the Hungarian Energy and Public Utility Regulatory Authority, a national *User Satisfaction Survey* is conducted in every odd year in the electricity sector and in every even year in the natural gas sector. The survey aims to examine the satisfaction of retail users with electricity and natural gas supply. Part of the survey is the evaluation of the customer relations activities by customer relations channel (telephone, email, personal and online) on a scale of 1 to 10. The indicator is the average of the ratings received for the customer relations channels.

User Satisfaction Survey results by channel		
Channel	2022	2023
Telephone	9.3	9.4
Email	7.4	6.8
Personal	9.8	9.8
Online	7.4	9.2
Average	8.5	8.8

The source of the value of the *Satisfaction index* is the customer satisfaction survey for 2023 commissioned by the business and trade function of MVM Next Energy Trading Ltd., which was identical to the customer satisfaction survey for the previous years in its methodology (‘classic’ customer satisfaction and commitment survey). The company carried out the research among bulk and individual customers by involving an external analytical company, using a telephone-based quantitative and qualitative methodology.

The ‘Satisfaction Index’ is calculated based on the responses of the customers participating in the research. Respondents can answer on a scale of 1 to 10 how satisfied they are with the company (1 = least; 10 = most). The average score of the answers is then multiplied by 100 to form a composite value between 1 and 100. The indicator reached 64 in 2023, compared to 71 in 2022.

The decrease in the satisfaction index was partly due to the fact that the delivery and invoicing period of contracts concluded in an extremely high and volatile price environment induced by the war situation largely fell to 2023, so customers felt the critically high prices this year. However, the main reason for the decreasing satisfaction was the ‘cumbersome administration’ and the ‘difficult availability’ of customer service, which was due to the high workload of customer service. The processing of the number of cases, which increased several times, created a particularly difficult situation, which could be handled with an increased lead time at the customer services. However, customers continued to give a positive assessment of the stable background and reliability of the company.

PROVISION OF INFORMATION TO CUSTOMERS AND CUSTOMER SERVICE

GRI I3-3

MVM Next Energy Trading Ltd. enables all of its customers to have easy and fast access to its services. To this end, it operates a national customer service network (permanent and branch office network) and a telephone customer service, and also receives customer inquiries in writing (by email, via the online customer service, electronically and by mail).

The main goal of the company is to continuously increase customer satisfaction and customer experience related to customer service, going beyond legal compliance. One of the main aims of the company is to provide its customers receiving natural gas and electricity services with the possibility of one-stop-shop administration. Bearing this in mind, it develops its online and offline channels and works to create personal customer services with a uniform image, where its customers can handle all of their matters in one place, conveniently and quickly.

The company places great emphasis on the maintenance and continuous development of digital customer service channels (online customer service and mobile application), which provide flexible, easily accessible and fast administration in every respect. In 2023, the Navigator page was created to offer convenient or customer service contact information closest to the customer based on the address of the place of use.

During the year, an online written customer service was launched, which guides customers through the reporting process with pre-recorded questions, thus facilitating more accurate case reporting and shortening processing time. This innovation will also help reduce the number of cases that require the submission of missing information.

The management area of MVM Services Ltd. contributes to the strengthening of customer relations and effective communication with customers by implementing several tasks.

- Its task is to reduce intra-group administration by connecting and automating holding and member company channels, which means more efficient and faster case management for customers.
- In cooperation with MVM Customer Relations Ltd., a group municipal customer management system was developed and operated during 2023.
- It has been introduced that complex, municipal, corporate and state/other institutional customer management is coordinated and managed by dedicated teams, which allows for more efficient management of projects affecting multiple member companies, which is faster for the customers.

Equal opportunity in receiving information

GRI G4DMA (EU24) and DM3-3

MVM Next Energy Trading Ltd. considers it important that all of its customers can be informed about electricity and natural gas supply in a non-technical way, regardless of their health status or educational level. To this end, it constantly reviews and simplifies its online interfaces, forms and response letters. It strives to minimise the use of technical terms, to carry out simple, easy-to-understand communication, and it also carries out its developments with this in mind.

The company fully complies with the provisions of legislation ensuring equal opportunities. In both electricity and natural gas supply, the scope of consumers to be protected is provided for by law: such customers may, as socially deprived or disabled consumers, receive the treatment and discounts specified by law.

Special treatment for consumers with disabilities may include:

- taking monthly (interim) meter readings at the point of use;
- providing the possibility of invoice payments in cash at the point of use;
- a non-customary metering point design, which, however, complies with the technical and safety regulations;
- individual assistance for the interpretation of the invoice in the case of consumers with disabilities receiving personal allowances for the blind or disability allowance: a larger copy of the invoice (A3 size photocopy), explanation of the invoice on the spot, translation of the invoice (invoice printed in Braille);

- consumers with disabilities whose health or life is threatened by the disconnection or interruption of electricity supply may not be disconnected in the event of late payment or non-payment.

For consumers in need of social support, the legislation provides for the possibility to pay by instalments and to use a prepaid meter.

Linguistic, cultural, low education and disability barriers were taken into account when the development programmes were designed for the electronic customer interface and telephone customer service, which started in 2023.

ACCESS TO SERVICES

GRI H3-3

Two key issues for customer access to energy are the availability of electricity and natural gas and disconnections due to non-payment. In these areas, the MVM Group aims at full compliance with the law. MVM is committed to ensuring that disadvantaged consumer groups also have access to services under identical conditions. In addition to the obligations imposed by law, MVM also provides additional services for disabled users and users with special social needs and to be protected, such as taking meter readings at the point of use, invoice payment in cash at the point of use, invoice interpretation, installation of a special metering point, instalment payment facilities, payment deferral and installation of a prepaid meter.

MVM provides payment by instalments to consumers with payment difficulties under certain conditions even if they do not qualify as consumers with special social needs and to be protected.

Power failure

GRI EU28, E-OTH-48, GRI EU29 and E-OTH-47

Interruption frequency and duration	Unit	Average 2019–2021	Average 2020–2022	Average 2021–2023
System Average Interruption Frequency Index (SAIFI), unplanned interruptions of electricity supply for more than 3 minutes				
System Average Interruption Frequency Index, Démász	pcs/user	0.80	0.77	0.75
System Average Interruption Frequency Index, Émász	pcs/user	0.95	0.90	0.83
System Average Interruption Duration Index (SAIDI), unplanned interruptions of electricity supply for more than 3 minutes				
System Average Interruption Duration Index, Démász	minutes/user	55.7	53.7	51.6
System Average Interruption Duration Index, Émász	minutes/user	61.1	59.9	57.9

The data are provided in the format of the report to be submitted to the Hungarian Energy and Public Utility Regulatory Authority, in 3-year averages, calculated using the calculation method required by the Authority.

SAIFI: Average 2021–2023 = (Affected consumers2021/Total consumers2021+ Affected consumers2022/Total consumers2022+ Affected consumers2023/Total consumers2023)/3

SAIDI: Average 2021–2023= (Interruption time2021/Total consumers2021+ Interruption time2022/Total consumers2022+ Interruption time2023/Total consumers2023)/3

The two indicators, in addition to being backed by the strict set of requirements of the Hungarian Energy and Public Utility Regulatory Authority, are service quality parameters directly perceived by customers.

Customer satisfaction is especially important for the MVM Group, including keeping the SAIFI and SAIDI indicators below the limit set by Hungarian Energy and Public Utility Regulatory Authority and operating with as low values as possible.

Suspension of services

G-RCO-22a, G-RCO-22b and G-RCO-23

Suspension and reconnection of service within 30 days			
	Unit	Electricity	Natural gas
Total universal service ^a customers	persons	4,768,015	3,107,336
Universal service customers for whom the service was interrupted due to non-payment	persons	17,245	9,919
Proportion of universal service customers affected by the suspension of service	%	0.36	0.31
Universal service customers reconnected within 30 days	persons	11,171	4,067
Percentage of reconnections within 30 days ^a	%	65	41

^a Customers taking electricity or natural gas in universal service

In 2023, a total of 17,245 disconnections occurred due to late payment in the universal electricity service. Compared to 2022, the number of disconnections decreased by 9,213 due to the standardisation of the demand for payment processes in the electricity portfolios.

During the year, the number of disconnections increased by 758 for customers receiving natural gas in universal service.

2.8 Demand side management (DSM)

GRI FO3-3 and EU7

Demand side management, also known as influencing the consumer side, primarily involves a solution related to the balance of the electricity system. Its crucial point is that, in order to maintain the frequency in the electricity system, consumption and generation have to be the same in every moment. Demand side management means modifying the demand of consumers through financial incentives or education in order to decrease or (where appropriate, in order to improve network conditions) increase their use of energy in certain periods or to postpone consumption outside peak hours (for example, at night or on weekends). This is increasingly important with the increasing proportion of weather-dependent renewable energy generation. Power plants operated on fossil fuels are usually switched on to serve peak periods or standstill periods of weather-dependent generation or to balance changes in weather-dependent generation. Minimising their use reduces costs and carbon dioxide and other pollutant emissions, thus having a positive impact on both the economy and the environment.

In the case of the MVM Group, the main means of demand side management is the supply of 'controlled electricity' ('nighttime electricity', 'tariff B'). In addition to tariffs A1, A2 and A3, consumers supplied with electricity in the universal service (retail consumers) can also choose tariff B or H. The simple tariff A1 does not include an incentive to shift consumption over time, but the two-rate tariffs A2 and A3 try to influence consumption with different prices for the daily periods. There are very few cases of two-rate settlement at current prices.

In the case of controlled electricity, the energy price and the system usage fee are also lower than in the case of all-day electricity use. Controlled tariff can be applied to the consumption of any user-specified user equipment, which can be operated safely even intermittently. In the case of equipment using the controlled tariff, the distributor is obliged to supply electricity for a minimum of 8 hours a day and for a minimum of 7 hours during daylight saving time. Thus, 5 or 6 hours on working days and 4 or 5 hours during daylight saving time may fall into the off-peak period.

Tariff B is regulated in Decree No 4/2011 of 31 January 2011 of the Minister for National Development and Decree No 10/2016 of 14 November 2016 of the Hungarian Energy and Public Utility Regulatory Authority. The application of the tariff B discount assumes that the equipment has a controlled connection point and thus it is connected to a separate meter. It is recommended to apply this in the case of heat storage appliances, such as hot water storage heaters. The tariff B electricity at a reduced

rate represents a significant discount compared to the discounted retail price of electricity with a normal tariff rate (A1 and A2). Above the discounted annual volume, nighttime electricity represents a smaller proportional advantage over the normal tariff.

The heat supply of residential buildings with renewable energy can have a more favourable unit price during the heating period using tariff H. To do this, a separate circuit and metering must be installed for the heat supply equipment (e.g. heat pump system). This solution does not have a favourable effect on electricity supply, but its pollutant emissions and energy efficiency are more favourable.

Quantity of tariffs B and H	Unit	2022	2023
Controlled metering point where recorded consumption occurred	Million pcs	1.2	1.7
Consumption	TWh	1.6	1.7

In the longer term, one of the realisation options of demand side management is the application of tariffs based on the more detailed measurement data of smart metering. Such tariffs are not yet available in the universal service, but the increase in the number of smart meters installed and the classification of these types of measurements from profiling to time series settlement from 1 January 2025 are important milestones for subsequent implementation.

E-INO-10

Number of installed smart meters	Unit	2022	2023
smart electricity meters	pcs	104,689	133,281
smart gas meters	pcs	7,582	6,599

2.9 Payment of taxes and government subsidies

GRI AD3-3, 207-1, 207-2 and 207-3

The Group strategy represents the basis for business planning, which must take into account tax boundary conditions and expected tax changes. The MVM Group does not have a separate tax strategy document.

Taxation seeks to serve the business and sustainable development strategies of the organisation in the most efficient way, but with maximum consideration to the tax requirements. The MVM Group takes a significant role in the area of corporate social responsibility, bearing the tax consequences of it, if necessary.

The Chief Financial Officer of MVM Ltd. is responsible at the highest level for the accounting and taxation activities of the MVM Group, who carries out their activities by directing the organisational units assigned to them. The business manager of the individual companies or, if there is no such manager, the managing director is responsible for the taxation activities of the given company.

The MVM Group regulates its accounting and taxation activities in a Central Accounting and Taxation Policy, which is approved by the Chief Financial Officer of MVM Ltd. The annex thereto contains group process descriptions, which regulate the taxation of primarily companies served by the business service centre within the Group to a depth of tasks / responsible officers.

The companies of the MVM Group adopt the contents of the Central Accounting and Taxation Policy to the level of the company and identify the tasks and responsible officers at job level. The adoption of the processes is verified by the group professional and quality management organisation.

Tax issues arising at the MVM Group, which cannot be resolved at local level, are dealt with by the designated organisation of the Group, which consults a consultant and/or the tax authority, as required.

It is also possible to report tax-related business practices or integrity through the use of the whistleblowing system (see Section 1.8 for more details).

In the tax practices of the MVM Group, compliance with the law and tax optimisation are essential requirements. The Group always strives to maintain its good reputation in its relations with the tax authority and its business partners. In its relations with the tax authority, it seeks to support legislation in a proactive manner in order to understand the changing expectations of taxation and to be informed as soon as possible of future regulatory changes in order to manage its risks. The MVM Group consults, as necessary, the competent ministry on regulatory issues important to the Group.

The designated organisation of the Group monitors any changes in legislation affecting the Group and informs the members of the Group about them. In the case of major changes, it prepares an action plan for the introduction of tax changes.

Firstly, a professional audit related to accounting and taxation activities is carried out within the framework of in-process audits and, secondly, the internal audit organisation, the auditors and the functions involved in the taxation process also carry out audits on a case-by-case basis, taking into account the extent of the risks identified by them. The management of the companies and the Chief Financial Officer of MVM Ltd. are also kept informed about the results of the audits.

Compliance with the tax governance and control framework is measured by whether the tax authority classifies the companies in the ‘reliable’ category, and measurements are also taken by the findings of internal control audits and audits by the tax authority.

There are several group corporate taxpayers in the MVM Group. By applying them and by reviewing the range of companies involved annually, the MVM Group strives to optimise the corporate tax liability.

Prior to the implementation of each business action, the tax requirements are extensively examined and taken into account, the observance of which, being a majority state-owned Group, is our primary and priority goal. In relation to these transactions, the company often uses the assistance of consultants and submits a request for advance pricing or a conditional tax assessment application in order to eliminate the tax risk.

GRI 207-4 and 2-15

Based on the decision of the MVM Group, only the data of the country-by-country report already submitted to the National Tax and Customs Administration are included in the integrated report. In the reporting, we used the data of the individual group members provided for the IFRS consolidated reports, prepared in accordance with the IFRS accounting policy of the MVM Group, for the 2022 country-by-country report of each group member.

In 2022, 88 of the 116 group members (covered by the 2022 data provided to the National Tax and Customs Administration under code 22CBC) were resident in Hungary, which is 76% of the group members. The proportion did not change considerably in 2023 (74%). The table includes only the data of the group members that belonged to the MVM Group as at the balance sheet date of the 2022 financial year.

Tax and other information relating to the MVM Group											
All figures are in HUF million or in persons	Total	Hungary	Austria	Romania	Switzerland	China	Slovakia	North Macedonia	Croatia	Czech Republic	Serbia
Amount of revenue from transactions with non-affiliated parties in the relevant jurisdiction	8,983,756	7,668,660	88,398	12,981	3	6,280	160,762	-11,460	46,189	1,011,939	4

Amount of revenue from transactions with affiliated parties in the relevant jurisdiction	5,979,307	4,278,400	51,155	595	795	443	12,138	30,128	630,207	973,321	2,125
Total revenue	14,963,063	11,947,060	139,553	13,576	798	6,723	172,900	18,668	676,396	1,985,260	2,129
Profit before tax	80,792	59,518	2,195	-1,287	-1,033	-1,113	4,498	303	2,383	15,285	43
Income tax paid (on a cash flow basis)	56,734	50,346	23	1	2	-	144	24	17	6,177	-
Income tax payable for the current year	74,860	72,061	12	4	1	-	338	40	21	2,381	2
Issued capital	1,626,524	1,532,938	118	3,675	305	3,216	562	31	99	85,569	11
Profit and loss reserve	93,612	61,217	802	-10,513	333	-349	-1,228	263	-6,985	49,176	896
Number of employees	18,233	16,646	9	38	3	59	58	-	8	1,411	1
Net value of tangible assets other than cash and cash equivalents	2,693,991	2,641,120	2	4,527	-	2,143	1,003	-	274	44,922	-

GOVERNMENT SUBSIDIES

GRI 201-4

In 2023, the MVM Group received HUF 1,160 billion in Government and European Union subsidies. Of this, HUF 1,002 billion and HUF 62 billion offset the Hungarian and Czech, respectively, utility rate protection service, HUF 84 billion was project and R&D support (of which HUF 40 billion was an EEEOP application grant for the establishment of PV power plants and HUF 12 billion was an application grant advance for the development of electricity networks), and HUF 10.5 billion was business rescue aid in Hungary.

2.10 EU Taxonomy Report 2023 of the MVM Group

E-GHG-09, E-GHG-10 and E-GHG-12

EU Taxonomy Regulation

By signing the Paris Agreement on Climate Change, the European Union (EU) has committed itself to the climate goals undertaken in it and to a more sustainable development of the economy and society. Accordingly, as part of the European Commission's action plan to finance sustainable growth, it decided to establish an EU classification system of ecologically sustainable economic activities (the 'EU Taxonomy'), and Regulation (EU) 2020/852²¹ (the 'Taxonomy Regulation') entered into force on 12 July 2020.

The publication obligation imposed by the Taxonomy Regulation aims to identify and classify green economic activities, which is primarily intended to support the financing of sustainable activities by providing the financial sector with information on the sustainability performance and commitment of the given companies, which creditors take into account in their decisions. In this way, companies, investors and policy-makers become interested in channelling their projects into areas where they are most needed for sustainable development as well as in making their sales revenue through as sustainable activities as possible.

Screening of the goals defined by the Taxonomy Regulation and the contribution to them

The Taxonomy Regulation defines six objectives. From an environmental point of view, an economic activity is considered sustainable if it contributes substantially to at least one of them and does not significantly harm any other objective.

Objectives defined by the Taxonomy Regulation:

1. climate change mitigation;
2. climate change adaptation;
3. the sustainable use and protection of water and marine resources;
4. the transition to a circular economy;

²¹ <https://eur-lex.europa.eu/legal-content/HU/TXT/PDF/?uri=CELEX:32020R0852>

5. pollution prevention and control;
6. the protection and restoration of biodiversity and ecosystems.

Out of the six goals, mitigation of climate change and adaptation to climate change are referred to as climate goals, while the other four goals are referred to as environmental goals.

Relevant EU Taxonomy activities and related criteria (technical screening criteria (TSC) in the case of a significant contribution and other requirements in the case of doing no significant harm (DNSH)) have been defined in relation to the given objectives.

The screening of the activities according to the Taxonomy can be divided into two main parts:

- I. Eligibility assessment²²
 - Determining whether certain economic activities carried out by the company correspond to the description of the activities contained in Commission Delegated Regulation (EU) 2021/2139²³ and Commission Delegated Regulation (EU) 2023/2486²⁴.
- II. Alignment assessment²⁵
 - Examining whether certain eligible activities of the Group meet the technical screening criteria of the activities relevant according to the EU Taxonomy and related to the significant contribution;
 - Examining whether certain eligible activities of the Group meet the technical screening criteria of the activities relevant according to the EU Taxonomy and related to doing no significant harm (DNSH);
 - Demonstrating that member companies meet minimum safeguards (MSS).

The activities and evaluation criteria included in the EU Taxonomy framework were defined in Commission Delegated Regulation (EU) 2021/2139.

Disclosure obligations under Regulation (EU) 2020/852

Since, pursuant to Article 29a of Directive 2013/34/EU of the European Parliament and of the Council, the MVM Group is required to publish consolidated non-financial statements, Regulation (EU) 2020/852 of the European Parliament and of the Council applies to the MVM Group. Disclosure under the EU Taxonomy allows the MVM Group to create transparency about its sustainable activities and to demonstrate its progress in sustainability. Pursuant to the Taxonomy Regulation, the MVM Group is obliged to disclose how and to what extent its individual economic activities are related to the sustainable activities appearing in the regulations in line with the specified technical screening criteria. As a result of this screening, it is to be determined what percentage of the sales revenue of the Group comes from sustainable activities and what percentage of its operating costs (OPEX) and capital expenditures (CAPEX) is spent on sustainable activities.

In addition, compliance with minimum safeguards (human rights and safety at work) is also expected to be demonstrated. The content of the indicators in the disclosure and the form in which the information is presented are provided for in Commission Delegated Regulation (EU) 2021/2178²⁶.

General methodological approach of the MVM Group

Since the MVM Group is obliged to disclose non-financial statements in accordance with Section 95/C of Act C of 2000 on accounting (the 'Accounting Act'), the Group is subject to a disclosure obligation in

²² In the remainder of this report, the term 'accepted' is used as an equivalent to the term 'eligible' in the official translation of Commission Delegated Regulation (EU) 2021/2187. [Translator's note: These are differences in Hungarian terminology. The translation uses the EU's terminology throughout.]

²³ <https://eur-lex.europa.eu/legal-content/HU/TXT/PDF/?uri=CELEX:02021R2139-20240101>

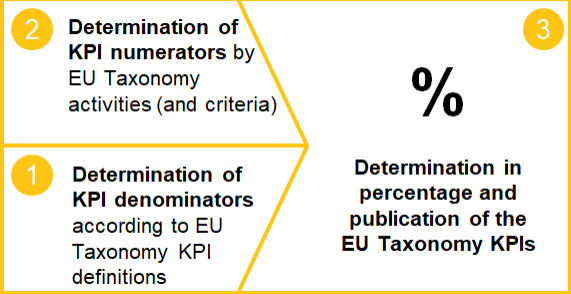
²⁴ https://eur-lex.europa.eu/legal-content/HU/TXT/PDF/?uri=OJ:L_202302486

²⁵ In the rest of the report, the term 'conforming' is used as an equivalent to the designation 'aligned' in the official translation of Commission Delegated Regulation (EU) 2021/2187. [Translator's note: These are differences in Hungarian terminology. The translation uses the EU's terminology throughout.]

²⁶ <https://eur-lex.europa.eu/legal-content/HU/TXT/PDF/?uri=CELEX:32021R2178&from=HU>

accordance with the EU Taxonomy. The corresponding EU Taxonomy KPIs were determined from the consolidated financial indicators and thus contain only the data of the fully consolidated subsidiaries. The results of the eligibility and alignment tests for the 2023 financial year were evaluated on the basis of three KPIs: Sales revenue, CAPEX and OPEX.

KPIs are defined as follows for both eligibility and alignment:



The denominator of the KPIs for the identified eligibility and alignment assessments is the items defined by the Taxonomy Regulation (see the section *Content of the Taxonomy KPIs*), while their numerator is the data that can be assigned to the activities identified as eligible or aligned during the test. In determining the numerator and denominator of the Taxonomy KPIs, the source of the data is the data in the consolidation system and the activity unbundling reports and controlling statements of the subsidiaries.

Eligibility assessment

The first step of the EU Taxonomy screening is the eligibility assessment, in which a top-down approach (based on the descriptions in the Taxonomy Regulation and the NACE codes) is used to identify which of the economic activities carried out by the MVM Group can match the Taxonomy activities. The EU Taxonomy eligibility assessment for the 2023 business year was carried out, taking into account both climate and environmental objectives, and new activities to be included in the regulation were added to the activity assessment in 2023. As a result of the energy activities of the MVM Group, primarily activities related to climate objectives were identified within the framework of the eligibility assessment. The activities identified as a result of the test represent the basis of the alignment assessment.

Alignment assessment

The next step after the eligibility assessment is the alignment assessment, during which the identified activities are analysed according to the criteria applicable to them.

Examination of substantial contribution (technical screening criteria):

Compliance with the technical screening criteria was typically assessed and documented individually for each economic activity at member company level, in a decentralised manner. The criteria were screened essentially at activity level, but the content of certain technical criteria (e.g. GHG emissions) warrants location or project level screening.

Evaluation of the Do No Significant Harm (DNSH) activity criterion:

The DNSH criteria primarily include environmental considerations. These considerations are implemented through compliance with the EU directives specified by the Taxonomy. Domestic decrees and legislation, too, often require that they be complied with. As the main rule, the criteria were examined at activity level here, too, but for certain pillars, an examination at location or project level was also carried out.

Examination of minimum safeguards (MSS):

GRI 2-24

The MVM Group is a committed supporter of sustainable and inclusive growth. It is important for the Group to comply with the minimum social safeguards formulated for this purpose; therefore, it conducts procedures in accordance with Article 18 of the Taxonomy Regulation²⁷ that ensure that its activities are performed in accordance with the content of the following documents:

1. **OECD Guidelines for Multinational Enterprises;**
2. **United Nations Guiding Principles on Business and Human Rights;**
3. **Declaration on Fundamental Principles and Rights at Work of the International Labour Organisation (ILO);**
4. **the eight core conventions of the International Labour Organisation (ILO);**
5. **the principles and rights enshrined in the International Bill of Human Rights.**

The human rights due diligence (HRDD) process used to prove compliance with the minimum safeguards can be divided into three phases in the MVM Group 2023 alignment test:

- I. Identification and analysis of group-level documents related to the topics of expectations specified in the directives and legislation set out in the Taxonomy Regulation and the four mentioned thematic areas defined in the Final Report on Minimum Safeguards²⁸ published in October 2022;
- II. Examination of the validity and enforceability of documents valid at group level among member companies;
- III. Collection of the best practices identified among the member companies and identification of further development opportunities and actions.

As a result of the assessment aiming to prove compliance with the minimum safeguards during the alignment assessment of the MVM Group in 2023, it can be established that none of the four main topics (human rights, including workers' rights, corruption and bribery, taxation and fair competition) can be identified as a priority risk in relation to the operations of the MVM Group. During the 2023 study, member companies were also examined in order to support group-wide compliance as well as possible. **Based on the results of the study conducted with the involvement of member companies, it can be established that the member companies operate in accordance with the rules, codes and policies issued by the MVM Group with group-wide validity.** The implementation of the expectations, principles and procedures set out in these documents at member company level is continuously monitored by the MVM Group.

The MVM Group also addresses the principles and rights set out in the above-mentioned international regulations in its main corporate documents: the Group Code of Ethics, the Equal Opportunities Plan, the Procurement Policy, the Code of Ethics for Business Partners, the Freedom of Association Policy and the relevant chapters of the Integrated ESG Report, and is committed to operate in accordance with these principles.

The MVM Group is committed to meeting the human rights requirements of the European Union and complies with the regulations, including sanctions and other restrictive measures, passed by the bodies of the European Union to enforce them in the course of its corporate activities.

²⁷ <https://eur-lex.europa.eu/legal-content/HU/TXT/HTML/?uri=CELEX:32020R0852#d1e2576-13-1>

²⁸ https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf

List of taxonomy-aligned activities

The assessment included an examination of all relevant activities carried out by the MVM Group in order to determine whether they make a significant contribution to a climate or environmental goal and comply with the EU Taxonomy criteria. In determining the group of activities to be examined, its transition activities (natural gas and nuclear-based energy activities) under Commission Delegated Regulation (EU) 2022/1214 were also examined.

From this set, the following economic activities can be considered as aligned:

- 3.5 Manufacture of energy efficiency equipment for buildings,
- 4.1 Electricity generation using solar photovoltaic technology,
- 4.3 Electricity generation from wind power,
- 4.5 Electricity generation from hydropower,
- 4.9 Transmission and distribution of electricity,
- 4.12 Storage of hydrogen,
- 4.28 Electricity generation from nuclear energy in existing installations,
- 6.15 Infrastructure enabling low-carbon road transport and public transport.

Content of Taxonomy KPIs

Pursuant to point 1.2 of Annex I to Commission Delegated Regulation (EU) 2021/2178, companies are required to present the following EU Taxonomy-related financial indicators:

- Content of the sales revenue-related KPI (Sales revenue KPI) according to the specified international accounting standards:
 - IFRS 15 – Revenue from contracts with customers,
 - IFRS 16 – Leasing,
 - Other operating income.
- Content of the project-related KPI (CAPEX KPI) according to the specified international accounting standards:
 - IAS 16 – Property, plant and equipment,
 - IAS 38 – Intangible assets,
 - IFRS 16 – Leasing,
 - IAS 40 – Investment property,
 - IAS 41 – Agriculture.
- Content of the operating cost-related KPI (OPEX KPI):
 - R&D expenditure,
 - building renovation measures,
 - direct non-capitalised costs related to maintenance and repair,
 - any other direct expenditure relating to the daily servicing of assets belonging to property, plant and equipment by the company or, in the case of outsourcing, by a third party carrying out the activities, which is necessary to ensure the continuous and actual operation of such equipment,
 - short-term leasing.

In connection with their financial indicators, the companies show the percentage at which they come from activities contributing to sustainability under the EU Taxonomy.

Methodological approach of the MVM Group to the individual KPIs

Sales revenue KPI:

The consolidated figure in the denominator of the Sales revenue KPI is the same as the *Sales revenue* line of the Consolidated Statement of Comprehensive Income. The MVM Group loses a significant part

of its sales revenue if the intra-group sales are eliminated in their entirety since the majority of the energy generated in the vertically integrated Group is sold through its own trading companies, and the same is also true for system usage fees. Therefore, the following specific approach has been applied:

- in the case of companies engaged in natural gas-based electricity generation, intra-group sales were recognised by the pro-rata reallocation of the sales revenues of the trading companies to the generation companies; revenues on capacities sold on the balancing market were not allocated;
- in the case of energy generation companies using renewable technologies and not subject to the mandatory off-take scheme, intra-group sales were recognised by the pro-rata reallocation of the sales revenues of the trading companies to the generation companies;
- the revenue from the sale of electricity generated by the MVM Paks Nuclear Power Plant was allocated on the basis of the fair asset value model (average of the VEASZ and HUPX prices by specific weights) used in the consolidated financial statements prepared in accordance with the IFRS standard;
- in the case of electricity transmission and distribution subsidiaries, system usage fees resold within the Group were also recognised through the sales revenue of the trading companies, less the system usage fees for electricity consumption within the Group.

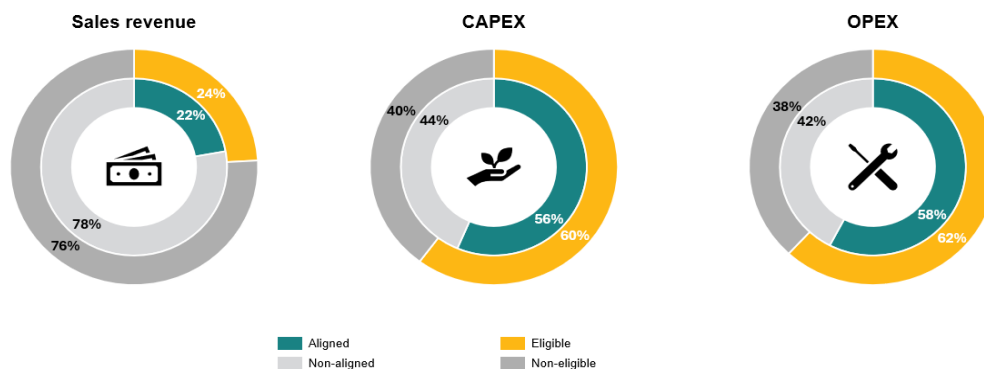
CAPEX KPI:

The consolidated figure in the denominator of the CAPEX KPI is equal to the sum of the lines *Purchases and Assets acquired in business combination / transaction with a parent company* in the movement tables *Property, plant and equipment, Investment property and Goodwill and other intangible assets* in the consolidated financial statements. The increase of Goodwill by regulation is not part of the denominator and numerator of the CAPEX KPI. The CO₂ quota and acquisitions are part of the Taxonomy screening under the regulations. The entire project portfolio of the MVM Group was analysed during the screening.

OPEX KPI:

In several cases, the subsidiary reports formed the basis for the data provided because the consolidation system does not allow the data to be extracted according to the definition given by the EU Taxonomy. The data provided by the subsidiaries are in line with the data expected by and reported to the Hungarian Energy and Public Utility Regulatory Authority. In the case of the OPEX KPI, the denominator was the costs corresponding to the above definition for companies with a significant asset portfolio engaged in sustainable or other unsustainable activities, with the addition that in the case of network-operating companies, the costs related to troubleshooting and network diagnostics are also considered to be OPEX.

EU Taxonomy KPI values of the MVM Group for the 2023 financial year



2.11 Procurement and supply chain

GRI GT3-3 and 2-6

One of the functions of MVM Ltd. as holding centre is the Procurement Department, which is responsible for the professional management of the procurement activities of the companies belonging to the MVM Group. The functional procurement organisation of MVM Ltd. is responsible for developing a procurement framework through group policies.

In the Group, procurement has traditionally been carried out at company level, and several companies currently have their own procurement organisations, but in order to operate more efficiently, the centralisation of the procurement function has begun in some areas.

In 2023, there were two major integrated procurement organisations, which carried out procurement for several companies:

- The Procurement Department of MVM Paks Nuclear Power Plant Ltd. also carries out the procurement activities of MVM Nuclear Maintenance Ltd. and ATOMIX Ltd. in addition to those of the nuclear power plant.
- As a central function, the Procurement Directorate of MVM Services Ltd. is the largest and currently carries out procurement for 44 member companies.

In 2023, three companies were added to the company group served by MVM Services Ltd. The largest volume of growth was achieved by the integration of the companies with distribution networks, Római Office Building Ltd., MVM Mátra Energy Ltd. and MVM Mátra Machine Ltd.

The procurement departments formed on the basis of the procurement topics and categories compile the group procurement plan containing group-wide procedures on the basis of the procurement plans of the company for the given year, so it is possible to reach more favourable prices and terms of trade due to the volume effect.

G-RPU-03

During its procurement, the MVM Group applies competition procedures on equal terms and lays special emphasis on procedural steps that ensure competition neutrality and transparency (communication to potential suppliers at the same time and with identical content, separation of technical and financial evaluations, opening of bids before a body, etc.). In 2023, the MVM Group prepared its public [Procurement Policy](#) and its supplier code of conduct, the [Code of Ethics for Business Partners](#) (see Section 1.8 for more details). The Group aims at the application of modern solutions (e-procurement, e-catalogue-based ordering and e-auction).

G-RPU-02

It is important for the MVM Group to work with stable suppliers and to avoid any damage resulting from non-performance. In addition to the guarantee/penalty conditions included in the procurement contracts, partners with higher contractual value are pre-qualified financially and economically, and the pre-qualifications are repeated annually for the active partners. In 2023, 2,384 suppliers were pre-qualified in the MVM Group.

The MVM Group strives to give preference to local suppliers, which also contributes, for example, to reducing the ecological footprint associated with transport. In 2023, the proportion of local (domestic) suppliers was 93%.

GRI 2-6b, 203-2 and 204-1

Suppliers of the MVM Group ^a	Unit	2021	2022	2023
Local suppliers	pcs	6,952	9,471	7,565
Foreign suppliers	pcs	560	702	598
Total number of suppliers	pcs	7,512	10,173	8,163
Proportion of local (domestic) suppliers	%	92.55	93.10	92.67
Value of goods/services procured from local suppliers	HUF million	349,846	733,289	748,090
Value of goods/services procured from foreign suppliers	HUF million	13,316	22,121	28,666
Total value of procured goods/services	HUF million	363,162	755,410	776,756
Proportion of local suppliers (based on procurement value)	%	96.33	97.07	96.31

^a The table also includes suppliers within the MVM Group as well as foreign suppliers who are considered to be local for the foreign companies of the Group. The data relate to the procurement activities covered by the material scope of the Central Procurement Directive of the MVM Group.

The proportion of local (domestic) suppliers decreased minimally compared to 2022. The minimal decrease can be justified by the efforts of the MVM Group to expand also at regional level.

In 2021 and 2022, the significant change in the number of suppliers and the purchase value is due to the significant increase, compared to previous years, in the number of companies belonging to the MVM Group and included in the report.

G-RPU-01

As regards the Hungarian subsidiaries of the MVM Group, it can also be said that local suppliers are selected at a rate of 93%, in line with the group level data.

Annual proportion of procurement from local businesses in Hungary	Unit	2022	2023
Number of Hungarian-based suppliers outside the MVM Group (with Hungarian tax numbers)	pcs	7,352	7,491
Total number of suppliers outside the MVM Group	pcs	7,941	8,080
Proportion of procurement from local businesses	%	92.58	92.71

GRI 414-2

There is currently no uniform method in the MVM Group for assessing social impact in the supply chain. However, some member companies carry out social assessment, on the basis of which seven suppliers were evaluated, and the number of suppliers identified as having a real or potential negative social impact was five in 2023. The relationship with one supplier was terminated²⁹ as a result of the assessment because it was involved in activities contrary to tax law.

²⁹ This is 20% of suppliers identified as having a negative impact. No development agreement was concluded (0%).

CHILD LABOUR, FORCED LABOUR AND FREEDOM OF ASSOCIATION

GRI 408-1, 409-1 and 407-1

The risk of using child labour and forced labour and of threats to the right to freedom of association and collective bargaining in relation to the supply chain may exist for suppliers not based in Hungary and in the European Union. There is currently no reliable information on all suppliers in this regard; therefore, it is necessary to investigate the operation of our suppliers in other countries. In 2023, the MVM Group strived to create a single mindset at the 94 consolidated companies, which can serve as a basis for future measures and, if necessary, for the production of data.

GRI GYM3-3 and KM3-3

The MVM Group respects and supports the international human rights enshrined in the Universal Declaration of Human Rights. It recognises its responsibility to respect human rights and always acts in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGP) in its activities. This human rights policy defines the commitments and the principles and rules that are expected to be respected by the employees, suppliers and partners of the MVM Group.

In addition to being morally unacceptable, illegal child labour and forced labour can lead to negative customer and investor preferences, loss of revenue and cost increases; therefore, the MVM Group is committed to combating illegal child labour and the use of any form of forced or dependent labour within its own and its suppliers' activities. The Group does not tolerate any form of illegal child labour and forced labour.

The MVM Group understands that young employees are more vulnerable due to their age; therefore, the MVM Group strives to protect minors from dangerous working conditions, and employs them only in jobs that are appropriate to their age and physical development, which do not endanger their health. This can be done with a student employment contract under the relevant vocational training Act in the case of industrial apprentices or through a school cooperative.



3. ENVIRONMENTAL PROTECTION

FOLLOWING SUSTAINABLE DEVELOPMENT GOALS

The activities of the MVM Group also help the achievement of six SDGs that primarily include environmental protection objectives. These are the goals of 6. *Clean water and sanitation*; 7. *Affordable and clean energy*; 9. *Industry, innovation and infrastructure*; 12. *Responsible consumption and production*; 13. *Action against climate change*; and 15. *Life on land*.

The MVM Group contributes directly to the improvement of water quality, the protection and improvement of water-related ecosystems, the reduction of the possibility of pollution and the reduction of water use (SDG 6). In the course of all its activities, including reclamation and remediation, the MVM Group seeks to maintain biodiversity and to protect ecosystems (SDG 15). The commitment of the MVM Group to increase the share of renewable energy sources, both in terms of energy output and energy used, contributes to achieving SDG 7. Sustainability and the reduction of emissions and effluents from energy generation are central objectives for the MVM Group, thus supporting the objectives of SDG 9.

The technological upgrades, modifications, innovations, the development of e-mobility and increasing the share of renewable energy sources in the energy used for energy generation purposes contribute to the goal of Sustainable cities and communities (SDG 12). SDG 13 aiming to act against climate change can also be tracked in the development, regulatory and operational decisions of the MVM Group. A good example of this is the operation of the Energy Management and Control Systems of the member companies and their resource efficiency efforts.

ÜHG 3-3, Kli 3-3, Lég 3-3, Bio 3-3, Hul 3-3 and Víz 3-3

The activities of the MVM Group have impact on the natural and the built environment. Therefore, when its operations are planned, it is an important consideration to reduce loads to the environment and to achieve resource efficiency.

The Group has impact primarily on the environment and biodiversity by using and emitting primary energy sources. Releases to the environment may be air pollutants, noise, effluents polluting surface or subsurface waters or perhaps the soil, electromagnetic or radioactive radiation, major and sometimes hazardous production waste and radioactive waste.

In this chapter, less emphasis is given to companies engaged in administrative, office activities, which affect the state of the natural environment to a significantly lower extent as a result of their activities.

The environmental policy of the MVM Group provides a framework for efforts aimed at environmental protection and sustainability, such as taking a life cycle approach into account, minimising the impact on the environmental media and ecosystems or reducing pollutant emissions as well as following the principles of precaution and responsible care.

MVM-8, E-OTH-08 and E-INO-21

At group level, the Environmental, Occupational Safety and Fire Protection function overseen by the Safety and Security Directorate, i.e. the HSE Department, is responsible for environmental protection. A bit more than last year, 36 member companies of the MVM Group (38%) operate an Environmental Management System (EMS), the successful application of which, in the longer term, results in the

reduction of emissions caused by companies, the protection of the environmental media, and the avoidance of possible environmental pollution or the imposition of environmental fines. The operation of management systems is also a tool used to monitor the goals set and to provide feedback. Several companies of the Group publish environmental reports on their websites, making the main characteristics of their performance comprehensively available to stakeholders.

MVM-7 and E-REM-06

In addition to emissions, effluents, releases and uses, a good assessment of the extent of environmental impacts can be provided by the number of complaints about environmental impacts addressed in the complaint-handling process. For the Group as a whole, one complaint related to surface water pollution, three complaints related to noise load and one complaint related to waste management were received in 2023.

Similarly to the previous year, in the case of the Kiskunfélegyháza site of MVM OVIT Ltd., the Administration Department for Disaster Management of the Disaster Management Directorate for Csongrád-Csanád County initiated an official procedure due to water pollution caused by the discharge of wastewater generated in connection with the operation of the site to the Félegyháza watercourse. Due to the pollution in 2022, the authority obliged the company to pay a water pollution fine of HUF 410,909.

Noise measurements were carried out as a result of a complaint about the night noise at innogy Energo's CNG station in Ostrava. In order to reduce the increased noise level during the operation of the technology, the sound insulation of the station was started.

A complaint was received from the adjacent building due to the noise and vibration of one of the Miskolc transformer stations of MVMÉMász Electricity Network Ltd. Based on the investigation, the company found that the transformer buzzed more during peak load. In addition to informing the customer, the company agreed to replace the transformer, which was carried out after the reporting period (in January 2024).

MVMÉMász Electricity Network Ltd. received a complaint from the public regarding the presence of a dismantled pole on site. The pole was then removed. The company also received a report from the public about one of its transformers. Based on the complaint, the noise load was tested and noise abatement was started.

3.1 Impact due to climate change

GRI Klí3-3 and ÜHG3-3

As a group of energy companies, the MVM Group plays an important role in Hungary's climate adaptation and fair transition. In other countries, due to the smaller size and less complex structure, the impact is less.

The top-level strategies and objectives of the Group are focused on developing appropriate responses to the challenges and opportunities of climate change and reducing greenhouse gas emissions in its own operations as well as in Hungary's energy generation. The Group also plays an important role in delivering carbon-neutral energy sources to consumers. All these strategic objectives are further described in *Section 1.3*. In addition, it is essential to strive to reduce greenhouse gas emissions during normal operation.

Transposing climate protection considerations into all areas of operation of the Group is a priority objective also in the environmental policy of the MVM Group.

MVM Mátra Energy Ltd. is the largest carbon dioxide emitter in Hungary. One of the most important pillars for achieving the goals of the European Union and the Paris Agreement is the rapid reduction and then elimination of conventional coal-based energy generation with high CO₂ emissions. The MVM Group is committed to these goals, so they are highlighted in its strategy (see section 1.3.).

In line with domestic decarbonisation efforts, Hungarian Gas Storage Ltd. is constantly assessing the environmental impact of methane emissions and possible ways to reduce them. The company is actively involved in both the development of the regulatory framework and the testing and use of innovative technologies (e.g. CO₂ storage, compressed air energy storage or the Aquamarine Project, see Section 2.3).

In order to increase climate adaptation and resilience among other things, MAVIR Ltd. will, with the support of the Government and the EU of more than HUF 15.4 billion, implement a number of developments by 2026 in order to connect new solar power plants to the domestic electricity network (see Section 2.2, Network development and refurbishment).

Part of the network development activities of MVM Émász Electricity Network Ltd. and MVM Démász Electricity Network Ltd. are also carried out for the connection of renewable energy generation units to the electricity system (see Section 2.2, Network development and refurbishment).

Climate adaptation, resilience and transition are also important for MVM Partner Ltd. and MVM Next Energy Trading Ltd. MVM Partner Ltd. strives to represent an optimal share of environmentally friendly energy generation units in its portfolio, and one of its priority goals is to maintain and further develop the flexibility capacity of the MVM Group, which ensures at the same time that it maintains its leading role in the market of domestic system-level services. This position is increasingly appreciated through the rise of weather-dependent renewable energy generation units. MVM Partner Ltd. pays attention to strengthening resilience also during the development of its Small Power Plant Balancing Centre, which is involved in maintaining system balance, so in addition to the (mostly gas engine) power plant units connected to the balancing centre, there is also a battery energy storage device, and a regulated consumer was also included in 2023. It is expected that additional energy storage equipment and capacities capable of demand side balancing will be integrated.

RISKS OF CLIMATE CHANGE

GRI 201-2

The MVM Group assesses and evaluates the risks arising from climate change within its Integrated Risk Management (ERM) framework. As part of this, each member company identifies and assigns a probability of occurrence to each risk and evaluates its business/EBITDA impact on a scale of 1 to 5.

The Group is exposed to climate change risks throughout the entire energy supply sector. Firstly, there are significant expectations from the Government, the economy and society due to the ever-increasing climate protection needs. Secondly, the direct impacts (factors affecting the process of energy generation) and indirect impacts (e.g. increased summer cooling demand) of changing climate and weather as well as the increased energy demands of a society with an increasingly significant overall consumption are also emerging.

In the short term, regulatory and legal risks are less manageable, may reduce the time/resources available for achieving carbon neutrality and may increase the price of emission quotas. Reputational risks may arise primarily from potential supply disruptions. Macroeconomic risks may arise from changes in the energy consumption mix due to extreme weather.

At some of the energy generation companies, it is important to consider as early as the planning of their operation that climate change and extreme weather also affect energy generation. In the case of electricity generation, the extremity of the temporal distribution of discharge in the case of hydropower plants and an increase in the water temperature of the Danube exceeding a certain value in the case of the Paks Nuclear Power Plant may cause economic risks (due to the reduction of the output of the units of MVM Paks Nuclear Power Plant Ltd. in order to comply with the thermal load

limit). Extreme temperature swings also reduce the predictability of consumption. In 2023, there was no weather situation or consequence that necessitated adaptation measures for the hydropower plants.

For the Mátra Power Plant, the price change of carbon dioxide quotas may pose a significant profit risk. Until the switchover of the Mátra Power Plant, the carbon costs incurred will be covered to a significant extent, so a significant part of the quota price risk is covered.

For district heating and distribution companies, maintaining operability is an important area of adaptation to climate change. Weather and weather phenomena that change due to climate change can directly affect the physical infrastructure. Risks are managed by companies through maintenance and projects, which makes the technical infrastructure less sensitive. At company level, mild winters reduce heating needs, thus the need for district heating. The prolonged heat experienced during the summer months reduces the efficiency of the solar panels, while the number of hours of sunshine and the better angle of incidence during the summer period compensate for the loss of efficiency due to overheating. In addition to the power plant risks, unexpected generation shortfall is also a risk for energy traders since it is necessary to replace the lost electricity from other sources, which is typically realised at a higher price. Electricity wholesalers plan and trade for several years in advance to manage price risks and exploit business opportunities, based on a hedging policy.

MVM Partner Ltd. continuously monitors and analyses the trends of European electricity markets – including the rise of renewable energy generators and the decline of fossil-fired power plants. The company aims to reduce risk exposure related to the open position of the asset-based electricity portfolio arising from market price changes (electricity and CO₂ quota). The company conducts in-depth portfolio and market analysis, as well as risk management, and continuously reduces its open position as it approaches the moment of delivery. In terms of carbon dioxide, it also purchases CO₂ quotas for a number of power plants within the MVM Group, which are made according to the quota coverage needs of the power plants.

MAVIR Ltd. started to examine the risks and opportunities arising from climate change. Previously, with the Mining and Geological Survey of Hungary and then with its legal successor, Western Balkan Green Centre Non-profit Ltd., they started to develop a methodology for assessing the demand-side vulnerability of energy supply under the project *Assessment of the climate and geological vulnerability of critical energy infrastructure elements (electricity, gas and district heat systems)*. However, after the launch of the project, in 2022, significant energy policy changes took place both in Hungary and in the international arena, which greatly affected the result, and their detailed examination exceeded the possibilities of a methodological study.

Against extreme weather events due to climate change, MAVIR Ltd. performs the reinforcement of its pylons at critical locations, e.g. at motorway crossings, as scheduled.

Environmental risks increase the repair and maintenance costs of substation equipment and pose system load risks that increase the economic risks of network operating companies (DSOs and TSOs). MVM Émász Electricity Network Ltd. participated in the climate risk analysis of the environmental impact statement of the Danube InGrid 2 international project, and identified the risks and possible measures based on the climate risk analysis prepared by MVM ERBE POWER Engineering and Consulting Ltd. in 2023, using the 2017 Climate Risk Guideline of the Prime Minister's Office:

- The electricity network and its facilities can be damaged by extreme weather events, mostly by stormy winds, intensive precipitation, heat waves, while they are less susceptible to long-term changes in average values of climate parameters (temperature, precipitation, etc.).
- Due to increased wind strength, stormy winds may knock down trees, throw tree branches onto power lines and cause short circuits when conductors come into contact with each other.
- More frequent extremely high temperatures may affect the proper functioning of transmission lines, and deformation may occur due to their excessive heating. Furthermore, breakdowns may occur in the switching systems, and the cables may be stretched or even brake.

- Building structures may be affected primarily by altered snow loads as well as wind loads and hail involved in more severe storms. The fasteners of roof structures and façade surfaces are particularly vulnerable to storm damage, even in new buildings.
- These events also affect other infrastructure and the natural environment in their vicinity, and may result in physical damage and related litigation costs.
- The demand for electricity is fundamentally affected by weather changes (heating, cooling, air conditioning, etc.), and the demand is met by electricity distribution companies through the electricity network.
- Due to protection against the above events, increased operating or additional capital costs and increased insurance costs are expected, and due to the deficiencies of supply, loss of revenue, additional costs or loss of reputation may occur.

Possible adaptation measures:

- In the case of overhead line damage due to overturned trees or broken-off branches: continuous cleaning of the safety zone.
- In the case of deformation and cable elongation due to heat: continuous inspection and maintenance.
- In the case of damage to building structures related to extreme weather: application of modern and durable materials and technologies, compliance with the construction and quality assurance regulations and continuous inspection and maintenance.
- When establishing transmission lines, the company acts in accordance with the then-current establishment standard (Hungarian Standard MSZ EN 50 341) during design and implementation, and also expects its subcontractors to do so. During design and implementation, the climate-related specifications in the standard are taken into account. E.g. wind, lichen and ice load.

MVM Égáz-Dégáz Natural Gas Network Ltd. has identified potential climate risks and possible adaptation measures, but the risks have not yet been assessed.

For MVM XPert Ltd., as the contractor and maintenance provider of high-voltage network system components, the most significant risk factors arise from extreme weather, such as windstorms, heavy rains and strong solar radiation. The company carried out the currently needed upgrading of transmission line pylons, to which the change of the relevant standard requirements has contributed in addition to the bearing of more significant weather loads. The company recommended the installation of insulated doors and side panels against the overheating of power distribution cabinets as well as the use of more powerful fans, the effectiveness of which is currently being studied.

In 2018, Vértés Power Plant Ltd. developed an action plan to reduce the risks of extreme precipitation in the operation of the Oroszlány ash pond. A significant part of the tasks has already been completed, so in 2023, the sudden large amount of precipitation on the containment reservoirs with a drainage system in place already did not cause any further damage. In connection with the reclamation started in 2023 of containment reservoirs Nos 2 and 4 covering 62 ha, the planning of stormwater drainage was carried out using previous experience. The final covering of these containment reservoirs and the construction of their stormwater drainage system are expected to be completed in 2026.

ENERGY USE, ENERGY INTENSITY AND RENEWABLE ENERGY

GRI 302-1, 302-2, E-REM-10, E-REM-11, E-REM-12, E-REM-13, E-REM-14, E-REM-15, E-OTH-02, G-RCO-05 and E-INO-22

The proper management of energy is not only a domestic, but also a global interest, which the MVM Group considers highly important as well. The application of the Energy Management and Control System set out in Hungarian Standard MSZ EN ISO 50001:2019 is aimed, among other things, to achieve this. In order to efficiently operate the Energy Management and Control System, MVM Ltd. regularly

carries out energy planning, in line with the Energy Policy of MVM Ltd. The energy planning process includes an overview and analysis of the activities of the company that may also have an impact on energy performance and the reduction of energy consumption, which are directly related to the amount of greenhouse gases emitted. All member companies that operate an Energy Management and Control System have an Energy Efficiency Policy.

Energy use for generation purposes accounts for the majority (96%) of energy consumption by the MVM Group, but due to the size of the Group, the house load and the amount of energy used for ancillary activities are also significant. Within the energy consumption of the MVM Group, the power consumption of IT devices (server rooms) amounted to 1.42 GWh (5.11 TJ).

Energy use in the MVM Group (TJ)		2021	2022	2023
I.	Energy used for generation purposes	210,673^a	207,141	200,950
	Fossil energy sources	36,533	35,193	29,008
	Natural gas	7,185	5,827	4,099
	Distillate oil / fuel oil	522	499	326
	Coal	28,825	28,867	24,584
	Renewable fuels	5,671	4,815	3,822
	Biomass	3,458	3,212	2,568
	RDF/SRF ^b	2,213	1,603	1,254
	Nuclear energy sources	168,469	167,133	168,120
II.	House load and purchased energy used	8,006^e	8,521	8,306
	House load^c	6,705^a	6,630	6,326
	Electricity	6,001 ^a	5,916	–
	Heat (steam / hot water)	704	714	–
	Natural gas	–	–	32
	Distillate oil / fuel oil	–	–	21
	Coal	–	–	2,316
	Biomass	–	–	241
	RDF/SRF ^b	–	–	117
	Nuclear energy sources	–	–	3,600
	Purchased	1,301^e	1,891	1,980
	Electricity	337 ^a	584 ^a	576
	Heat	442 ^a	474	484
	Natural gas	148	475 ^d	506
	Quantity of energy used from fuel	374 ^a	365	413
III.	Total quantity of energy used (I+II)	218,679^e	215,669	209,256
IV.	Electricity and heat output^e	72,842^e	72,151^a	69,624
V.	Own energy consumption (III-IV)	145,837^e	143,518^a	139,632

^a GRI 2-4: The 2021 figure was corrected in 2022 due to a change in the aggregation methodology: during the utilisation of renewable energy sources, the generation and house load values were deleted, and certain values were changed due to incorrect data reporting by the data provider. The change in the figures is not significant.

^b Partially renewable.

^c In 2021 and 2022, the house load was not broken down by primary energy source.

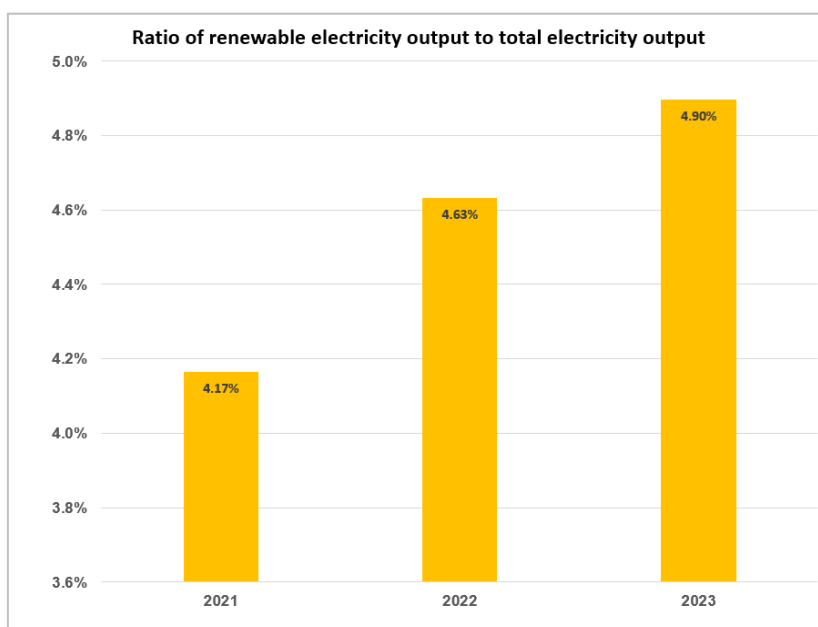
^d The reason for the significant increase in 2022 is that in previous years the purchase of natural gas for technological purposes by Magyar Gas Storage Ltd. was stated in a different row.

^e GRI 302-2: Energy consumption outside the organisation. It also includes renewable non-biogenic energy sources (solar, wind and hydro).

Fuels and raw materials used (use for energy generation purposes and house load) (TJ)	2021	2022	2023
Natural gas	7,260	5,877 ^a	4,131
Distillate oil / fuel oil	550	522	347
Coal	31,369	31,356	26,900
Biomass	3,773	3,483	2,808
RDF/SRF	2,412	1,739	1,371
Nuclear	172,013	170,794	171,720

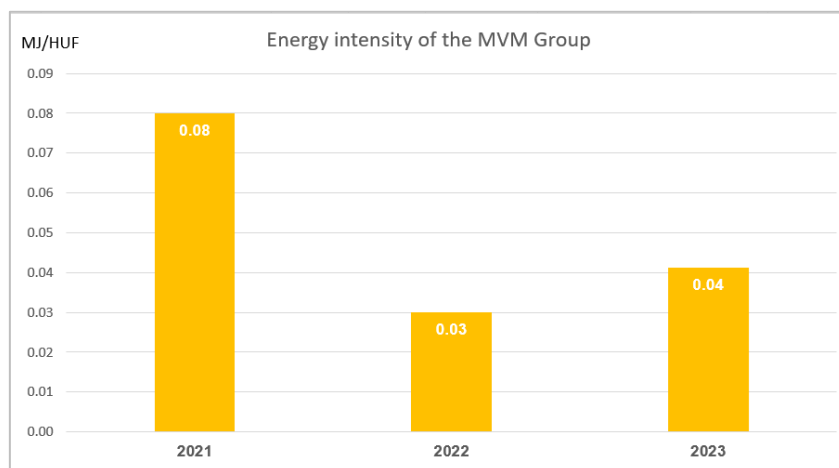
^a The figure changed due to data change by the member company.

The MVM Group is committed to using renewable energy sources, and this is also reflected in the data related to renewable energy generation and capacities. The ratio of renewable electricity output to total electricity output continued to increase slightly compared to the previous year, due to an increase in the amount of electricity generated/output by newly commissioned solar parks and other energy market trends determining 2023 (see Section 1.2). Planned renewable capacity expansions are set out in Section 1.3.



GRI 302-3 and E-INO-28

Energy intensity shows the total electricity and heat consumption (generated, house load and purchased) as a function of sales revenue. The energy intensity of the MVM Group increased slightly in 2023.



GREENHOUSE GAS EMISSIONS AND INTENSITY

GRI 305-1

The development of the four main sources of direct emissions (CO₂ emissions from power plants, vehicle fuel consumption, and the CO₂ equivalent of methane and SF₆ gas emissions) is monitored by the MVM Group. 97.4% of the direct greenhouse gas ('GHG') emissions of the MVM Group are linked to power plants. The decrease in greenhouse gas emissions in 2023 is due to the lower output compared to 2022. In 2023, emissions decreased by nearly 15% compared to the previous year, which is partly the result of a decrease in the amount of energy generated, and mostly the result of a more emission-friendly primary energy use, the lower output of MVM Mátra Energy Ltd. The value was also affected by the fact that the renewable part of the RDF/SRF used by the Mátra Power Plant reduced Scope 1 emissions.

Direct GHG emissions (Scope 1)	Unit	2021	2022	2023
CO₂ emissions from power plant sites	tonnes	3,873,299	3,804,229^a	3,211,039
of which from the use of non-biogenic RDF/SRF	tonnes	30,237	22,531	11,172
CO₂ emissions from vehicle fuel use^b	tonnes	27,424	26,743	30,017
from the use of petrol	tonnes	5,540	6,081	6,856
from the use of diesel oil	tonnes	21,885	20,662 ^a	22,614
From the use of CNG	tonnes	–	–	549
CO₂ emissions from the use of natural gas for non-generation purposes	tonnes	8,291	26,628^a	28,399
CO₂ equivalent of methane emissions^b	tonnes	8,193	6,944	7,125
methane emissions from mines	tonnes of CH ₄	0	0	0
methane emissions from gas transport/distribution	tonnes of CH ₄	258	209	193
methane emissions from venting natural gas	tonnes of CH ₄	35	39	63
CO₂ emissions from natural gas flaring	tonnes	466	484	526
CO₂ equivalent of SF₆ gas^b	tonnes	14,214	8,820	10,352
make-up quantities in metal-clad equipment	kg SF ₆	582	332	388
make-up quantities in circuit breakers and measuring transformers	kg SF ₆	23	44	23

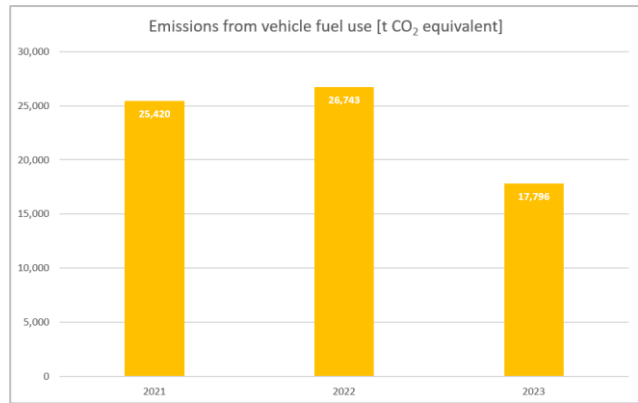
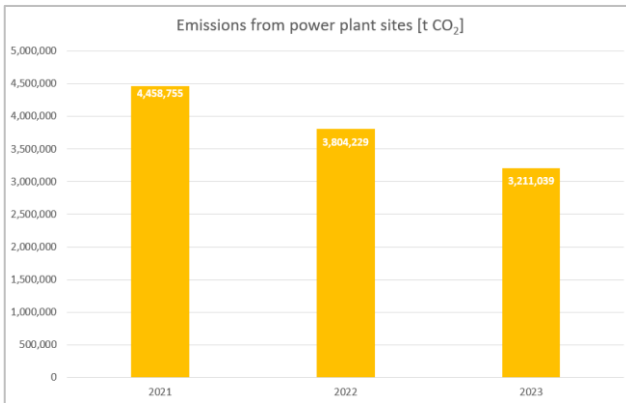
CO₂ equivalent of refrigerant top-up^c	tonnes	–	6,789	8,270
Total	tonnes	3,931,888	3,880,637	3,295,730
Biogenic emissions	tonnes	615,693	534,583	425,243
of which from the use of biomass	tonnes	382,643	364,712	289,765
of which from RDF/SRF use	tonnes	233,050	169,871	135,478
Total	tonnes	4,517,344	4,392,689^a	3,709,801

All details of the fully consolidated companies are included in the table (operational management).

^a GRI 2-4: In 2022, the total figure changed due to data changes by the member companies.

^b Expressed in CO₂ (2022 and 2023: petrol = 69.55 tCO₂/TJ; diesel oil = 74.35 tCO₂/TJ; 2023: 1 tCH₄ = 27.9 tCO₂, 1 tSF₆ = 25,200 tCO₂ based on IPCC AR6; 2022: 1 tCH₄ = 28 tCO₂; 1 tSF₆ = 23,500 tCO₂ based on IPCC AR5; 2021: http://unfccc.int/ghg_data/items/3825.php and the figure of the GHG Protocol for Hungary for 2012)

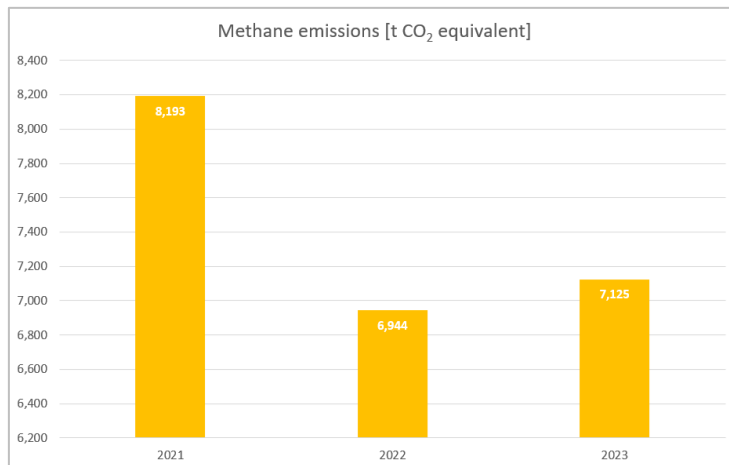
^c The figure is published from 2022 onwards.



The MVM Group is a major fuel user. Nearly 30% of the diesel oil consumed is connected to high consumption machines (mining machines) used by MVM Mátra Civil Engineering Ltd. In addition, MVM Mátra Energy Ltd., MVM Démász Electricity Network Ltd., MVM Émász Electricity Network Ltd. and MVM XPert Ltd. are the most significant diesel oil users.

E-INO-19

Carbon dioxide emissions from the light motor vehicle fleet of the MVM Group amounted to 17,796 tonnes of the above quantity in 2023.



The Global Warming Potential (GWP) of sulphur hexafluoride (SF₆) is 25,200 times that of carbon dioxide over a 100-year period (IPCC, AR6). It remains in the atmosphere for an extremely long time, with an estimated lifespan and degradation time of 800 to 3,200 years. However, due to its favourable

properties, this gas is commonly used in the electricity industry as an insulating gas in switchgear. The SF₆ emissions of the MVM Group accounted for about 12% of Scope 1 and 2 emissions from non-power plant generation in 2023. The outstanding value of sulphur hexafluoride in 2021 is due to the fact that the metal-clad equipment, circuit breakers and measuring transformers of MAVIR Ltd. were topped up with SF₆ gas. In the case of electrical equipment containing SF₆ gas, the company strives to minimise gas losses and, in the event of a leak, to eliminate the leak as soon as possible. An important consideration for newly purchased equipment is the annual gas leakage rate provided by the manufacturer, where the company strives to require the strictest values required by the standards. Due to additional user demand, the number of SF₆-containing equipment of the substations has increased in the recent period.

GRI 305-2

Indirect (Scope 2) emissions include the carbon dioxide equivalent of purchased electricity and purchased heat. The reason for the increase in emissions in 2023 is the increase in emission factors.

Indirect GHG emissions from purchased energy (Scope 2)	Unit	2021 ^a	2022 ^b	2023
Carbon dioxide emissions from purchased electricity (location-based)	tonnes	26,663	46,320	49,946
Carbon dioxide emissions from purchased electricity (market-based)	tonne	28,731	47,434	54,515
Carbon dioxide emissions from purchased heat (location- and market-based)	tonnes	23,792	25,394	26,302
Total location-based	tonnes	50,455	71,714	76,249
Total market-based	tonnes	52,522	72,828	80,818

All details of the fully consolidated companies are included in the table (operational management).

^a GRI 2-4: The total figure changed due to data changes by the member companies.

^b GRI 2-4: The figure for 2022 was corrected due to data reporting errors and updates to the GWP values. The total location-based value in 2021 increased by 55%, while the total market-based value doubled.

E-GHG-05

Total Scope 1 and Scope 2 emissions	Unit	2021	2022 ^b	2023
Scope 1 emissions	tonnes	4,517,344	4,392,689	3,709,801
Scope 2 emissions (location-based)	tonnes	50,455 ^a	71,714	76,249
Scope 2 emissions (market-based)	tonnes	52,522 ^a	72,828	80,818
Total (location-based)	tonnes	4,567,798	4,464,403	3,786,050
Total (market-based)	tonnes	4,569,866	4,465,517	3,790,619

^a GRI 2-4: The total figure changed due to data changes by the member companies.

^b GRI 2-4: It was modified due to a change in the Scope 1 emission value, see above.

GRI 305-4 and E-GHG-06

The greenhouse gas intensity (GHG intensity) of the activities of the MVM Group can be determined as a function of its electricity and heat output. GHG intensity is the ratio of GHG emissions according to the verified method of the company and the energy (electricity and heat) output.

GHG intensity	2021	2022 ^a	2023
GHG intensity [gCO ₂ equivalent/kWh]	226	223	196
GHG intensity [tCO ₂ equivalent/TJ]	62.7 ^b	61.9	54.4

The calculations were based on the WBCSD GHG Protocol Scope 1 and Scope 2 methodology (www.ghgprotocol.org).

^a GRI 2-4: The values decreased by 11% due to the change in Scope 1 emissions.

^b GRI 2-4: The figure for 2021 was corrected due to data reporting errors and changes in the GWP values. Thus, the 2021 figure increased by 16%.

The GRI's sector-specific guidelines require that the company state the GHG emissions also in terms of specific energy output. Accordingly, the company also provides the specific GHG emissions of the main rows of GHG emissions described above in relation to energy (electricity and heat) output in CO₂ equivalent.

Specific GHG emissions	Unit	2021	2022	2023
Energy output (electricity and heat combined)	GWh	20,234.1	20,042.1	19,340.0
CO ₂ emissions from power plant sites	tonnes/ GWh	220.36	215.36 ^a	187.44
CO ₂ emissions from vehicle fuel use	tonnes/ GWh	1.36	1.33	1.55
CO ₂ emissions from the use of natural gas for non-generation purposes	tonnes/ GWh	0.41	1.33	1.47
CO ₂ equivalent of methane emissions	tonnes/ GWh	0.40	0.35	0.37
CO ₂ emissions from natural gas flaring	tonnes/ GWh	0.02	0.02	0.03
CO ₂ equivalent of SF ₆ gas	tonnes/ GWh	0.70	0.44	0.54
CO ₂ emissions from refrigerant top-up	tonnes/ GWh	–	0.34	0.43
Total GHG emissions (according to the verified methodology of the company)	tonnes/ GWh	223.25	193.62^a	191.82

^a GRI 2-4: The values decreased due to the change in Scope 1 emissions.

GRI 305-3

The MVM Group started to keep record of the amount of other indirect Scope 3 GHG emissions from 2022. From the 15 categories defined on the basis of the WBCSD GHG Protocol Scope 3 Guidelines, it determined the value of *11. Emissions from the use of products sold*, given that this is the most significant source of emissions. The values also include emissions from items sold to the general public and the competitive market, used for purposes other than electricity and heat generation.

Scope 3 emissions	Category 11: Emissions from the use of products sold (tCO ₂)	
	2022	2023
GHG emissions from the sale of natural gas	10,283,197	9,384,072
GHG emissions from the sale of lignite	22,375 ^a	14,385
Total other indirect GHG emissions (Scope 3)	10,305,572^a	9,398,457

The emission factors include CO₂. The lignite emission factor was determined on the basis of the lignite used at the Mátra Power Plant. And in the case of natural gas, on the basis of https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf.

^a GRI 2-4: The previously incorrectly entered value was corrected. With this, total emissions were reduced by 2%.

GRI 305-5

The MVM Group saved a significant amount of CO₂ emissions by using the renewable and carbon-free (renewable and nuclear) energy sources (as opposed to generating the same amount of energy from fossil fuels). Assuming that 350 tCO₂ is released into the atmosphere during the generation of 1 GWh of energy from fossil sources, the following CO₂ savings were achieved by the MVM Group in 2023.

Avoidance of carbon dioxide emissions	Unit	2021	2022	2023
Electricity and heat generated using renewable energy sources	GWh	929.4	982.0	984.2
Electricity and heat generated using nuclear energy	GWh	16,140.5	15,956.2	16,055
CO ₂ savings calculated for renewable energy sources	tonnes	325,290	343,698	344,479
Total CO ₂ savings calculated for carbon-free energy sources	tonnes	5,974,461	5,928,370	5,963,655

In 2023, the EEOS (Energy Efficiency Obligation Scheme) obligation of the MVM Group was 746,541 GJ (207.373 GWh). The Group fulfilled its obligation entirely through energy efficiency projects ('Certified Energy Savings', CES). The CESs are the result of measures and projects leading to different emission savings, and the amount of GHG emissions prevented by this is estimated at 42,719 tonnes of CO_{2e}.³⁰

The activities included in the strategy of the Group (Section 1.3) help the reduction of greenhouse gas emissions to the greatest extent, and the change in generation capacities can be followed well in Section 2.1. The means of environmental projects (Section 2.5) and alternative mobility (Section 2.4) also help reduce GHG emissions.

3.2 Air pollutant emissions

GRI Lég3-3, 305-7, E-REM-01, E-REM-02 and E-REM-03

This section covers emissions of air pollutants other than greenhouse gases. The MVM Group is committed to reducing gaseous pollutant emissions from its operations. The members of the Group hold valid atmospheric emission licences, and the emissions always comply with the orders of the authorities and the technological limits set. Apart from the emissions indicated in this section, no further negative impact was identified by the MVM Group.

The air pollutant emissions were mostly related to MVM Mátra Energy Ltd. also in 2023: 99.9% of sulphur dioxide, 92.0% of nitrogen oxides, 98.9% of suspended particles (PM₁₀) and 96.7% of VOC come from the company. The use of large amounts of fuel by MVM Mátra Energy Ltd. generates significant amounts of flue gas, the particulate matter, sulphur dioxide, carbon monoxide, nitrogen oxides, chloride, fluoride and carbon dioxide content of which causes environmental load. The power plant measures the relevant air pollutants and flue gas parameters by continuous and periodic measurements.

Based on air dispersion modelling, it can be established that the direct impact area of the air pollution of MVM Mátra Energy Ltd. from electricity generation, both during lignite firing and waste co-incineration, is the impact area within a 19 km range measured in the 180° transport direction from combined virtual point source Pv as a result of NO_x (as NO₂) emissions when the four units operate simultaneously³¹. These operating conditions may occur for up to 1,499 hours per year.

The typical operating condition of the power plant is the operation of Units III, IV and V. In this case, the impact area is given by the impact area at a distance of 17.33 km measured in the 180° transport direction from combined virtual point source Pv as a result of NO_x (as NO₂) emissions. The NO_x impact area includes the following municipalities: Halmajugra, Visonta, Abasár, Markaz, Domoszló, Vécs, Aldebrő, Detk, Ludas, Nagyfüged, Karácsond, Kishána, Tófalu, Nagyút, Pálosvörösmart, Gyöngyös, Adács, Visznek, Zaránk, Erk and Gyöngyöshalász. (Unit II can only operate 1,500 operating hours per year because its efficiency is below the minimum value specified in the Best Available Technology (BAT).)

³⁰ The estimate was made based on specific emissions for the annual average domestic energy mix in Hungary.

³¹ Of the five units of the power plant, Unit I has been out of operation since December 2020.

For the air pollutants of nitrogen dioxide (NO₂) and sulphur dioxide (SO₂) measured in the 180° transport direction from point source Pv when Units I and II are in operation (for maximum 1,499 hours/year), the maximum concentration values do not exceed 41% or 12%, respectively, of the allowable 1-hour health limit. In the case of particulate matter (PM₁₀), the maximum concentration is slightly higher than 5% of the 24-hour limit, so it is negligible.

In addition to the above, there are non-point sources in both the mines and at the power plant, which are included in the annual environmental statement. In the surrounding villages, annual ambient air quality measurements are carried out to assess the air pollution impact of the mines. Average concentrations outside the heating period were below the limit.

The chloride and fluoride content released with the flue gas is regularly checked by measurements, and the experience is that the amount of exhaust gases is well below the limit.

Compared to 2022, emissions in 2023 significantly decreased for SO₂, NO_x and particulate matter. This is due to a significant decrease in the electricity generated and the also significant decrease in by-pass hours. (During by-pass operation, the flue gas completely or partially by-passes the desulphurisation absorber.) In 2023, the company complied with the emission limits specified in the IPPC permit for SO₂, NO_x and particulate matter, and the limit values were not exceeded.

In order to reduce the amount of nitrogen oxides emitted, MVM Mátra Energy Ltd. has been using a selective non-catalytic reduction (SNCR) system on Units I to V as the first phase of flue-gas scrubbing since 2016. The process method reduces the amount of nitrogen oxides in the flue gas with a urea reducing agent.

Particulates are separated from the flue gas exiting the boilers by electrostatic scrubbers, which remove 99.5% to 99.7% of the fly ash. Further cleaning of the scrubbed flue gas is carried out by a flue gas desulphurisation plant because the operation of the power plant generates a significant amount of sulphur dioxide due to the quality of the fuel and the volume of energy generation. The power plant operates a flue gas desulphurisation system based on wet limestone technology. Unparalleled in the world, the scrubber has been installed in the cooling tower. The scrubbed flue gas exits the desulphuriser at the head of the scrubber tower. As an additive for desulphurisation, limestone flour is used, which is conveyed to the scrubber tower in the form of suspension.

The amount of VOC is higher than in 2022 because the instrument was repaired in 2022 and therefore the total amount was determined on the basis of a case-by-case measurement record, while the 2023 data was calculated on the basis of continuous measurements.

The extension of the IPPC permit for electricity generation of the power plant was in progress at the end of 2023. The company requested to increase the mercury emission limit from 7 µg/Nm³ to 17 µg/Nm³. Considering that the Hungarian national limit is 50 µg/Nm³, the much stricter limit value of 7 µg/Nm³ cannot be met by the power plant. Both Hungarian and EU law provide for the possibility of changing the limit. The Mátra Power Plant sent the documents required for the modification to the competent authority. The matter had not been assessed during the reporting period, until the end of 2023, but it became known at the date of the report that it had been approved.

The authority is informed about the air pollutant emissions in accordance with the legislative requirements, and the public have access to the previous year's annual report on the 'operation and monitoring of waste co-incineration plants' on the website of the company. The company notifies both the authority and the public of any extraordinary emission conditions.

Nitrogen oxides are also emitted by several companies of the MVM Group, mainly those operating in the natural gas sector. The boiler refurbishment of MVM MIFŰ Ltd. is presented in Section 2.5.

Volatile organic compounds (VOCs) are emitted by the painting plant of MVM OVIT Ltd. The extractors of the paint shops were upgraded, also taking into account pollutant emissions and energy considerations (a heat recovery system was installed).

AIR POLLUTANT EMISSIONS BY TYPE AND QUANTITY

The air pollutants emitted during the activities of the member companies of the MVM Group include, in the case of power plants, emissions associated with energy generation and emissions related to buildings. The figures are based on measurements.

Air pollutant emissions	Unit	2021	2022	2023
sulphur dioxide	kg	4,827,070	4,345,242	3,300,570
nitrogen oxides	kg	2,787,036	2,757,192	2,323,614
suspended particles	kg	372,426	258,613	245,899
volatile organic compounds (VOC)	kg	2,633	2,091	60,314
dioxins (PCDD/PCDF)	kg	0.0	0.0	0.0
Total energy output	GWh	20,224.1	20,042.1	19,340.0
Energy output from fossil sources	GWh	4,236.7	4,142.2	3,480.2
Specific emissions				
Sulphur dioxide				
based on total energy output	kg/GWh	238.7	216.8	170.7
based on energy output from fossil sources	kg/GWh	1,139.4	1,049.0	948.4
Nitrogen oxides				
based on total energy output	kg/GWh	137.8	137.6	120.0
based on energy output from fossil sources	kg/GWh	657.8	665.6	666.8
Suspended particles				
based on total energy output	kg/GWh	18.4	12.9	12.7
based on energy output from fossil sources	kg/GWh	87.9	62.4	70.7
Volatile organic compounds (VOC)				
based on total energy output	kg/GWh	0.1	0.1	3.1
based on energy output from fossil sources	kg/GWh	0.6	0.5	17.3
Dioxins (PCDD/PCDF)				
based on total energy output	kg/GWh	0.0	0.0	0.0
based on energy output from fossil sources	kg/GWh	0.0	0.0	0.0

GRI 305-6

The MVM Group does not produce, export or import ozone-depleting substances. Such substances were used in small quantities as refrigerants in 2023; the amount used for topping up was equivalent to 67 kg of CFC-11.

3.3 Water use and effluents

GRI Víz3-3, 303-1, 303-2 and Bio3-3

Climate change has made water management a key area. Power plants that take a significant amount of water for cooling purposes due to their technology have the most significant impact on water. Other (process and municipal) water intake (and thus its impact) are negligible compared to this. In the case of hydropower plants, the water passes through the water turbines, and then returns to the river without any significant change. The Group strives to improve the water use intensity and to reduce wastewater effluents proportionately for all sites and office buildings, while maintaining security of supply.

The members of the MVM Group operate only water facilities that are provided with valid water licences and wells in the case of which the water quality regulations are periodically reviewed in accordance with the statutory conditions or the requirements of the licence. MVM Paks Nuclear Power Plant Ltd., MVM Mátra Energy Ltd., MVM OVIT Ltd. and MVM Balance Ltd. discharged process and municipal wastewater into natural water bodies.

MVM Paks Nuclear Power Plant Ltd. is the largest raw water-using plant in the country. The management of the nuclear power plant and its specialist staff also take special care to protect the quality of water. The company maintains and operates its hydraulic facilities on the basis of the provisions of its consolidated operating licence. Water is used by power plants for four main functions: water used for cooling, which is fully returned to the Danube, make-up process water supply, domestic water supply and fire water supply. The cooling water and the raw water used in the make-up process water conditioning unit are supplied from the Danube, drinking water demand is met from stratum water wells located in Csámpa, and water to the fire water system is supplied from bank-filtered wells. MVM Paks Nuclear Power Plant Ltd. prepares its own, publicly available annual [environmental report](#) every year, which also provides information on water management.

The primary objective of the cooling water system is to cool the condensers, which is not related to the nuclear processes of energy generation and is also free from chemical treatments. The water abstracted from the Danube and then physically treated (filtered) is returned to the recipient after use in practically unchanged quality. The quantity of cooling water used depends largely on the amount of water that can be recycled (reused), which is dependent on the water temperature of the Danube. The discharged cooling water does not cause heat pollution in the Danube, it only represents a heat load, because the rate of increase in water temperature does not upset the ecological balance. To this end, the permits of the authorities specify the maximum temperature gradient and the maximum water temperature in the Danube. The nuclear power plant complied with these limits in 2023, too.

The sanitary sewage generated in the plant area from domestic water use is discharged through the sanitary sewage treatment system of the power plant. The sewage treatment line operates by full biological treatment involving total oxidation and activated sludge technology. The excess sewage sludge discharged is conveyed to a sludge desiccation bed after thickening. The efficiency of sewage treatment is regularly checked by the control unit of the plant.

Demineralised water is produced by the modern make-up water conditioning plant of the nuclear power plant. Inactive industrial wastewater mostly consists of water generated during the generation of demineralised water, which is neutralised and its suspended matter content is let settled in two 10,000 m³ clay-lined sludge ponds. The salt content of the industrial wastewater cleaned of suspended solids and drained from the sludge ponds constitutes a load to the environment. Most of the salt is sodium chloride, i.e. cooking salt, generated from the reaction of hydrochloric acid and the regenerated products of sodium hydroxide. The salt content of the effluent from the sludge ponds (3.5 g/L on average) is one order of magnitude lower than the salinity of sea water (about 35 g/L). In 2023, the industrial wastewater was discharged into the Danube with the cooling water after 18,000-fold dilution in the warm water canal. It can be calculated from the annual average pollutant flows that the

wastewater effluent from the sludge ponds increases the baseline salt load of the Danube insignificantly.

The water tightness of the chemical pond used for receiving the wastewaters from the conservation of the secondary circuit was checked three times with the installed geoelectric sensor network in 2023. It could be established that the sensor network was suitable for the examination of the films and the integrity of the HDPE film was satisfactory. The power plant discharges the wastewater after an appropriate retention time, in possession of the results of chemical and ecotoxicological tests, along with the notification of the authorities. In terms of its quality, the wastewater generated in 2023 was similar to that in previous years, and the conditions for dischargeability to the Danube were fully met.

The sampling point set up in the energy dissipator at the mouth of the warm water canal serves to provide for both official and self-monitoring sampling. The sampling point represents the quality of the aggregate (resultant) of all used water and treated wastewater discharged into the Danube. All parameters specified in the water licence with a limit are checked under a valid monitoring programme. Based on the results of effluent monitoring, it can be stated that the nuclear power plant fully complied with the official limits. The documentation of the measurement results was sent to the environmental protection authority.

When the water temperature in the Danube reaches 25°C, additional measurements are taken. In addition to continuous temperature measurement, a series of temperature measurements are carried out in the designated Danube section (more than 1,000 measurements per day in the given cross section during the noon period). The maximum temperature of the Danube is determined from the statistical evaluation of the measurement results, which is compared with the temperature limit. The power plant has detailed operating rules in order to comply with the temperature limit of the Danube. If the water temperature approaches the limit in the section of the Danube designated for monitoring, the output of the power plant units will be reduced, ensuring compliance with the limit.

The impact of the warmed cooling water and wastewater of the power plant on the water quality and the flora and fauna of the Danube is checked every 3 years with a system that meets the requirements of the Water Framework Directive (Directive 2000/60/EC). Within monitoring, the water quality and the flora and fauna of the Danube are studied. Hot water discharges cause ecologically meaningful changes only in the local environment of the discharges and their impact does not extend to more distant sections. The results of the studies carried out so far, most recently in 2021, have confirmed that hot water discharges do not have a significant impact on the population size of the fish species protected under nature conservation legislation and NATURA 2000 indicator fish species.

The impact of cooling water returned to the Danube on the bank-filtered water resources is monitored with the monitoring system established by the nuclear power plant. The analytical results of the detection system installed in six sections along the Danube, which comprises probes under the riverbed and monitoring wells installed in the section between the power plant and the mouth of the Sió Canal, demonstrate that the discharges from the power plant do not have any impact on the existing and potential bank-filtered water resources.

The power plant is monitoring its impact on the groundwater and the soil with an extensive well system. Water from 42 groundwater monitoring wells is analysed for parameters depending on the monitored technology. In order to monitor the movement of groundwater and possible contaminants, the water levels of 118 wells are recorded, including 18 wells with automatic water level gauge recorders.

In order to monitor potential environmental pollution sources, the environment is monitored at the waste collection point of the plant, the industrial ash pond, the underground oil tanks and the sanitary wastewater system.

No pollution was found in the subsurface waters compared to their condition established during environmental audits.

The nuclear power plant helps maintain the good water quality and appropriate water level required for bathing and water sports in Lake Fadd (an oxbow lake) by transferring water through the Csámpa Canal. The quality of the cooling water used in the condensers is suitable for supplying fresh water to the fish ponds surrounded by embankments and covering 75 hectares. In the summer season, it is no longer advantageous to supply water with a higher temperature to the ponds because of the requirements of fish farming; therefore, a pipeline system allowing fresh water supply from the Danube to the fish ponds was constructed.

The water management of the power plant of MVM Mátra Energy Ltd. is characterised by the frugal use of water. The assessment and evaluation of the environmental impacts related to water use and the preparation of reports on it are carried out every 6 months in accordance with the orders of the competent water authority. The company has the quality of the discharged water tested at a frequency specified in the orders of the authorities, the legal rules and the self-monitoring plans approved by the water protection authority, by a laboratory accredited for the parameters specified in them.

About 99% of the process water demand of the power plant is met by recirculation (for example, steam generation and steam condensation of units), so compared to the total water use of the power plant, fresh water use is less than 1%. Raw water is used from a reservoir with a capacity of 8.5 million m³ established on the outskirts of the village of Markaz. The catchment area of the reservoir (pond) is 50 km², and the filling and replenishment of the water is carried out, in addition to the natural surface watercourses, through the operation of the stratum watering removing system of the strip lignite mining operations of the Visonta Mine. For the industrial water systems of the power plant, the water of required quality is produced by the power plant's own water plant.

For the safe extraction of lignite, the aquifer layers above and between the lignite deposits must be dewatered in the strip mining area, which is done with filter wells. The portion of subsurface water abstracted from wells with pumps, which is not used for other purposes (for example, for the water supply of the power plant), is discharged into the surrounding surface watercourses. The recipient watercourses in the vicinity of the Visonta mines are the Bene and Tarnóca Brooks and, in the area of the Bükkábrányi mine, the Sályi and Csinse Brooks. The discharges improve the ecological condition of the brooks.

The activities removing stratum water at the Visonta and Bükkábrány lignite strip mines (according to the water management plan prepared in accordance with the Water Framework Directives) also affects the quantitative condition of the porous and shallow porous water bodies in the periphery of the Northern Medium Mountains. The condition of the two affected water bodies is currently good, but there is a risk of poor condition for the shallow porous water body affected by water use, regardless of the strip mining operations of MVM Mátra Energy Ltd. Some of the residual water from the aquifer layers and the water from the falling precipitation collect in the area of open strips, which is lifted to the surface with pumps and are also discharged into the surrounding brooks. The removal of stratum water is basically limited to the period of working of the individual mine fields, and although it has a great impact on subsurface waters, after the closure and reclamation of the mines, the water level returns to its natural condition. An effluent limit has been set for suspended solids. The limit was not exceeded in 2023 either.

The company controls the impact of mine dewatering and the achievement of the necessary and sufficient water level by means of water level monitoring wells drilled around the Visonta Mines. The well network is denser in the vicinity and in the foreground of the operating mines, and is less dense regionally. Water levels are measured in the monitoring wells monthly in the foreground of the mines and quarterly in the regional area.

In the case of water abstracted during the dewatering of the excavations and then discharged into the surrounding recipient watercourses, water quality monitoring is carried out quarterly, by sampling, typically with water samples taken upstream and downstream of the discharge of mine waters into watercourses.

Monthly water level measurements recorded in one to four dug wells designated per village provide information on the impact of mine dewatering on the groundwater-based dug wells in the surrounding villages. Nevertheless, groundwater conditions are mainly affected by the amount of precipitation. The water quality of the stratum waters abstracted for mining purposes and the quality of the water discharged into surface recipients are analysed quarterly in accordance with the provisions of the water permits. All laboratory test reports were attached to the half-yearly mine water protection reports.

The municipal drinking water supply of MVM Mátra Energy Ltd. is provided by its own drinking water plant, the water resource is subsurface water abstracted by drilled wells. The on-site drinking water plants at Visonta and Bükkábrány have a drinking water safety plan. Both waterworks sell drinking water to businesses established in the industrial parks. The quality data of drinking water are recorded in the HUMVI system operated by the public health authority in accordance with the legal rules.

The quality of the treated wastewater leaving the municipal sewage treatment plant operated by the power plant at the discharge point must comply with the provisions of the legislation. The company has orders regarding the limits for BOD₅, COD, ammonia/ammonium nitrogen, total N, total P, total suspended solids, pH, organic solvent extract and sulphide. There are orders regarding the limits for BOD₅, COD_c, ammonia/ammonium nitrogen, total N, total P, total suspended solids, pH, organic solvent extract and active chlorine specifications on the Bükkábrány site. The treated wastewater from the municipal sewage treatment plants is received by the Nyiget Brook on the Visonta site and by the Sályi Brook on the Bükkábrány site.

In the first half of 2023, the limits for certain parameters (BOD₅, COD and ammonia/ammonium nitrogen) were exceeded in the treated wastewater discharged from the municipal sewage treatment system of the Bükkábrány site. In order to eliminate the exceedance of the limits, several measures were introduced with the involvement of the contractor: increasing the activated sludge concentration, taking control measurements and dosing biodegradation aids. As a result of the interventions, monthly analyses in the second half of the year did not establish any exceedance of the limits.

The company has prescribed limits for the oil and sediment trap (industrial wastewater treatment plant) for the treatment of stormwater and leachate, connected to the power plant site, and for the oil trap (fuel oil residue trap) for the treatment of stormwater and process water generated in the area of the fuel oil residue tanks, from which the discharged waters are transferred to the Ózse Reservoir. Both the overflow pipeline (spillway) of the industrial wastewater reservoir of the power plant, the Ózse Brook Reservoir, and the transfer pipeline of the treated wastewater from the post-oxidation pond of the municipal sewage treatment plant are connected to the Nyiget Brook, which has intermittent water flow. The Nyiget Brook empties into the Bene Brook, then flows through the Tarna River to the Tisza River. The organic solvent and suspended solids content of stormwater and leachates is measured monthly by the company, and the measurements are checked by an accredited laboratory. Due to the technology, the decant water of the iron and manganese-removing equipment operating at the working water plant of the Visonta site is infiltrated into the soil in an amount of 30 m³/day. The quality of the decant water discharged into the storm sewer is tested quarterly by the power plant. During an inspection by the water authority in 2023, no objections were raised, and the effluents were below the limits throughout.

The Tiszalök and Kisköre Hydropower Plants owned by MVM Hydropower Plant Ltd. supply consumers with electricity generated from renewable energy sources. The power plants use the water of the Tisza River, and the amount of water passing through them is more than 12 billion cubic metres per year.

At the water turbines of the Kisköre Hydropower Plant, 'sealing water' is also taken from the river through a filtration system and it is conveyed to the shaft seal (collar seal) of the turbines to ensure overpressure. The water conveyed here and leaking from here is returned to the river through a stainless pipeline, an oil trap installed under the turbine pipe, and then through the 'wet shaft'. The sealing water used is not contaminated in the technological process (the suspended solids content is separated, so the water will be cleaner) and is entirely returned to the Tisza River.

Water leaks into the interior of the turbines through gaps between the rotors and stators of the water turbines of the Tiszalök Hydropower Plant, and collects in the 'gap water body'. From here, the water is conveyed by two gap water pumps through the oil trap outside the turbine casing to the sewerage network operated by the Water Directorate for Northern Hungary, and then to the sewage treatment plant, from where it is returned to the Tisza River after further treatment.

These waters are analysed for hydrocarbon parameters twice a year by an accredited laboratory. No limit was exceeded in 2023. At the hydropower plants of MVM Hydropower Plant Ltd., the pollutant from the technology applied does not burden the aquatic environment during normal operation. Pollutant releases may occur in extraordinary cases, and this did not happen in 2023.

Due to Lake Tisza, the Kisköre Hydropower Plant also performs flood protection functions. In addition, the lake as an irrigation and drinking water reservoir is also highly important for agriculture. The water reserve in the lake is primarily used for irrigation and the water replenishment of fish ponds. By releasing the amount of water required to maintain the minimum required downstream water level in a low-flow period, it can be ensured that water abstraction is safe even in the river section downstream from the hydropower plant.

Lake Tisza has a significant recreational function and has become ecologically indispensable over the years since its northern shore is home to the Lake Tisza bird reserve, which is an integral part of the Hortobágy National Park. The lake has been a UNESCO World Heritage Site since 1999.

Due to the fish ladder next to the Kisköre Hydropower Plant, the impact on the aquatic life of the Tisza River has decreased significantly. The fish ladder bypasses the dam with a nearly 1,400-metre long canal. Its purpose is to provide a passageway, as an ecological corridor, for aquatic organisms between Lake Tisza and the lower Tisza River. The monitoring of the flora and fauna is the responsibility of the Water Directorate for the Middle Tisza Region. The fish ladder is the site of scientific monitoring studies and fish biology research.

MVM Future Energy Technology S.R.L. operates small hydropower plants in the Úz Valley, on the Vargyas and Madaras Brooks in Romania. The company strives to influence the ecological systems of the natural watercourses it uses as little as possible and to avoid negative hydromorphological changes; therefore, it performs the monitoring of the fish fauna on the Úz River and the Madaras Brook with an environmental permit. In Madaras Brook, the company had two additional types of monitoring carried out once during the year for macrophytes (small freshwater plants) and phytobentic (living at the bottom of water bodies) communities. The autumn 2023 reports found that the hydropower plant did not negatively impact the communities studied. The hydropower plants have fish ladders, which reduce unwanted impact on the fish fauna.

MVM Balance Ltd. uses cooling water and process water in the largest amounts. These waters are abstracted by the Lőrinci GT Power Plant from surface water (Zagyva River) and the mains network, while only mains water is abstracted on the other sites. Water abstraction from surface waters may not jeopardise the nature of the Zagyva River as a live watercourse, and the required water discharge must always be ensured. Water abstraction from surface waters is carried out on the basis of the provisions of a water operating licence and the operating rules.

Cooling water, process wastewater, stormwater and municipal sewage effluents are typical of the operation of the sites. Water from energy generation activities is discharged by the facilities in possession of an integrated pollution prevention and control (IPPC) and water operating permit, in addition to the measurement, monitoring and analysis tasks included in it. An accredited external party carries out the sampling and analysis of effluents for the parameters and at the frequency specified in the licences and permits. No effluents above the limit were released in 2023.

The largest amount of cooling water is discharged into the cooling pond and then into a surface water body (Zagyva River) through spillways. The pond also functions as a fishing pond, providing recreational opportunities for residents of nearby municipalities and visitors.

The Náchod heating plant of innogy Energo, s.r.o. operates two water plants. The water is discharged into the water of the Radechovka River. The Metuje River dam serves to meet the process water demand of the power plant. The Dolní Radechová ash pond was used to dump the waste of coal firing (coal-based operation ended in 2017). Sedimentation ponds are used to monitor leakage and overflow. The company carries out the operation in accordance with the environmental permits. Monitoring is performed by a third party on a monthly basis.

During the withdrawal period of the natural gas storage facility at Hungarian Natural Gas Storage Ltd., stratified water is produced, which is forwarded to MOL Plc.

WATER USE

GRI 303-3, E-REM-04 and E-REM-05

The total water use of the MVM Group increased by 7.3% compared to the previous year, mainly as a result of the higher process water use of MVM Hydropower Plant Ltd., which is due to the more favourable water regime. Without the hydropower plants, the water use of the Group would have decreased minimally. Most of the water use (80.8%) was process water use by MVM Hydropower Plant Ltd., and the cooling water use at Paks (18.6%) was also substantial.

The increase in process water use in 2022 was due to the water use of the hydropower plants of MVM Hydropower Plant Ltd., which became part of the MVM Group in 2021, making it appear among the data in 2022 for the first time.

	2021	2022	2023
Total water use ('000 m³)	2,736,834^a	13,992,310	15,019,711
Cooling water use	2,709,928^a	2,799,975	2,801,117
surface water	2,707,889	2,798,363	2,800,460
subsurface water	2,038 ^a	1,612	657
mains drinking water	0	0	0
miscellaneous (for example, industrial water)	0	0	0
Process water use	26,390^a	11,191,798	12,218,084
surface water	3,199	11,169,708	12,198,914
subsurface water	19,853 ^a	18,497	15,797
mains drinking water	50	51	44
miscellaneous (for example, industrial water)	3,288 ^a	3,542	3,330
Domestic water use	517	538	510
mains drinking water	264	319	301

well water	253	218	209
Total surface water use	2,711,089	13,968,070	14,999,374
Total subsurface water use	22,136	20,109	16,454
Total abstracted water use	253	218	209
Total volume of recycled and reused water	47,809	11,198,006	12,220,623
Total proportion of recycled and reused water (%)	1.75	80.03	81.38
≤ 1,000 mg/L total dissolved material content	n/a	13,988,781	12,132,784
> 1,000 mg/L total dissolved material content	n/a	3,529	3,314
Water use intensity per electrical output ('000 m ³ /GWh) ^b	n/a	697	770
Water use intensity per electrical and heat output ('000 m ³ /GWh) ^b	126	651	723

^a GRI 2-4: The 2021 figure has been republished due to a data reporting error.

^b The figure includes the data of the hydropower plants.

GRI 303-5

There was no water use from any water scarcity area³².

WATER DISCHARGE

GRI 303-4 and E-REM-32

	2021	2022	2023
Total water discharge ('000 m³)	2,719,292	13,977,171^a	15,008,705
Cooling water discharge	2,705,227	2,796,456	2,797,909
into surface waters	2,705,227	2,796,456	2,797,909
into subsurface waters	0	0	0
infiltration into the soil	0	< 1	0
sewer	0	0	0
Process wastewater / used water	13,644	11,180,223^a	12,210,424
into surface waters (after treatment)	13,608	11,180,132 ^a	12,210,328
into subsurface waters	0	0	0
infiltration into the soil	28	40	39
sewer	7	52	57
Sanitary sewage	421	492	372
into surface waters (after treatment)	177	170	194
into subsurface waters	0	5	0
infiltration into the soil	1	2	3
sewer	243	315	175

³² We consider water scarcity areas to be areas from which water abstraction is difficult to achieve or ensure, either in terms of quantity or quality or access.

Of the total water discharge			
≤ 1,000 mg/L total dissolved material content	n/a	13,977,166	15,008,705
> 1,000 mg/L total dissolved material content	n/a	5	0

The data come primarily from measurements, and in the case of small sites, estimated consumption was used. Overall, the estimated amount is negligible compared to the total effluents.

^a GRI 2-4: The 2021 figure has been republished due to a data reporting error.

There was no significant water pollution in 2023 in the MVM Group. In addition to the previously presented case of MVM Mátra Energy Ltd., the biological wastewater treatment plant of the power plant machine factory of MVM OVIT Ltd. in Kiskunfélegyháza, which treats the municipal wastewater of the plant, exceeded the limits for ammonia nitrogen, phosphorus and total inorganic nitrogen. The wastewater treatment plant is located in a nitrate-sensitive area and therefore has to comply with stricter limits. MVM OVIT Ltd. commissioned an external specialist company to handle the problem in 2022, and the optimisation of the treatment plant was carried out in 2023.

GRI 303-5

Water consumption indicates the difference between water use (abstracted water) and the total water discharge. The MVM Group stores water at the locations and in the reservoirs described above.

	2022	2023
Total water consumption ('000 m ³) difference between total water use and total water discharge	15,139^a	11,006
Total amount of stored water at the beginning of the reference year (as at 1 January)	5,370	7,100
Total amount of stored water at the end of the reference year (as at 31 December)	7,100	7,300
Change in stored water quantity	1,730	200

^a The 2022 figure has been republished due to a data reporting error.

3.4 Waste management

GRI Hull3-3, 306-1, 306-2, 306-3 (2020), E-REM-18 and E-REM-20

The MVM Group generates significant amounts of various types of hazardous and non-hazardous waste. The continuous monitoring of the quality and quantities of the waste generated is also important for safe and resource-efficient operation. Every member company performs waste management in accordance with the environmental protection legislation in force, paying attention to the prevention of waste generation, the reduction of the quantities and hazard level of the waste, and the proper recovery and disposal of waste. The generated waste is stored by the companies in accordance with the provisions of the legislation and the orders of the authorities, in a way that excludes contamination. During the transport of waste hazardous to the environment, the waste is dispatched and fastened in accordance with the provisions of the ADR (European Agreement on the International Transport of Dangerous Goods by Road). The waste generated is handed over to properly licensed service providers. The members of the MVM Group report waste data to the authorities in accordance with the regulations.

The amount of waste generated decreased by 16% compared to the previous year, which was mainly due to a decrease in the amount of non-hazardous production waste of MVM Mátra Energy Ltd. and a decrease in the output of the power plant. The following tables contain data on the waste generated in the MVM Group.

Quantity of waste generated (tonne)	2021	2022	2023
Non-hazardous production waste	1,297,553	1,208,457	1,022,244
Hazardous production waste	5,855	2,314	2,462
Non-selectively collected municipal waste	4,398	5,085	3,035
Selectively collected non-hazardous municipal waste (for example, plastics, metals and paper)	261	841	664
Selectively collected hazardous municipal waste (for example, light sources and batteries)	27	17	9
TOTAL	1,308,094	1,216,714	1,028,414

The values in the table also include the amount of drilling muds generated.

The amount of waste recovered increased by nearly 75% compared to 2022, mainly due to the greater off-site recovery of non-hazardous production waste.

GRI 306-4, E-REM-26 and E-REM-27

Quantity of recovered waste (tonnes) ^a	Recycled on site	Recycled off site	Total
Non-hazardous production waste	2,108	94,103	96,211
Hazardous production waste	560	1,151	1,711
Non-selectively collected municipal waste	1	441	441
Selectively collected non-hazardous municipal waste (for example, plastics, metals and paper)	0	640	640
Selectively collected hazardous municipal waste (for example, light sources and batteries)	0	72	72
TOTAL	2,669	96,405	99,074

^a According to the codes of the operations listed in Decree No 43/2016 of 28 June 2016 of the Minister for Agriculture on the list of disposal and recovery operations related to waste management. Unlike the GRI Standards, the decree considers incineration to be recovery.

GRI 306-5, E-REM-28 and E-REM-29

Quantity of waste disposed of (tonnes) ^a	Disposed of on site	Disposed of off site	Total
Non-hazardous production waste	925,064	743	925,807
Hazardous production waste	0	870	870
Non-selectively collected municipal waste	7	2,566	2,573
Selectively collected non-hazardous municipal waste (for example, plastics, metals and paper)	0	116	116
Selectively collected hazardous municipal waste (for example, light sources and batteries)	0	1	1
TOTAL	925,071	4,296	929,367

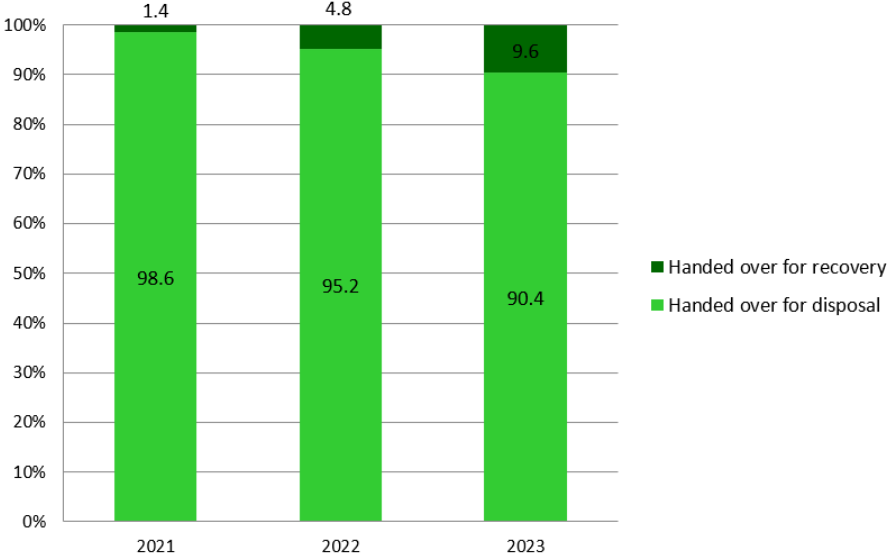
^a According to the codes of the operations listed in Decree No 43/2016 of 28 June 2016 of the Minister for Agriculture on the list of disposal and recovery operations related to waste management. Unlike the GRI Standards, the decree considers incineration to be recovery. MVM Mátra Energy Ltd. dumps the non-hazardous production waste in an ash pond, which is not located directly on the site of the power plant, but is owned by the company. In 2022, this waste was still listed as off-site disposal, while in 2023, reviewing the data provided, it will be presented as on-site disposal.

The quantity of waste is typically determined by weight measurement, but in the case of municipal waste, estimates are also made on the basis of the volume removed from the site.

The MVM Group handed over the hazardous waste, too, always to an appropriately licensed waste management agency, which provided for its recovery or disposal. The licences of the waste management agencies were verified by the member companies of the MVM Group.

It is typical at group level that the amount of hazardous waste is greatly affected by the maintenance and refurbishment carried out in the given year. In 2023, the amount of hazardous waste increased by 36% compared to the previous year. In 2023, 42% of the hazardous waste of the MVM Group was generated at MVM Émász Electricity Network Ltd. and MVM Démász Electricity Network Ltd. A significant part of the hazardous waste at the companies was made up of oil and oily soil. Most transformers use oil for cooling their active components and insulation protection, which ages during operation and loses its expected properties. Following the principles of circular economy and prevention, companies regenerate the transformer insulation oil.

Waste generated in the MVM Group by treatment method



90% of the non-hazardous production waste of the MVM Group was generated by MVM Mátra Energy Ltd. as a result of electricity generation and mining technology activities. One of the main pillars of the environmental management system operated at the company is a life-cycle approach. The company refers waste shipping and waste management partners that recycle all or as much as possible of the waste received.

The company sells some of the solid and fly ash generated as a result of the combustion of the fuel during electricity generation as an additive in the cement industry (about 120,000 tonnes) and some of it is sold for the plugging of mine shafts (about 12,500 tonnes). A significant part of the REA gypsum generated from flue gas cleaning (about 145,000 tonnes) is sold as secondary raw material, also contributing to the economic development of the region. Recycling the entire amount of metal, electronic and oil waste generated in large quantities has a significant environmental benefit.

GRI 12.13.4

In addition to their sale, large amounts of solid and fly ash and gypsum are dumped, so it is constantly necessary to expand the area of the large ash pond used for this purpose. During this, the surrounding private areas are classified as the company’s own operating areas by providing monetary redemption to the private owners. A thick sludge with high sulphate content is deposited in the ash pond. The increased sulphate ion concentration has also been detected in the monitoring wells in the vicinity of

the ash pond. The analysis of surface and subsurface waters is carried out quarterly, and the propagation of the sulphate pollution detected in waters is checked annually. From the test results and the pollution propagation model, it can be established that the increased sulphate ion concentration does not affect any populated area, and already shows a normal value in the data of monitoring wells farther away from the ash pond.

In 2023, too, the ash pond was expanded and the logging of black locusts in the area resulted in a significant alteration of the terrain. The company is obliged to reclaim the area after the abandonment of the ash pond, to restore the baseline condition, but due to the peculiarities of the construction of the ash pond, reclamation (covering with topsoil, grassing and afforestation) is continuous even during the operating period.

E-REM-30a, E-REM-30b, E-REM-31a and E-REM-31b

For a better understanding of waste generation, the auxiliary materials used by the MVM Group are presented below.

Types of materials (unit)	2022			2023		
	Quantity used	Quantity recycled	Percentage	Quantity used	Quantity recycled	Percentage
Materials for water-using operations (tonnes)	2,533	2,349	92.7	2,115	1,957	92.5
Oils and lubricants (tonnes)	263 ^a	0	0	2,797	1	0.0
Limestone (flue gas desulphurisation) (tonnes)	213,889	213,889	< 100	166,942	166,942	100
Aerosols (m ³)	16	0	0	21	0	0
Paints and adhesives (m ³)	202 ^a	0	0	171	0	0
Industrial gases (m ³)	1,106,976 ^a	0	0	1,000,611	0	0
Other materials (tonnes)	6,919	0	0	31,087	0	0
Other materials (m ³)	21	0	0	51	0	0

^a GRI 2-4: The figure has been corrected due to a data collection error.

3.5 Nuclear environmental protection

NU3-3

In 2023, too, the fundamental objective of nuclear environmental monitoring was, firstly, to continuously monitor the release of radioactive substances from the Paks Nuclear Power Plant and, secondly, to comprehensively study their direct appearance in the environment. Monitoring has two levels: remote measurement networks continuously measure and monitor the quantities of the most important releases and ambient radiation as well as the meteorological parameters, providing about 3.5 million pieces of data per year, and sensitive laboratory analyses supplement and increase the accuracy of the remote measurement results. The number of continuously taken, and as far as possible representative, samples is nearly 10,000 per year, and the number of mostly nuclide-specific data obtained through their analysis is two to three times as high.

The assessment of the nuclear environmental impact of the power plant is primarily based on relating the releases to the isotope selective radioactive release limits. The release limitation system prescribed by Decree No 15/2001 of 8 June 2001 of the Minister for Environment compares both liquid effluents and gaseous emissions to isotope-specific release limits derived from the dose limit set for the nuclear power plant (90 µSv). The nuclear power plant actually reached 0.37% of the release limit in 2023 (actual release relative to the release standard criteria: 3.67×10^{-3}).

GASEOUS RELEASES

Gaseous releases accounted for 0.08% of the 0.37% actual utilisation of the release limit, as shown in the table.

Gaseous emissions		
Isotope groups	Total release (Bq)	Actual release relative to the release limit
Corrosion and fission products	7.56×10^8	6.36×10^{-5}
Radioactive noble gases	2.83×10^{13}	4.31×10^{-4}
Radioiodines	2.60×10^7	4.96×10^{-6}
Tritium	3.92×10^{12}	2.26×10^{-5}
Radiocarbon	7.96×10^{11}	2.97×10^{-4}
Total		8.19×10^{-4}

Gaseous release by unit of energy generation [$\text{GBqGW}_e^{-1}\text{year}^{-1}$]										
Radionuclide/ isotope groups	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Aerosol	0.89	0.61	0.44	0.44	0.64	0.41	0.69	0.69	0.45	0.44
^{131}I equivalent	0.025	0.11	0.009	0.021	0.033	0.033	0.024	0.071	0.030	0.015
Noble gas	14,700	13,900	12,711	21,900	20,700	14,600	17,500	19,700	16,400	16,400
Tritium	2,070	2,420	2,571	3,090	2,910	2,370	2,500	2,290	2,400	2,270
Radiocarbon	352	351	378	364	402	366	430	461	428	462

LIQUID RELEASES

Liquid releases accounted for 0.29% of the 0.37% actual utilisation of the release limits, as shown in the table.

Liquid releases		
Isotope groups	Total release (Bq)	Actual release relative to the release limit
Corrosion and fission products	1.35×10^9	8.89×10^{-4}
Tritium	3.40×10^{13}	1.17×10^{-3}
Radiocarbon	2.43×10^9	7.84×10^{-4}
Alpha emitters	7.75×10^5	1.01×10^{-6}
Total		2.85×10^{-3}

Liquid release by unit of energy generation [$\text{GBqGW}_e^{-1}\text{year}^{-1}$]										
Radionuclide/ isotope groups	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Corrosion and fission products	0.86	0.81	0.65	0.65	0.61	0.55	0.58	0.63	0.64	0.79
Tritium	13,000	14,500	15,460	16,000	19,900	16,900	18,300	20,000	17,000	19,700

SOLID RADIOACTIVE WASTE

Radioactive waste is the inevitable by-product of nuclear-based electricity generation; its treatment, interim storage and final disposal must be ensured. Radioactive materials that cannot be managed as common waste on the basis of radiation protection parameters and are no longer used are considered radioactive waste.

Low and intermediate level solid radioactive waste

The main sources of the solid radioactive waste of MVM Nuclear Power Plant Ltd., identically with the previous year, were as follows:

- worn-out and activated or surface-contaminated fittings, equipment, pipes and heat insulation;
- building materials from modifications (for example, concrete rubble, wood and glass) and various contaminated metal waste and cables;
- metal waste generated at the maintenance shops, worn-out tools and metal chips;
- 'soft' waste generated during maintenance and operation (clothing, individual protective equipment, filter cartridges, wiping cloths and plastic sheets).

The vast majority of waste collected in bags came from worn-out supplementary protective equipment, in a quantity similar to that of previous years. Waste collected in drums includes various worn-out parts, structural components, insulating materials, contaminated work equipment, etc., which cannot be put into plastic bags due to their weight or size.

The purpose of the interim storage of low and intermediate level solid radioactive waste is to temporarily store the waste in a monitored way prior to its final disposal. The treated waste generated in 2023 was placed in rooms No VK302/I-1.

In 2023, sludge compacted, uncompacted and dewatered, placed in 393 drums of 200 litres, was generated as low and intermediate level radioactive waste on the site of MVM Paks Nuclear Power Plant Ltd. They included 362 (92%) drums with treated content, meeting the waste transfer requirements, and 31 (8%) drums with untreated content, requiring further treatment (for example, high moisture sludge, which can be treated after settling).

Of the drums containing treated waste, 318 had low and 44 had intermediate level waste (72.4 m³). This quantity is 53 drums more than in the previous year, but fewer than the 450 drums/year estimated in the waste management concept. The activity was determined on the basis of the dose rate measured 10 cm from the surface of the drum. Their activity was 41,952 MBq, which is lower than in the previous year.

Of the 362 drums with treated content, 344 drums were rated. Their distribution by waste type corresponds to that of the drums generated in the past years by waste type:

- 238 drums (70.1%) of compacted waste (C),
- 106 drums (29.9%) of uncompacted waste (U).

Of the 393 drums of waste generated in 2023, the activity concentration and isotope composition rating of 329 drums (83.7%) was carried out. In addition, eight drums filled before 2023 were measured.

As at 31 December 2023, 10,086 drums of low and intermediate level solid radioactive waste were stored in the interim storage facilities within the power plant.

High level solid radioactive waste

Since the beginning of the existence of the power plant until 31 December 2023, 51.82 m³ net (111.08 m³ gross) of high level radioactive waste was generated at MVM Paks Nuclear Power Plant Ltd. Of the above quantity, 1.45 m³ net (3.46 m³ gross) was generated in 2023.³³

The interim storage of waste within the power plant is performed in storage tubes made for this purpose in the controlled zone. Waste the size of which does not allow its placement there is temporarily placed in specifically designated rooms.

LIQUID RADIOACTIVE WASTE

Main types of liquid radioactive waste:

- evaporation residues (concentrates),
- decontamination solutions,
- evaporator acid cleaning solution,
- spent ion-exchange resin used in the primary circuit,
- active sludge,
- active solvent mixtures,
- contaminated process boric acid solutions.

In the controlled zone of the nuclear power plant, chemical wastewater containing also radioactive isotopes is generated from various sources. These solutions with a low dry matter content (3 to 5 g/L) contain dissolved chemicals used for primary circuit water operation, decontamination, the regeneration of water treatment units and the fine control of reactor power. After chemical treatment, the collected wastewater is concentrated by evaporation to obtain a boric acid concentration of about 200 g/L. In 2023, a total of 150.1 m³ of evaporation residue was generated.

In 2023, 8.0 m³ of spent ion-exchange resin used in the primary circuits was generated. The 870 m³ of storage capacity available is also expected to be sufficient for the interim storage of quantities generated during the extended lifetime of the power plant (a total of about 302.7 m³ is stored there at present).

In 2023, 0.5 m³ of active solvent mixture was generated. Contaminated oils and organic solvents are filtered with diatomite pellets. Forty-three drums of oily diatomite pellet waste have been generated during operations to date, until 31 December 2023.

There are several thousand cubic metres of boric acid solutions of various concentrations with specific process purposes in the primary circuit systems. During operation, micron- and submicron-sized active contaminants collect in these solutions. They cannot be removed with good efficiency by conventional filtration using built-in ion exchangers. They are removed with working ultrafilters installed for each unit, which allows the purified solutions to be recovered and recycled into the technology, thus no radioactive waste is generated from them. On the basis of the results of laboratory analyses (transparency and alpha- and gamma-ray spectrometry analysis), all filtration programmes were closed with excellent results in 2023. The purified solutions were reused in the various primary circuit systems. The total filtered and recovered volume was 24,060 m³.

E-REM-19 and E-REM-22

Solid radioactive waste	Unit	2022	2023
Post-processed (compacted) waste	m ³	61.8	72.4
Activity	MBq	59,038.0	41,951.6
Liquid radioactive waste			
Liquid waste generated	m ³	191.1	158.1

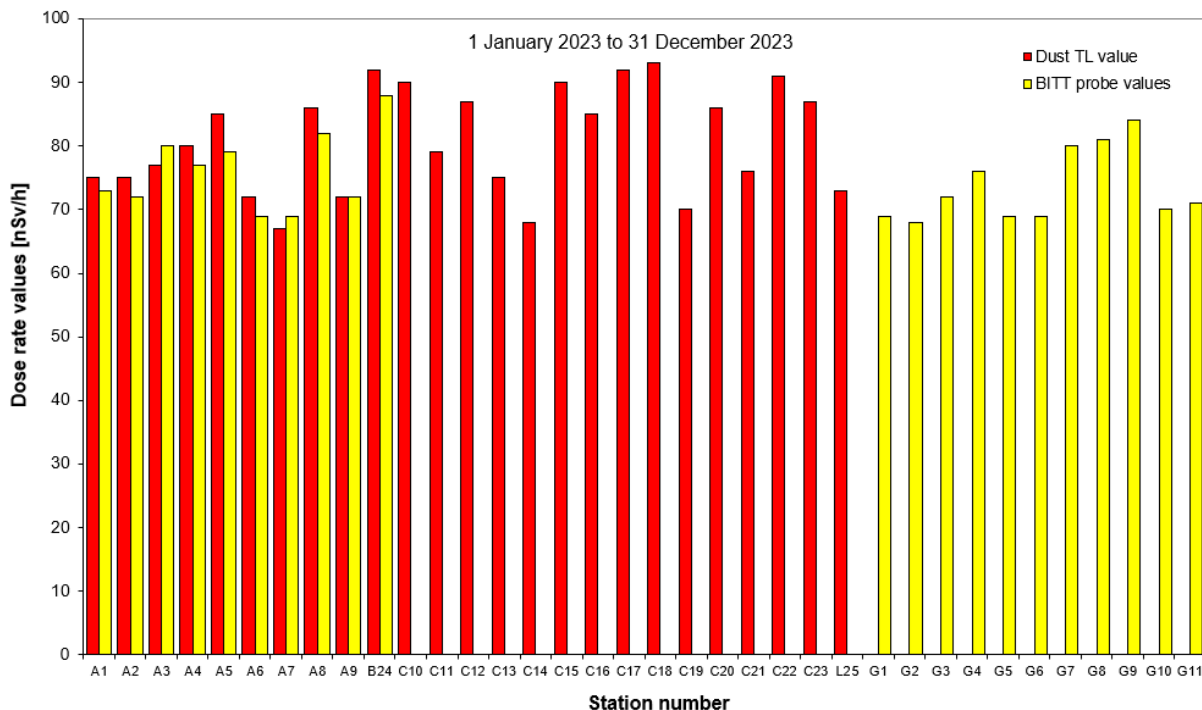
³³ In the case of high level solid radioactive waste, net volume means the value calculated on the basis of the geometric dimensions of the waste, while gross volume means the volume of storage required for deposition.

ENVIRONMENTAL MONITORING

The Operational Environmental Radiation Protection Monitoring System is responsible for demonstrating also with direct environmental measurements that the power plant has no greater impact on the environment than allowed during normal operation. The monitoring is based partly on telemetry systems and partly on the laboratory analyses of samples. The laboratory analyses cover the environmental media and the elements of the food chain. About 4,000 samples are processed and measured annually.

As in previous years, the company used a type-tested and calibrated dosimetric system at all measuring points for measuring the dose rate of ambient gamma radiation also in 2023. The stations and dosimeters did not change in 2023 either. It can be established that it is not possible to deduce the contribution of the nuclear power plant from the ambient TL dosimetric data for 2023. The same is shown also by the long-term, monthly averages of the 10-minute measurement results of the BITT probes. This is in line with the conclusion that may be drawn from the normal operational atmospheric release of radioactive materials, according to which the contribution of the power plant is lower by orders of magnitude than the dose rate and fluctuation of natural background radiation, so it cannot be detected by direct dosimetric methods.

The dose rate measurement results are summarised in the figure.



Type A and G stations are located within a 1.5 km radius, and type B24, L25 and C stations are located within a 30 km radius of the power plant. A dust TL environmental dosimeter containing Al₂O₃ pellets is installed at type C stations and at measuring point L25, while a BITT RS03/232 measuring probe is installed at type G stations. At stations A1 to A9 and B24, the dust TL ambient dosimeters and BITT RS03/232 measuring probes used for continuous monitoring provide data simultaneously.

The direct environmental appearance of the released radioactive isotopes could not be detected in above-ground air samples, even with highly sensitive analytical methods, 1 to 2 km away from the power plant at type A stations. During the year, there was no detectable artificial radioactive isotope from the nuclear power plant even in fall-out samples.

There were no radionuclides from the power plant in any of the mud samples taken from the Danube and in any of the soil and grass samples taken in the vicinity of the stations. No radioactive isotopes from releases could be detected in the water and mud samples taken from the fish ponds either. The annual average increment caused by the radioactive substances released into the Danube was, after

complete mixing, lower than 1.0 Bq/L for tritium and lower than 0.1 mBq/L for all other radionuclides combined. The company did not find any radioactive isotopes from releases in milk and fish samples.

3.6 Land reclamation and remediation

In 2023, ash pond and mine reclamation and remediation were carried out at the member companies of the MVM Group listed below.

GRI 12.13.4

Vértes Power Plant Ltd.

The company has land reclamation obligations on a number of its sites, which it has to implement on the basis of the decisions of the authorities. The implementation phases that require more funds are carried out after the Shareholder's approval. HUF 1.5 billion was spent on technical reclamation activities in 2023. The most important tasks and activities carried out during the year were as follows:

Ash pond of the Oroszlány Power Plant

The company performs the reclamation tasks of the Oroszlány ash pond in accordance with the specifications of the permits issued by the environmental and water management authorities.

Phase III/2 of the reclamation is currently underway in the ash pond consisting of six containment reservoirs (the final covering with 1-metre thick topsoil and grassing of containment reservoirs Nos 2 and 4). After the public procurement procedure, the implementation of the tasks started in January 2023. The expected duration of implementation is 46 months (deadline: 3 November 2026). The contractor completed the design tasks required by the contract within the 80-day deadline, which were accepted by the company. The production, delivery and deposition in heaps of the cover materials were started. Simultaneously, the development of the morphology (surface) on the 1-hectare units of the area to be reclaimed and the placement of the cover material layers of different compositions along with the related quality control tests (analysis, compactness measurement, geodetic survey, etc.) were continuously progressing. In addition, the transfer of the fly ash raw material of the dyke construction required for the continued operation of containment reservoirs Nos 5 and 6 of the ash pond also progressed in accordance with the contractual schedule.

On the already reclaimed containment reservoirs Nos 1 and 3, the post-reclamation management tasks prescribed by the authority were performed (regular settlement and slope stability measurements, mowing several times a year, ditch cleaning, regular analytical testing of surface runoff, etc.).

Ash pond of the Bánhida Power Plant

The environmental protection authority issued the amendment to the reclamation permit to the company on 5 February 2019, in which the requested modifications of the deadlines and the new technical solutions were also approved. The technical documentation of the public procurement procedure was finalised in 2019. Prepared for a joint procedure with the reclamation of containment reservoirs Nos 2 and 4 of the Oroszlány ash pond, the documentation was submitted to the Shareholder in June 2019 for review, comment and approval. The company has not yet received the Shareholder's decision required for initiating the public procurement procedure. For this reason, the above implementation deadline, which had been modified several times, had to be modified again. In December 2021, the competent environmental protection authority approved the application for the amendment of the permit for the reclamation of the Bánhida ash pond submitted to the authority, and extended the final deadline for reclamation to 31 December 2024. It will need to be extended again because the minimum time required for implementation is 2 years.

Mány mine top I/A

The restoration of the collapsed areas has been ongoing for years because the after-movements due to the excavations in the area of the former mine top have not finished yet. There is no deadline set by the authorities to complete the reclamation of the collapsed areas. The reclamation of these areas

must be continued over the years, depending on the appearance and level of danger of the emerging openings, fissures and cracks, until the area stops moving and becomes safe. The inspection activity is performed on a monthly basis.

At the end of May 2023, the movement monitoring points installed on the surface of the damaged area were checked and renewed in several places. At the end of August 2023, a new series of measurements was taken at the renewed points. Quarterly measurements are planned in the future and, if necessary, new points will be staked out.

The inspection activity is carried out on a monthly basis in the area. Interventions aimed at eliminating the life-threatening and accident-prone cracks found during the inspections were necessary last year, too.

Ash pond of the Tatabánya Heating Power Plant (strip mine V/C)

Currently, the area is subject to post-reclamation management (subsurface and surface water monitoring) obligations, which are carried out by the company by regularly analysing the water of the two monitoring wells authorised in December 2017, in addition to the monitoring of the Palahányó Brook. The company has to carry out the monitoring of the area until July 2024.

MVM Mátra Energy Ltd.

During the mining operations, the landscape structure and land use evolved over the centuries have been and will be fundamentally changed. Rehabilitation and land restoration are meant to restore the structure of the landscape.

During land restoration, the company strives to preserve the potential of the landscape as much as possible and to ensure that the rehabilitation of the landscape will facilitate the continuous, repeated growth of the ecopotential of the area affected by mining.

In accordance with the needs developed in the surrounding villages concerned and the community planning plans, the reasonably possible forms of land use show a fortunate coincidence with the current land reclamation plan. The land reclamation plan is approved by the decision approving the Technical Operation Plan of the mines.

The mining contractor is obliged to make the landscape suitable for reuse, which is carried out as part of the reclamation activities. Today, a demand for reuse arises in the form of creating level areas suitable for agricultural cultivation and later qualifying as arable land in terms of branch of cultivation as well as industrial reuse (for example, PV power plants) that support the environment and create jobs.

During reuse, of the areas owned and used by MVM Mátra Energy Ltd., 568 ha became managed forests, 240 ha became afforested areas, and 133 ha became arable land and grassland in terms of their branch of cultivation.

The reclamation of the stripped area progresses continuously along with the progress of the mining activity. The land reclamation plan is approved by the Supervisory Authority for Regulated Activities. The following measures were taken to eliminate, mitigate and prevent the landscape damage caused by the mines:

- performance of annual continuous land reclamation activities following the extraction work processes;
- technical land reclamation, the safe and stable construction of sloping and flat surfaces; slope grading prior to planting is carried out by taking into account long-term stability criteria, sometimes involving designers and experts;
- planting, and then carrying out tending and replacement work;
- planting shelterbelts, if necessary.

In 2023, technical land reclamation was carried out on 280 hectares and biological land reclamation, on 30 hectares. In the course of biological reclamation, the primary objectives are to plant a turkey oak protection forest corresponding to the original condition and to tend the shelterbelts in the mining area. Land reclamation cost HUF 400.5 million in 2023.

The company carries out the land reclamation activities continuously, which is of great interest in professionally close educational institutions. The company allows professional visits to present the activity, and receives students from educational institutions in connection with their bachelor's and master's theses.

GRI 12.13.4

Grassing was carried out on 20,063 m² on the ash ponds in 2023, and soil was spread on 40,580 m² to eliminate dust emissions from the dykes.

Secondary consolidation resulting from pressure reduction in or the dewatering of aquifer layers may result in surface subsidence. In order to ensure the availability of long-term data series on this, MVM Mátra Energy Ltd. has elevation measurements taken at the designated measurement points around the mines on an annual basis.

In order to apply the best available technology, points with deep foundations are also available. The points of the network are measured every 1, 2 or 3 years using the GPS method.

The comparison of the measurement data can serve as a basis for making findings and drawing conclusions about mining damage.

MVM Mátra Energy Ltd. examines claims for damage to buildings in municipalities, damage to vegetation or individual water damage. If it is probable that the reported claim is well-founded, it will be settled on the basis of individual consultation and negotiation. In 2023, a total of 94 building damage reports were received for the two mines, and the investigation of three reports were carried forward from 2022. A total of 96 reports were investigated, one of which was carried over to 2024. The company indemnified the owners of 98 buildings by agreement, 13 reports were rejected, two agreements were not signed by the owners, and in one case they were waiting for receipt of the owner's power of attorney at the end of the year.

GRI 2-25

The activities of the member companies of the MVM Group or their legal predecessors occasionally resulted in pollution that requires remediation. In all cases, the Group strives for prudent and definitive measures, meeting the expectations of the authorities to the maximum extent. Remediation processes are also regulated by the Environmental Management Systems of the companies. External parties can report through the general complaint handling channels of the companies, after which the function is obliged to inform and involve the plant unit concerned and the functions responsible for occupational health and safety.

MAVIR Ltd.

In the past, transformers were operated with open bases. The company operates monitoring systems in the area of eight transmission network substations for the continuous monitoring of the resulting soil and groundwater pollution.

Samples are regularly taken from the monitoring wells at a frequency required by the environmental protection authorities and water authorities with jurisdiction in the area for the continuous monitoring of soil and groundwater pollution caused by the former open transformer bases, which are submitted for analysis to an accredited laboratory. The analytical results submitted were accepted by the authorities. In 2023, there was ongoing remediation at the Zugló substation, which involves regular oil skimming.

The remediation activities are carried out under the continuous supervision of the environmental protection authority. No complaint has ever been received in connection with the remediation activities either by the environmental protection authority or directly by MAVIR Ltd.

Hungarian Gas Storage Ltd.

In the 10 GKN compressor plant operating at the Kardoskút underground gas storage facility, the compressors were removed in 2020, and soil and groundwater tests were carried out in 2021 before the further utilisation of the compressor hall. The test results revealed oily pollution in the soil. The company informed the Government Office for Békés County about the damage event and the measures aimed at reducing the pollution. With the planned microbiological treatment and air injection and extraction, the recommended D limits can be achieved. The authority accepted the submitted final fact-finding documentation and the technical intervention plan. At the end of 2023, the remediation was still ongoing.

MVM Next Energy Trading Ltd.

The company performs environmental remediation activities ensuring compliance with the legal regulations on its sites in South Pest (Koppány utca and Gubacsi utca), on the site of the former Óbuda Gas Factory and on the site of the former Szeged Power Plant.

Óbuda Gas Factory remediation project

The pollution known on the site of the former Óbuda Gas Factory is due to the production of city gas from 1913 to 1987. This effect of the technology was not known at the time. In 1990, the Metropolitan Gasworks started to assess the condition of soil and groundwater pollution on the 21 hectare area on its own initiative. During the surveys, pollution from city gas production, coal coking and coal tar processing was identified. The remediation obligation issued by the environmental protection authority in this case is imposed on the company. The current owners of the area are the Metropolitan Government of Budapest and Graphisoft Park.

Partial remediation has already been carried out. MVM Next Energy Trading Ltd. and its legal predecessors (FŐGÁZ Ltd., NKM Natural Gas Distribution Ltd. and NKM Energy Ltd.) have been treating the decontamination of the site as a high-priority project, and have been doing their utmost to be able to complete the complex technical intervention constituting the most significant, final element of the remediation process as soon as possible.

The technological details of the complex remediation intervention were set out in decisions issued by the competent authorities in 2015 (remediation obligation and water establishment licence), subject to final deadlines. These deadlines had to be modified several times for various reasons (the public procurement tender for contractors launched in 2015 was unsuccessful, pandemic, debate on technology with the Metropolitan Government of Budapest, etc.). It was in December 2022 that the company last requested the extension of the deadlines set out in the 2015 basic decision, first modified in 2018 and then in 2021, which was approved by the acting environmental protection and water authority and the deadlines were extended. Thus, the final deadlines for Remediation Phases I and II are currently 31 December 2024 and 30 April 2026, respectively, and the water establishment licence will expire on 31 January 2025.

South Pest Company sites: Koppány utca 8 and Gubacsi út 4.

Remediation (paving and monitoring) on the sites in South Pest is related to surface dust pollution remaining from the former operation of Ferencváros Gas Factory No II established at the beginning of the 1900s.

The sites concerned are located on the south side of the Ferencváros railway line, with a railway station, the property of a former pig slaughterhouse and a Tesco shopping centre being in their vicinity. Paving was completed on the Koppány utca site, and the final technical intervention documentation and the remediation monitoring plan were accepted by the environmental protection authority in 2018. Based on the orders of the authority, groundwater monitoring was carried out on the site for 4 years, and the final monitoring documentation was submitted in 2022. During the evaluation of the final documentation, the authority decided that the monitoring activity has to be continued with

unchanged test parameters and timetable until 2026. Monitoring is carried out continuously by the company.

In 2016, soil and groundwater pollution was assessed on the Gubacsi út site as part of voluntary fact-finding, the final documentation of which was accepted by the authority in 2017. Based on the decision of the authority, the soil and groundwater were regularly monitored on the site for 4 years, up until December 2020. After assessing the final documentation, the environmental protection authority ordered another 4 years of monitoring, which will last until 2025. Accordingly, monitoring is ongoing in the area.

Szeged Gas Factory

There was significant soil contamination on the site of the former gas factory and power plant as a result of the previous operation of the gas factory. Soil excavation was carried out as remediation, and the environmental protection authority prescribed post-remediation monitoring. The legal predecessor, NKM Electricity Distribution Ltd., carried out technical intervention and submitted the final remediation monitoring documentation in 2018. The authority accepted the documentation and prescribed at that time and several times ever since that the post-remediation monitoring be continued over 2-year periods. Most recently, following the submission of the new final documentation in 2022, the environmental protection authority decided to prescribe that the monitoring studies be continued for a further 2 years with reduced annual sampling. Sampling was completed as required in 2022 and 2023, and the company is preparing to close the monitoring period and to submit the final documentation in 2024.

306-3 (2016)

MVM Démász Electricity Network Ltd.

In 2023, remediation was carried out at six transformer stations. Environmental damage was determined by the employees during inspections and on-site work. Soil contamination was caused by transformer oil spills in Vaskút and Lajosmizse, the leakage of cooling oil in Tótkomlós, and a hole in the bottom of the transformer tank and the outflow of oil in Nyársapát. At the Napos út warehouse in Szeged, two transformers were damaged; the oil flowed out from one of the transformers on concrete. The amount of leaked oil was only examined by the company in relation to the incident in Szeged: it was 3 to 4 kg. In the other cases, the area of the contaminated soil was determined. It was 2.25 m² in Vaskút, 1 m² in Tótkomlós, 4 m² in Nyársapát and 14 m² in Lajosmizse. After the pollution was detected, the defective transformers were replaced by the company. After the type of pollutant was determined and the remediation technology was selected, the remediation was carried out. Where the soil was contaminated, it was extracted and replaced with clean soil.

MVM Émász Electricity Network Ltd.

The company had two oil spills in 2023. In Eger, the concrete bottom of the transformer station was contaminated and was cleaned with absorbent material. The spill affected an area of 3 m². In Jászberény, there was an oil spill in a grassy area, and the contaminated soil (9 m²) was replaced.

In all cases, the oily soil and the contaminated absorbent material were transported out of site by a partner holding the appropriate licence. After remediation, the results of the soil analysis carried out at the necessary locations proved that the soil replacement had been carried out properly.

3.7 Biodiversity

GRI Bio3-3, 304-1, 304-2, 304-3, E-OTH-49 and E-OTH-51

The MVM Group acts in accordance with the generally applied environmental principles and practices also in the field of biodiversity protection. In order to protect habitats in areas subject to NATURA 2000 or other protection, consultations are always held between the company and the competent national

park directorate, and the orders of the environmental protection authority with jurisdiction in the area prevail during the execution of the work processes.

Any change in the environmental media has an impact on biodiversity and the harmonious relationship of plants and animals with their habitat. The members of the Group have different ways and degrees of impact on biodiversity, so both the impact and the related activities and practices are presented for individual member companies. Some of the impacts on wetlands and their management are included in the section *Water use and effluents*.

The plant site of MVM Paks Nuclear Power Plant Ltd. is adjacent to a NATURA 2000 area designated along the Danube (Tolna Danube Branch, HUDD20023). The company is located in an area bordered by the Danube-Dráva National Park and the Kiskunság National Park.

Despite human intervention, the immediate vicinity of the power plant is rich in natural treasures. The sand grassland, marsh, boggy meadow and riparian vegetation (Old and New Brinyó), the alder swamp and marsh woods, the Dunaszentgyörgy wooded pasture, the Paks Soslík Meadow and the floodplain of the Danube at Paks provide habitats for a number of protected plant and animal species.

As a result of returning the warm water to the Danube, the total amount of biomass in the Danube is greater than in the upstream sections. The aquatic flora and fauna in the few-kilometre section downstream from the point of discharge have one of the richest species compositions in the region. Various wading birds prefer to feed there, especially when the surrounding lakes freeze over in winter. The power plant played a significant role in the establishment of a model angling paradise located next to the fence of MVM Paks Nuclear Power Plant Ltd., and it also continuously provides water supply to the ponds. The area open to angling is about 55 hectares. With its water depth of 7 metres in some places, the very old trees surrounding the shore and the bushy, reedy shore, Lake Kondor creates an ideal habitat for both aquatic and riparian flora and fauna. This is why the environment of the ponds is also strictly protected.

A prime holiday resort in Tolna County, the Danube Oxbow Lake at Fadd-Dombori, is located nearly 20 kilometres from the company. Due to the canal system established previously with the cooperation of MVM Paks Nuclear Power Plant Ltd., the previously deteriorating oxbow lake has come to new life, with egrets, purple herons, peregrine falcons and common buzzards building their nests again, and big game (roe deer, red deer and wild boar) have also found a suitable place to live.

MVM Mátra Energy Ltd. holds an IPPC permit for the Visonta and Bükkábrány Mines. The document serving as the basis for the IPPC permit includes an itemised survey of animal and plant species in areas not yet used by the mines. There are no Natura 2000 and other protected areas in the areas planned to be used.

MVM Mátra Energy Ltd. is a forest management entity. As a result, it maintains continuous contact with the forestry authority. In recent years, no comments have been received from the Supervisory Authority for Regulated Activities and the Forestry Authorities on any negative impact of the activities.

MVM Mátra Civil Engineering Ltd. primarily performs activities with auxiliary machinery in the mines and the deposition of materials in heaps within the mining area. In the course of its activities, it strives to minimise the impact of its work processes on the environment. In addition to the professionalism of the work, managers also randomly check the processes related to biodiversity on a daily basis.

The existing grid is operated and new transmission lines and substations are established in a natural environment on every occasion, which represents major responsibilities for MAVIR Ltd. The company carries all this out by taking into account the needs of the natural and social environment to the maximum extent and by carrying out preparatory work covering all details. The near-natural maintenance of clearing corridors was introduced along the routes of transmission lines for experimental purposes. In order to maintain biodiversity, MAVIR Ltd. is a party to the Unobstructed Sky Agreement, under which it agreed to take bird protection considerations into account during the expansion of the transmission network. It seeks to prevent collisions and allows safe hatching on the

pylons for protected birds. By organising conferences and other forums, it pays attention to learning the latest research on, and publishing and applying, bird protection.

MAVIR Ltd. has been seeking cooperation and good professional relations with the environmental protection and nature conservation authorities for several decades. Cooperation agreements were concluded with all National Park Directorates as the management agencies of areas of nature conservation importance. These always lay down nature conservation conditions for the due tasks of cleaning clearing corridors and continual maintenance, which allow, by taking nature conservation interests into account, the management of areas under the high-voltage transmission lines of MAVIR Ltd., which require maintenance. The company holds general nature conservation licences issued by the county nature conservation authorities for the maintenance of transmission line sections affecting protected nature conservation areas of national importance.

Bird protection by MAVIR Ltd.

The company is implementing successful domestic and European Union bird protection programmes with a history of several decades, involving professional and non-governmental organisations, which can be divided into two main and two connected parts:

1. collision protection (protection programmes for great bustards and migratory birds);
2. provision of nesting places (artificial nest placement and monitoring programme);
3. research and professional development related to bird protection;
4. CSR activities related to bird protection.

MAVIR Ltd. spent HUF 319 million on bird protection in 2023, of which HUF 156 million was a European Union grant. The company supported bird conservation NGOs with HUF 4 million (Hungarian Ornithological and Nature Conservation Society, Hungarian Bird Rescuers Foundation, Börzsöny Nature and Environmental Protection Non-profit Foundation, Diversity Non-profit Foundation and A Hundred Valleys Nature Conservation Association).

Collision protection

Birds are not threatened by the risk of electrocution along high-voltage transmission lines. However, collisions have to be taken into account. In this respect, mostly great bustard populations and, due to the rapid change of weather patterns in the past decade, also migratory birds are at risk.

Based on research, the solution to the problem, in addition to replacing the overhead lines, is to make the transmission lines visible. To this end, MAVIR Ltd. conducts research into the possibilities of adapting devices used in Europe in order to ensure that collisions are prevented in the most efficient way.

In areas highly used by birds subject to nature conservation efforts, the new components of the transmission network are planned with the installation of bird diverters to start with. However, the installation of diverters on the dangerous sections of currently operating transmission lines represents a major professional task and financial burden. In order to solve this problem, wherever possible, diverters are installed with drones. Thus, devices can be installed with fewer human resources, less treading damage and without deenergisation.

By implementing a multi-year programme developed for installation, the most dangerous sections can be made more visible and safer in terms of collision.

Great bustard protection programme

MAVIR Ltd. continued the programme also in 2023. The bird diverters procured for the Sándorfalva-Arad 400 kV transmission line, which crosses a great bustard habitat in the Csanádpalota area, will be installed in 2024 due to the need for deenergisation.

Migratory bird protection programme

As a result of climate change, migratory bird paths have changed, so they are now crossing the routes of high-voltage transmission lines in several cases. In recent years, collisions by cranes in the Szeged area and Lake Pródi have posed a new challenge.

The company have installed a total of 18,566 diverters on the endangered transmission line sections by the end of 2023, 4,456 of them during that year. As a result, the risk of collisions was reduced but was not completely eliminated. Therefore, in addition to installing the most secure RIBE diverters known so far, new, experimental devices were tried, which reflect ultraviolet rays (Klamp10) and glow at night and pulsate (Delta Light).

The European Union call for applications DANUBE FREE SKY LIFE has been issued for the protection of migratory birds. MAVIR Ltd. is also a partner in the 7-year programme implemented with 15 organisations from seven countries. With a 75% application grant, MAVIR Ltd. receives a grant to the value of more than EUR 300,000. Under the programme, in 2023, the visibility of the power lines crossing the Danube-Ipoly and Fertő-Hanság National Parks was increased by installing 4,280 Klamp10, 31 RIBE and 132 experimental bird diverters. Wherever possible, the diverters were installed with drones. The research work was carried out by the experts of the Hungarian Ornithological and Nature Conservation Society. During the autumn and spring study periods, fewer than 10 birds died as a result of the collision, and there were no highly protected species among them.

After successful attempts with a subcontractor, the stubs of 100 worn bird diverters were dismantled in 2023 on the transmission line crossing the Moson Plain.

Provision of a nesting places for highly protected birds of prey

Birds that build their nests on high-voltage transmission line pylons may cause a phase loss when their nest material is swept away. This poses a risk to both the security of power supply and the lives of the birds nesting there. Since nearly 20 years ago, highly protected saker falcons, which had lost their hatching places as a result of urbanisation, began occupying the branch nests of birds hatching on pylons, MAVIR Ltd. started creating safe habitats with the involvement of nature conservation experts. In 2023, five nesting boxes were installed, so 518 artificial nests were available to birds of prey at the end of the year. Based on annual observations, saker falcons hatched their eggs successfully in nearly 100 nests, and more than 280 nestlings left the artificial nests. The other artificial nests were also occupied by protected birds: 10% by Eurasian hobbies and peregrine falcons and 90% by common kestrels. There were also a growing number of peregrine falcons hatching their eggs in artificial nests. (The above-mentioned birds of prey use natural habitats increasingly seldom.)

The video streaming programme continued under the Sakers Road LIFE European Union project running until 2028. The nesting habits of, and the composition of prey brought to the nest by, saker falcons, peregrine falcons and Eurasian hobbies could be recorded with the cameras and analysed. Based on the recommendations of specialists, 19 photo traps procured under the LIFE programme were mounted on the artificial nests occupied by birds in 2023, too. In the project, 20 satellite trackers were installed on saker falcons and imperial eagles. In 2023, only three of them were operational, which allowed the observation of the living space, preying habits and migration of the birds hatching their eggs on the pylons. Studies have shown that souslik populations, the most important food for saker falcons, peregrine falcons and Eurasian hobbies, are on the verge of extinction. Thus, to prevent the decline of saker falcon, peregrine falcon and Eurasian hobby populations, it is necessary to introduce sousliks to the area, which the national parks have started as a pilot programme. The project has a cost of nearly EUR 250,000 and 75% support.

Research and professional development related to bird protection

In cooperation with the DEÁK DELTA engineering office, a bird diverter is being developed that radiates active light, thus indicating the risk of collision even in the dark, and in the case of which the current conductor provides energy to the power source by capacitive charging. The device will also be suitable for operation on ACCC wires at high temperatures. In 2023, 50 illuminated bird diverters were mounted on a 220 kV transmission line with a drone and started to be tested.

In 2023, the employees of MAVIR Ltd. rescued injured buzzards, common kestrels and a long-eared owl, all of which survived thanks to quick action.

Activities of distribution network-operating companies

The companies are obliged by law to continuously maintain a 'protection zone' under the power line network. In the framework of clearing corridor management, MVM Démász Electricity Network Ltd. and MVM Émász Electricity Network Ltd. prevent the overgrowth of the vegetation there, thus preventing breakdowns during storms, for example, due to overturned trees. The construction of a linear facility across a forest results in fragmentation under any circumstances, but there is a significant difference between overhead lines and underground cables, and some species/groups of species may react completely differently to the appearance of an engineering facility. If an underground cable is established, the more or less rapid regeneration of the habitat can also be observed, so the impact is less permanent or long-term there.

MVM Démász Electricity Network Ltd. is present in parts of the Körös-Maros National Park, the Kiskunság National Park and the Danube-Dráva National Park and in a NATURA 2000 area in order to operate the electricity network.

Since 2017, the company has achieved several outstanding results in the protection of birds that use the electricity network for their lives, including great bustards, white storks, small birds (common kestrels, red-footed falcons, owls, and common buzzards), migratory birds, imperial eagles and saker falcons with network refurbishment for bird protection, the expansion and development of technological equipment, programmes and habitat protection measures.

In September 2023, among the participants from 16 countries, the company joined the EUROBUSTARD Great Bustard Life project under the coordination of the Austrian partner organisation (ÖGG – Österreichische Gesellschaft Großtrappenschutz), which aims at the comprehensive protection of all great bustard and little bustard habitats in Europe. According to recent international data, a drastic decrease of nearly 40% in the world stock of the bustard species could be observed in just 10 years. At the same time, the great bustard population in Central Europe is currently the only one in the world to show a slight upward trend, thanks to the replacement of overhead lines with ground cables to prevent deaths due to collision. In the operating area of MVM Démász Electricity Network Ltd., on the Csanádi-pusztas, the great bustard population consists of about 25 to 30 individuals.

Currently, an about 6.5 km long section of the 120 kV power line between Makó-Rákos and Csanádalberti is the most risky for the great bustards since four dead great bustards were found there by experts during their inspection tours in the second half of 2023. Bird diverters will be installed at the beginning of 2024. The impact area of the intervention is 2,187 ha, which is 54% of the total protected area. There are 32 protected bird species in the area of activities. In addition to bird protection, the project is also important for the preservation and improvement of landscape values.

About 90% of white stork nests are built on electricity poles, so electricity distribution companies play a prominent role in protecting this highly protected species. In Bács-Kiskun, Békés and Csongrád-Csanád Counties, which largely overlap with the service area of MVM Démász Electricity Network Ltd., according to the data of the Hungarian Ornithological and Nature Conservation Society, 1,064 pairs of storks laid eggs in 2023, and there is an increasing trend compared to recent years. The total number of birds in 2023 was around 4,750.

The reconstruction of the Vaskút Waste Landfill Station and its area with underground cables was started to protect the storks gathering in the vicinity of the landfills for feeding after the summer period. The first phase of the bird protection reconstruction of the Vaskút-Csátalja-Gara section was completed in 2023. The first rebuilt section is 375 metres long. The area is not protected, the number of species on the IUCN Red List is one, there are 19 species under national protection, but other species are occasionally found in the area as well.

With the support of MVM Démász Electricity Network Ltd. and MVM Émász Electricity Network Ltd., the bird protection specialists counted and ringed 664 stork nestlings in 217 stork nests. They contributed to the campaign promoting bird protection in 109 municipalities of seven regions, which aims to expand the scientific knowledge that can be obtained about the stork species in order to

preserve it. Eleven cherry picker lorries, repair vehicles and active work by 26 electricians were provided for the ringing locations.

In the four operating regions of MVM Démász Electricity Network Ltd., with professional support from the National Park Directorates with jurisdiction in the areas, one pilot municipality was selected per region, and within each of these, two white stork nests, which will be provided with enhanced-safety test bird protection devices by the company in 2024.

The currently most successfully used bird-nesting prevention device called Bokréta (Posy), comes from the idea of MVM electricians. In 2023, an expert's report was also prepared on the device, its installation was supported by the Kiskunság National Park, and its testing is underway.

The sections of the medium-voltage overhead line network that pose a threat to birds will be reconstructed with ground cables in the area of Lake White near Szeged and the New Fish Ponds at Sándorfalva. Lake White is a 14 km² lake in the Pusztaszer Landscape Protection Area, which is part of the Kiskunság National Park, and is the largest natron lake in Hungary. The construction started at the end of 2023 and is expected to be completed in 2024. During the reconstruction, a total of 2,695 metres of medium-voltage underground cable will be installed in three stages. The area is highly protected due to its rich bird life (about 280 species) and ancient vegetation, is an important stopover for European bird migration and a wetland protected by the Ramsar Convention, and is visited by cranes, wild geese and ducks. It is a habitat and a resting, breeding and feeding area for 67 indicator bird species of Community importance and a number of other bird species of non-Community importance but legally protected in Hungary. The impact of the activities on biodiversity is particularly significant here since the most significant mortality factor for the bird species is eliminated. The number of species included in the IUCN Red List is eight.

MVM Émász Electricity Network Ltd. operates 1,495 km of high-voltage, 9,300 km of medium-voltage, 12,389 km of low-voltage (mostly overhead) networks as well as thirty-nine 132 kV/medium-voltage and medium-voltage / medium-voltage transformer and switching stations in Northern Hungary. The number of medium-voltage/low-voltage transformer stations is 7,736. The operating area of the company is 15,742 km², covering Borsod-Abaúj-Zemplén, Heves and Nógrád Counties as well as the eastern part of Pest County and the northern part of Szolnok County. The operating area of the company also covers the areas of the Hortobágy, Aggtelek, Bükk Mountains and Danube-Ipoly National Parks. In areas critical for bird protection, the reconstruction of the overhead line networks as underground cable networks has been carried out previously.

MVM Émász Electricity Network Ltd. has been engaged in bird protection for several decades, similarly to the principles and practices described for MAVIR Ltd. and MVM Démász Electricity Network Ltd. In recent years, the company has devoted significant resources to the conversion of overhead line networks into underground cable networks.

In 2023, bird protection interventions involving maintenance and refurbishment were carried out to the value of HUF 34.5 million, typically in spots, in coordination with the national parks. They include the installation of stork nest supports, nest support adjustment, the installation of bird protection sheathing, etc. In 2023, the reconstruction of the single-plane, bare-cable, low-voltage network into a bundled one was carried out in a length of 153.4 km to an amount of more than HUF 3 million.

The company designs newly built networks in a way to be safe for animals, and is constantly working to make all existing ones bird-friendly. In the service area of MVM Émász Electricity Network Ltd., several innovative bird protection solutions have been tested and applied in terms of operation and bird protection in recent years. Examples include covering the transformer pin and mounting a pylon switch under the line.

New medium-voltage head structures and insulating crossarm solutions have been introduced. Using the new network solutions, the company improved the resistance of the network to more frequent extreme weather effects due to climate change, complies with the requirements of the new Hungarian

Standards MSZ EN 50341 and MSZE 50341, and, at the same time, the environmental protection requirements related to bird protection are also met.

The significant increase in the number of PV power plants can only be handled by introducing new transmission line cables that can be mounted on existing pylons. That is why they started to deal with the use of 'HTLS' or high-temperature cables. In connection with this, a study on bird behaviour by the German EoN was obtained. This study showed that birds avoid high-temperature cables, that is, high temperatures do not have a significant adverse effect on birds. AM launched a further investigation to gather domestic experience. The experience of this study is that birds land on the earth wire on a live line, and birds perching on phase conductors have only been observed when the power lines are switched off.

When a transmission line route is staked out, the rules for the protection of the natural and built environment, including community redevelopment plans, are taken into account. Large transformers with oil refrigerant are constructed with an oily stormwater drainage and separation system. The operation of the transmission line along the route does not require any special interventions. Operational inspection tours are carried out every year, and rating inspection tours, every 4 or 6 years. The inspection tours are carried out by off-road vehicles. An important task of design is to find optimal routes from the point of view of nature conservation. In this way, avoiding Natura 2000 areas can be ensured during the design process.

In order to protect bird species, the company continuously trains its electricians involved in daily network operation, including direct bird protection. It deals also with designers in a similar way to ensure that they have a satisfactory understanding of the relevant standards and bird protection solutions.

The company also participates in the *Unobstructed Sky Agreement*, cooperating continuously with the Ministry of Agriculture, the national park directorates and affiliated organisations.

As a strategic partner of the Ministry of Agriculture, the company supports a project related to habitats along power lines planned under the Carpathian Convention. The project aims to maintain and manage transmission line clearing corridors in the Danube-Carpathian region by also taking into account ecological considerations (ECM), which also includes the considerations of the preservation of natural and biological diversity. MVM Émász Electricity Network Ltd. provides all necessary assistance in principle, which does not require any financial commitment.

During the construction and installation activities of high-voltage facilities (transmission lines and substations) performed by MVM XPert Ltd., natural habitats, areas designated by international conventions and/or legislation and agricultural areas may occasionally be damaged (deforestation and damage to vegetation). In this case, the terrain is restored through land reclamation, and after the establishment of clearing corridors, the amount of trees cut down at the time of establishment is compensated for in accordance with the decision of the local forestry authority by paying a forest maintenance contribution or by afforestation. The reclaimed (re-vegetated) area covered about 55.7 hectares in 2023.

Major impact on biodiversity may occur primarily during installation activities. Activities with impact on the condition of the environmental media may be as follows:

- foundation works;
- laying of cables and construction of cable tunnels;
- topping-up of equipment, machinery or vehicles with hazardous material or drawing-off of hazardous material from equipment;
- storage and transfer of hazardous materials (vehicle fuel, oil, paint, varnish, etc.) at the place of work;
- operation of machinery and vehicles used during work;
- passenger transport and materials handling;
- collection of waste (hazardous and non-hazardous).

It may occur that it is required to perform the installation works in, or in the immediate vicinity of, protected areas. In these cases, special regulations apply to the work processes. The company considers it important to maintain a close relationship with the environmental protection and nature conservation authorities and national park directorates, to comply with environmental protection and nature conservation considerations (for example, growing, mating or hatching season, bird protection) and to agree the needs that may arise.

During the installation activity in 2023, it affected nature conservation areas basically in relation to Natura 2000 areas, which meant 9.21 hectares (South Borsod region and South Heves region) in the case of the Transmission Line Division Directorate, while about 4 hectares (Central Hungary and Gödöllő Hills) in the case of the Substation Division Directorate. During the year, based on consultations with the Bükk Mountains National Park Directorate, the works carried out by MVM XPerT Ltd. were rescheduled from the wet period in winter to the dry period in summer. This was done, firstly, to protect the areas used during the given project (treading damage) and, secondly, because of the hatching time of the protected birds (saker falcon and black stork) found and nesting there.

At MVM Égáz-Dégáz Natural Gas Network Ltd., the protection of nature is the main consideration in all phases of the establishment of the gas distribution pipelines. To this end, it exercises due diligence during planning in order to ensure that the pipelines are laid with as little tree and shrub felling and landscape destruction as possible, and restoration is completed in the appropriate quality. Projects are implemented outside the growing season as far as possible.

In 2023, the company did not implement any new pipeline construction projects affecting a nature conservation area, and its activities did not affect any species on the IUCN Red List.

MVM Főgáz Natural Gas Network Ltd. avoids protected natural values and areas during its construction and installation projects as far as possible. The company requires that the designer take into account protected natural values and protected natural areas during design. If relevant, the designer will ask the competent local government for an expert's report on green space management, and the company will verify full compliance with the specifications of the expert's report when carrying out the construction work.

The activities of the company did not affect any protected area or areas of species where any order would have been imposed by the environmental protection authority. During its activities, it was shown that it had no impact on any species on the IUCN Red List.

Several of the customer services of innogy Zákaznické služby are located near areas under national protection. The company carries out administrative activities at these locations, the total size of eight leased areas is 795 m².

innogy Česká republika a.s. has an area of 46,800 m² located next to or near a protected area at three locations. The company carries out administrative and mainly storage activities in these areas in connection with local heat generation and lets on lease some of the areas.

innogy Energo, s.r.o. performs activities in six Natura 2000 protected areas, operating CNG filling stations at five of those locations, while one site has a boiler building. The total area is 1,859 m².

In cooperation with the Department of Ecology of the University of Szeged, MVM GG Ltd. investigates the impact of solar parks on biodiversity as a member of an international research consortium. They aim is to develop solutions that maximise the biodiversity of solar parks without imposing an additional burden on the operator, but rather reducing the management cost.

In the course of the research task planned in the Momentum application programme *Pioneering solutions to the contemporary challenges of restoration ecology – mosaic and secondary habitats, new forms of degradation*, the University of Szeged is carrying out grassing using an experimental seed mixture in the area of three solar parks with the involvement of a subcontractor, aiming to create a more natural plant community than the current one, that is, to carry out a habitat reconstruction intervention. The selection of species from conceivable native plant species is made in such a way that

it also meets the needs of MVM GG Ltd., that is, instead of tall weed species requiring frequent mowing, a stock with a lower maximum height is created. Two of the selected areas are located within the administrative area of Kiskunfélegyháza and one within that of Békéscsaba. The researchers of the University of Szeged will monitor the solar parks for at least 5 years after sowing, at least twice a year, in order to check the vegetation. In 2023, about half of the green space of the parks was sown with an experimental seed mix, with the other half retaining the original vegetation as a reference. The height of the seeded vegetation did not reach the lower level of the panels, it grew to a height about 10 cm lower. Following the initial favourable experience, the monitoring of the areas will continue in 2024. The company is examining the theoretical possibility of ensuring the maintenance of biodiversity by grazing sheep in addition to or instead of mechanical mowing, while reducing the environmental impact of land maintenance.

A key design consideration for MVM GG Ltd. is that the expansion of the photovoltaic portfolio should not be implemented in areas suitable for agricultural production, but in 'brownfield areas'. Good examples for this are the power plant implemented next to the runway of the Debrecen Airport, the power plants under construction next to the Kunmadaras Airport, on the ash ponds of the Vértes Power Plant and the Pécs Power Plant, and the implementation of the power plants planned in the mine areas of the Mátra Power Plant to be reclaimed.

The following photovoltaic sites are located near protected Natura 2000 sites: Dány (topographical lot No 089/9, plot size: 16,154 m²), Barcs (topographical lot No 520/2, plot size: 22,390 m²), Kunmadaras (Kunmadaras I 042/23, 57 ha and Kunmadaras II 042/20, 69 ha), and the Szeged I power plant (52 ha). Total area of power plants adjacent to nature conservation areas: 2.1 km². There are no IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the company.

The solar parks are protected by fences, which do not prevent the movement of smaller animals and small mammals. The possibility of planting T trees in PV parks to attract birds of prey is being explored to keep rodents away and thus reduce the damage they cause.

Similarly to previous years, no bird mortality was observed in 2023 either as an operating impact of wind power plants.

The hydropower plants of the MVM Group are located in or near protected areas. The Tiszalök Hydropower Plant of MVM Hydropower Plant Ltd. borders the Tisza River (NATURA 2000: HUHN20001). The adjacent operating area is 3,450 m². Several areas of the Kisköre Hydropower Plant (leased from the Hungarian state) have been identified as designated NATURA 2000 areas or are adjacent to them. The total area of the topographical lot numbers related to the areas of Lake Tisza (identifier: HUHN20003) and Hortobágy (identifier: HUHN10002) is 5,357 m².

The small hydropower plants of MVM Future Energy Technology SRL are located in a Natura 2000 area (Úz Valley). The area is about 21 km². (See Section 3.7 for more details on the impact on wildlife.)

GRI 304-4 and E-OTH-50

Several IUCN Red List species and national conservation list species have habitats in the areas of activity of the member companies of the MVM Group.

Number of endangered and protected species by category	2022	2023
Critically Endangered (CR)	0	2
Endangered (EN)	1	13
Vulnerable (VU)	5	19
Near Threatened (NT)	6	12
Least Concern (LC)	102	61
Under National Protection	108	132



4. SOCIETY

FOLLOWING SUSTAINABLE DEVELOPMENT GOALS

The MVM Group pays special attention to SDGs also in the area of social sustainability. In the social field, the Group has identified a total of six SDGs the efficient implementation of which it can facilitate: 3. Good health and well-being; 4. Quality education; 5. Gender equality; 8. Decent work and economic growth; 11. Sustainable cities and communities; and 16. Peace, justice and strong institutions.

In order to preserve health and to promote a safe and hazard-free work environment, the Group has introduced a number of measures at both group and member company level. In order to ensure inclusive, equitable and quality education and a level of knowledge required for decent work, the MVM Group continuously develops the types of training it offers. Ensuring gender equality and eliminating all forms of discrimination against women are the cornerstones of the Code of Ethics of the MVM Group. With the aim of supporting the favourable economic, social and environmental links between urban, suburban and rural areas, the MVM Group seeks to help local communities. The most important player of this is MVM Paks Nuclear Power Plant Ltd., which, as the most significant employer in the Paks area, also organises various welfare and awareness-raising programmes in cooperation with the local governments of the area.

4.1 Asset integrity, crisis management and disaster management

GRI KV3-3, EK13-3 and G4DMA (EU21)

During the activities of the Group, the management of emergencies, the safety of the population, the provision of appropriate information to them, and the security and continuity of supply are highly important. The Group has prepared for every eventuality within its competence in order to ensure uninterrupted electricity and natural gas supply. To this end, it involves all available resources, in cooperation with the Hungarian Energy and Public Utility Regulatory Authority, which is primarily responsible for the coordination of supply.

As holding centre, MVM Ltd. performs the supervision (controlling and monitoring) and management of the Group both during normal operation and in exceptional circumstances. MVM Ltd. issued a central policy and rules of procedures on Information Security and Emergency Management in 2022, which were implemented by the member companies. The policy aims to define the processes to be carried out for the designation of companies belonging to the MVM Group as critical infrastructure and to implement a single information security and emergency management concept within the Group.

Under the provisions of the policy, the companies have to have:

- Emergency Management Policy,
- process list and critical process list,
- business impact analysis,
- business continuity risk analysis,
- emergency management plan,
- Corporate Crisis Team or Crisis Coordinator,
- Business Continuity Officer.

In order to efficiently manage abnormal events, MVM Ltd. operates an Abnormal Event Management Information System, the rules of which are set out in the Policy. All companies that have received a high or elevated information security classification or have been requested to do so by the Safety and Security Director of MVM Ltd. have to join the Abnormal Event Management Information System on 24-hour standby.

The management of the company aims to prevent malfunctions, abnormal events and serious industrial accidents by reducing their risk to the lowest possible level. To this end, it complies and ensures compliance with all statutory, regulatory, own and third-party regulations aimed at increasing safety and reducing risks.

The management of the company is committed to safety, and strives to use the best available technology and tools. The company keeps the safety documentation up to date, enters the statutory changes and changes within the company in it, if necessary, and carries out the audits and licensing procedures required by law. It also strives to ensure that the technical safety measures reflect the state of the art at all times.

The training on knowledge contained in the internal regulatory documents is continuous. The training of employees is carried out in accordance with the requirements of the statutory provisions in force. The safety guidelines are known to the employees, who are obliged to comply with the safety measures and the requirements of the internal regulations. Hungary's protection administrative bodies (such as the disaster management agency) regularly hold drills on the sites concerned in order to gain local knowledge.

The MVM Group categorises its member companies based on business and strategic considerations and their economic indicators, thus some of the companies of a business unit are considered priority companies. The following sets out primarily the crisis and emergency management practices of the priority companies of the Generation Business Unit.

The member companies and subsidiaries providing ancillary services in respect of generation companies and supporting the activities of the priority company comply with the rules of procedure expected and regulated at the priority company with regard to the management of crisis situations.

In 2023, 30% of services in the MVM Group were assessed from a health and safety point of view. The table is based on data from 33 member companies relevant to the indicator.

GRI 416-1

Number and proportion of services evaluated for health and safety			
Product and service categories	All services in the category ^a , pcs	Number of services evaluated, pcs	Proportion of services evaluated, %
Electricity generation	15	5	33
Energy transmission	12	0	0
Energy trading	5	3	60
Natural gas trading	1	1	100
Natural gas storage	1	1	100
Electricity system operation	1	0	0
Development, operation and maintenance of transmission network	3	2	67
Operation of power plants	16	2	13
District heat supply	5	2	40
Telecommunications	1	1	100
IT, finance, accounting, engineering and logistics services	4	2	50
Total	64	19	30

^a Each member company that provides the given service is listed separately in this figure.

GENERATION COMPANIES

In order to prepare for the prevention of and response to events within and beyond the design basis and to mitigate the consequences, MVM Paks Nuclear Power Plant Ltd. prepared a 'Comprehensive Emergency Management and Action Plan' and, accordingly, took technical and organisational measures as well as established an accident response organisation. The member company had the

Plan approved by the authority concerned, maintains it continuously and has made it available to external cooperating organisations, which participate in emergency response.

At the company, the tasks of monitoring changes in legislation are performed by the legal organisation. The framework for meeting the requirements is provided by the management system of MVM Paks Nuclear Power Plant Ltd.

The company provides its staff members assigned to the accident response organisation with refresher training every year on the basis of an educational plan approved by the authority. It holds minimum nine drills annually for learning and examinations during training. The company evaluates the training and drills every year, provides feedback on the experience and sends the evaluations to the authority for information purposes.

The management of the MVM Paks Nuclear Power Plant Ltd. identified its stakeholders and their expectations and the requirements appearing in the expectations. With regard to its stakeholders, the company takes the approach that safety overrides all needs, especially when different stakeholders have opposite expectations.

The requirements necessary for the operation of the existing units of MVM Paks Nuclear Power Plant Ltd. are based on the implementation instruction of Act CXVI of 1996 on nuclear energy, Decree No 1/2022 of 29 April 2022 of the Hungarian Atomic Energy Authority (HAEA) on the nuclear safety requirements of nuclear facilities and the related regulatory activities, and the Nuclear Safety Codes (NSC) annexed to this Decree. Government Decree No 190/2011 of 19 September 2011 on physical protection and the related licensing, reporting and monitoring systems in the application of nuclear energy serves as requirements for the physical protection of MVM Paks Nuclear Power Plant Ltd., and Decree No 2/2022 of 29 April 2022 of the HAEA on the protection against ionising radiation and the related licensing, reporting and monitoring systems serves as requirements for radiation protection. MVM Paks Nuclear Power Plant Ltd. demonstrates its full compliance with the prescribed requirements to the HAEA annually as part of a Final Safety Report.

In the course of its activities, the management of MVM Paks Nuclear Power Plant Ltd. takes into account and applies the safety standards issued by the *International Atomic Energy Agency* (IAEA) and, in achieving its strategic goals, implements several support programmes in the area of operation development in close cooperation with the IAEA.

MVM Paks Nuclear Power Plant Ltd. is an active member of the *World Association of Nuclear Operators* (WANO), adopts and applies the WANO guidelines, and closely cooperates with members on a professional basis. In order to exchange operational experience, the power plants inform each other about important events in the form developed by WANO.

By applying the principle of integrated corporate governance in practice, the management of the company strives to keep the risks associated with the technology it uses below the socially acceptable level at all times during its energy generation activities, recognising the priority of human life, the health and living conditions of present and future generations, and the preservation of the environment and the material assets in the environment of the power plant.

The management of the company is committed to the safe operation of the nuclear power plant and to providing the resources necessary to achieve the goals, and its employees strive to consistently and fully meet the expectations, so they jointly guarantee the achievement of the goals.

The management of MVM Paks Nuclear Power Plant Ltd. regularly monitors the operation using the set strategic objectives (key performance) and the safety indicators proven in the international nuclear industry. The elements of the monitoring and oversight activities are the regular evaluation and measurement of process activities, the identification of corrective and preventive measures against non-compliance, improvement, self-assessment, independent evaluation and the review of the management system. The main areas of oversight processes are activity monitoring, radiation protection, nuclear safety oversight and industrial safety assurance.

MVM Paks Nuclear Power Plant Ltd. performs technical safety reviews, material tests, quality controls and measurements, supplier qualifications, supervision of lifting machines and environmental audits to verify compliance with the statutory regulations.

The management regularly monitors the satisfaction of external and internal customers, the compliance of its processes and the economic results of the company. The company conducts a safety culture quality assessment every 2 years to help assess and improve the overall state of the safety culture.

The management of MVM Paks Nuclear Power Plant Ltd. has all unplanned operational events investigated, carefully analyses the experience and determines measures to reduce the probability of events occurring for similar reasons. The implementation of the measures is also monitored.

MVM Paks Nuclear Power Plant Ltd. monitors the radiation conditions at the workplace, monitors and documents personal exposure to radiation, and also monitors the radioactive releases and nuclear environmental impact of the nuclear power plant. The radiation protection regulations of MVM Paks Nuclear Power Plant Ltd. contain the organisational, technical and health measures that guarantee the radiation safety of the operation of the nuclear power plant and the requirements for their implementation.

The management of MVM Paks Nuclear Power Plant Ltd. provides conditions for work that is safe and without risk to health and conditions for dangerous hoisting in the areas of occupational safety and fire protection, and provides for the activities related to fire protection. The management also carries out activities related to disaster management, accident prevention and civil protection preparation. To deal with emergencies, the company has established an organisation consisting of its own employees and employees designated by its contractual partners. The accident prevention strategies also cover catastrophic events.

At MVM Mátra Energy Ltd., crisis management is based on emergency management plans (disaster plans and recovery plans), which are prepared to help manage possible emergencies that have been considered so far and are annexed to the Emergency Management Policy. The emergency management system also covers the management of business continuity events, and, to this end, business continuity plans are also developed and applied.

The necessary preparation and updating of emergency plans and emergency management plans are carried out by an organisational unit designated by the competent director and are overseen by the Deputy Head of the Crisis Team. The new or amended emergency management plan(s) has (have) to be ordered by amending the relevant crisis management policy or, in its (their) absence, it is (they are) implemented with the assistance of the invited experts, taking into account the given situation.

It is the responsibility of the directors to ensure the availability of the plans in their own functions. The plans are reviewed immediately in the case of legislative changes or management decisions, but no later than quarterly. The author is obliged to provide training on the plans and the amendments made to them in a documented way to those involved in emergency management in the event of an emergency.

In order to deal with emergencies quickly and efficiently, the Crisis Team starts operating immediately at the company, if necessary, which is entitled and obliged, in an emergency, to direct the management of abnormal events, to make decisions on emergency management, to seize executive authority and to directly give instructions to all employees of MVM Mátra Energy Ltd. Only the Head of the Crisis Team may authorise communication outside MVM Mátra Energy Ltd. in connection with the event that has occurred.

The Emergency Management Policy is available for:

- power system breakdowns,
- fire on the power plant site,
- fire on the coal transport route of the Visonta Mine,

- fire on the coal transport route of the Bükkábrány Mine,
- pandemic events at the company,
- management of mining breakdowns amounting to a crisis,
- disruption of scheduled bus and worker transport bus services,
- prevention of the spread of power plant breakdowns caused by extreme cold weather,
- earthquake, windstorm, large amounts of precipitation or heat advisory on the power plant site,
- protection against flood situations affecting the Visonta and Bükkábrány Mines,
- terrorist threat to the power plant site,
- state of emergency, preventive defence situation, terrorist threat, unexpected attack and emergency ordered by the National Assembly,
- rupture of the dam of the Markaz Reservoir,
- fatal or serious accident or fatal or mass occupational disease on the sites of the Visonta and Bükkábrány Mines,
- fatal or serious accident or fatal or mass occupational disease on the power plant site,
- administrative IT system crash – Recovery Plan (DRP).

An Internal Protection Plan has been prepared on the power plant site, the practical verification of which is regularly monitored by the National Disaster Management Authority. The investigation of abnormal events is carried out in a regulated manner.

An annual technical safety inspection schedule and a technical safety training plan have been issued on the power plant site. In order to raise safety awareness, preliminary, recurring and extraordinary occupational safety and fire protection training is ongoing in e-learning and in person. The safety training of the managers and representatives of external partners working in the operating area of the company is carried out in a preliminary manner and within an organised framework.

Among the sites of MVM Balance Ltd., the Lőrinci, Sajószöged, Litér and Bakony sites are subject to the Disaster Management Act; therefore, they have to have serious incident prevention and response plans and internal protection plans (collectively the ‘safety documentation’). These prevention and response plans review the actual and potential negative impact on the economy, the environment and people.

The plans set out the containment of emergencies, ways of eliminating them and measures to be taken in order to minimise adverse impact on people, assets and the environment.

The plans describe in detail the environment of the sites dealing with hazardous materials, the activities carried out by adjacent operators, the factors taken into account in the calculation of the social risk (population, environment and natural environment) and the endangerment to the natural environment arising from a serious accident involving hazardous materials. In addition, the safety documentation includes mortality and individual risk calculations.

The plans include the main objectives developed in relation to the prevention of serious accidents involving hazardous materials and the protection against their impact, as well as the operational organisation system and means and instruments that ensure a high level of protection of human health and the environment.

The safety documentation has to be reviewed every 5 years or urgently in the cases specified by law and has to be submitted to the territorial body of the disaster management authority.

The safety documentation was accepted by the disaster management authorities with jurisdiction in the area, with the proviso that the company is obliged to operate in accordance with the safety documentation. The disaster management authority carries out hazard assessment on the basis of the safety documentation, including the data to be protected, and publishes its version or extract that does not contain any data to be protected. The authority sent this extract to the mayor of the municipality threatened by the impact of the plant dealing with hazardous materials and to the local

body of the authority. The mayor publishes an announcement, which will be available for 21 days, immediately after receipt of the documentation, but within 15 days, at the latest. During this period, the public concerned may comment on it. No comments of this nature were received by the company.

The plans include a description of the strengths as well as the means and instruments of protection against serious accidents involving hazardous materials and of activities aimed at reducing the impact; the definition of damage prevention and response tasks; the external and internal forces that may be involved in protection; and an introduction to the persons responsible for protection and a description of their tasks.

As part of the preparation for the protection against the impact of serious accidents, the training and preparation of the management staff, the implementing organisation and the plant workers not involved in the implementation as well as the external partners are carried out annually.

The company regularly checks the feasibility of the plans. To this end, it has some of the organisations specified in the plan perform a drill annually and all organisations, every 3 years. The feasibility of the preparation is checked annually by the disaster management authority with jurisdiction in the area. These drills took place in 2023 with respect to the designated sites.

The disaster management authority checks the professionalism, legal compliance and preparedness of the staff participating in the drills carried out on the sites in person and rates their effectiveness. The drill is also evaluated by the company, of which a record is taken, and the record is submitted to the territorial bodies of the disaster management authority. The drills carried out in 2023 received satisfactory rating from the authority for each site.

The Company has policies for handling critical incidents (such as Internal Business Continuity Policy and Internal Information Security and Emergency Management Policy). The purpose of these policies is to meet the expectations of shareholders, owners and customers as well as social (especially environmental) expectations, in such a way that the activities of the company and the quality of its services meet the requirements set for its environment and itself, along with energy efficient operation and ensured business continuity.

The Business Continuity Policy sets out the measures necessary to maintain the business continuity of the company and the operation of key processes critical to the company, indicating those responsible, stating resources, and describing the procedures to be followed in case of business interruption or threat of interruption.

It also includes business continuity action plans to maintain the continuous operation of critical key processes during crisis periods, identified during the business impact analysis. Online training is held annually in connection with the tasks arising from the Business Continuity Plan.

The purpose of the Information Security Policy is to provide uniform frameworks, interpretations and guidance for data hosts and IT tool operators, developers and users, laying down the rules they must follow when handling the data assigned to their jobs.

The performance of professional tasks related to this is the responsibility of the Information Security Officer of our company. All employees and external partners of the company are obliged to report any security incident experienced or security vulnerability discovered by them forthwith to the Information Security Officer.

The Information Security Officer is responsible for evaluating these incidents and produces quarterly reports detailing them.

The Information Security Officer conducts annual security incident management training for employees using the IT tools and systems of the company, which was also held in 2023.

The management of critical incidents at company level is managed by the Corporate Crisis Team, which is the number one decision-making and management forum during a crisis situation, headed by the CEO of the company. If the unusual incident cannot be foreseen to be handled in the normal course of business, the CEO or their deputy declares a crisis situation and the crisis level.

In 2023, there were no unusual incidents the nature or severity of which would have required that the Corporate Crisis Team be set up, and critical key processes were not jeopardised during the operation of the company in 2023.

The management of the company is committed to safety, strives to use the best available technology and tools, and considers safety to be a priority in all circumstances. Therefore, it incorporates different levels of legislation into its internal procedures, through the operation of which it continuously monitors and documents compliance with the regulations. In addition to legal compliance, it also strives to ensure that the technical safety measures reflect the state of the art at all times.

MVM GG Ltd. plans to introduce disaster management measures for the occurrence of a condition caused by a natural disaster or industrial accident endangering the life or health of employees, the safety of property, the integrity and operability of facilities or the environment, in particular:

- an air pollution condition arising due to adverse meteorological conditions, during which the concentration of any air pollutant exceeds the 30-minute air quality limit in excess of the permitted number of cases;
- direct and severe pollution of the environment by hazardous waste;
- an accident occurring at an industrial facility or during the storage and transport of hazardous materials, where the toxic substances released into the open air pose a massive and serious risk to human life or health and to the environment;
- during flood protection, if it is predicted that the flooding water will approach the highest water level ever detected and further significant flooding is expected or if there is an unavoidable ice jam or if there is a risk of levee breach;
- extensive, continuous, intensive, persistent snowfall or blizzard for several days;
- risk or occurrence of unexpected fire, explosion, earthquake or building collapse directly threatening the occupants of the facility.

The master emergency response plan of the company includes civil protection tasks in order to protect against endangering effects, which are necessary to protect the life and health of the employees of the company in the case of a risk or the occurrence of a disaster, to prevent or mitigate damage and to ensure the conditions for continued operation in a disaster situation, if necessary.

In broadcast time, disaster alerts are given on the Hungarian public television and radio broadcasting stations and on national, regional and local stations broadcasting radio and television programmes, by taking over the announcements of Hungarian public television and radio stations and on the basis of communications received on the Marathon Terra infocommunication app.

The only activity of Vértés Power Plant Ltd. in 2023 was the reclamation of ash ponds. The company is prepared for the risks of key events and contingency planning on and off site. The way emergency situations are handled is determined jointly by company-level regulations (Fire Code and Environmental Protection Code), site regulations (for example, Fire Code for Abandoned Sites, Rescue Plan) and Clean-up Plans. The Clean-up Plans in force are also approved by the competent authorities on the basis of the legal rules. Following the sale of the power plant in 2022 and the further operation of the Oroszlány site of the company in rented buildings, the company revised the codes. The employees of the company receive regular occupational safety and fire protection training.

The company also has an emergency management plan that is not based on the orders of the authorities, but has been introduced on the principle associated with prevention for safe work. The

regular inspection of the condition of the dykes and slopes of the ash pond at Oroszlány is one example. Based on the requirement of Eurocode 7 (Hungarian Standard MSZ EN 1997), the company has had a monitoring system installed, thus it is possible to decide on any necessary interventions by continuously monitoring the engineering structure. With the help of monitoring, it is possible to forecast possible unexpected events and to consider and plan the necessary interventions. In 2011, the management of the company ordered the enhanced inspection and continuous monitoring of the ash pond. The monitoring activity has been ongoing ever since, and an external contractor prepares an annual monitoring report from the measurement results obtained.

The 2023 report established that no deterioration or damage of any kind could be detected at the ash pond, either visually or with instruments. Based on the results obtained, there is currently no need for intervention, the stability of the ash pond is satisfactory, and regular monitoring needs to be continued.

MVM Oroszlány District Heat Generation and Service Ltd. has an internal regulatory document *Preparation and response to emergencies*. The document includes, among other things, the definitions of emergency situations, the actions to be taken and the employees' tasks. The *Business Code* regulates the operation of the heating plants and their auxiliary equipment in the service area, while the document *Operating Rules* applicable to heating plants regulate the same in detail, such as the operational tasks of the contributors, the organisation of operation, the management of technology, the planning of operation and maintenance, and the handling of breakdowns.

As district heat generation and district heating licensee, the company is subject to Act XVIII of 2005 (District Heating Act) and its implementation decree, which act as the most important regulations for its operation. The company is committed to increasing its availability and reliability within the limits of statutory and technical possibilities. Therefore, it always carries out statutory inspections, and the material tests and quality controls are continuous in accordance with the maintenance plan. Pressure equipment and the safety equipment of the firing equipment are also regularly inspected by the Measurement and Technical Safety Authority with jurisdiction in the area, operating within the Government Office. The regular inspections of safety, protection, and gas and fire detection equipment are carried out with the involvement of the manufacturer.

Unplanned operational events are always investigated, and the experience is incorporated into the technical practice and maintenance plans after analysis. The company is able to respond quickly and professionally to eliminate breakdowns by involving its own and external resources. However, in the event of a prolonged power failure or gas supply outage, it is not possible to supply consumers. In such cases, the relevant legislation applies.

TECHNICAL SERVICES COMPANIES

The emergency management system ensures the continuity of functions critical to the operation of the companies, and if an unforeseen risk event occurs, it minimises its effect.

The emergency management activities of the companies extend to the management of business continuity incidents, disaster events and pandemic situations. To this end, the emergency management system includes devising and applying business continuity plans, recovery plans, contingency plans and pandemic plans.

If abnormal events occur, it is necessary to implement the previously developed plans in order to maintain the course of business. The persons authorised to do so are included in the emergency management plans.

Upon the occurrence of an abnormal event and subsequently, during the management of the abnormal event, the designated staff member is obliged to enter the measures taken in the Abnormal Events Management Record.

Following the return to the normal course of business, the management of the emergency situation will be evaluated and a report will be made on the measures taken, their efficiency and

appropriateness, difficulties and questionable situations, if any, the necessary corrective measures, deficiencies and overall experience.

DISTRIBUTION NETWORKS

MVM Démász Electricity Network Ltd. and MVM Émász Electricity Network Ltd. identify critical system components for their energy supply equipment and take the required measures every 5 years as required by the applicable government decree. They have action plans for dealing with emergency situations involving a breakdown, the aim of which is to manage the crisis situation efficiently and to maintain business continuity, while reducing disturbance to customers. Following a real emergency situation involving a breakdown and on the basis of the experience gained during the evaluation of the annual emergency management drills, they take the necessary corrective actions and prepare action plans.

The companies have cooperation agreements with the national and county disaster management organisations, under which mutual assistance is provided; and MVM Démász Electricity Network Ltd. also has a cooperation agreement with MVM Émász Electricity Network Ltd. Network licensees have obtained joint provisional pylons under a cooperation agreement for the management of emergency situations involving a breakdown of the main distribution system. As a result of the cooperation agreement between the network licensees, six provisional 132 kV pylons and six provisional 220 kV pylons were made, along with cables sufficient for them, so that in case of a possible emergency the provisional network can be quickly established. All devices (pylons, insulators and cables) are provided for this, and they are stored on the site of MVM XPert Ltd. in Bicske. An agreement was also concluded for the storage, guarding, use and availability of materials (on-call system).

Hungarian Gas Storage Ltd. uses and stores hazardous materials in its natural gas storage facilities. It keeps continuous records of the hazardous materials in the storage facilities. Its emergency preparedness is reflected and regulated in operational response plans. Its staff prepare for environmental emergency situations and the possible responses to them in recurrent training, and emergency situations are simulated in drills.

11.8.3 and 12.13.3

Within the MVM Group, a Tier1 fire occurred at conveyor drive station No KSZ-02 at the Visonta mine of MVM Mátra Energy Ltd. on 15 September 2023. Forty-three minutes elapsed between the first detection of the fire and its complete extinction. The employees of the mine and the members of the Visonta Facility Fire Brigade of MVM Mátra Energy Ltd. took part in firefighting. The professional municipal fire brigade was also notified and arrived at the scene, but they did not intervene because the fire had been extinguished by then. No personal injuries were sustained during the fire and firefighting. The fire did not affect the population in any way. The quick detection of the fire on the conveyor head mitigated the damage; the fire caused HUF 62 million in damage.

4.2 Employees and employment

GRI F3-3

In order to implement the business strategy of the MVM Group, it is especially important to attract a skilled and talented workforce, to keep the employees in the long term and to continuously improve them since these together ensure the permanent existence of the competencies and skills necessary for the effective implementation of organisational goals. When developing and applying the systems supporting them, the aim is to continuously ensure flexible, fast, change-supportive and transparent operation.

The MVM Group supports the principle of fair treatment, including guaranteeing diversity, equal opportunities, equal remuneration and the right to freedom of association. A wage and social benefit system operating on the basis of uniform principles at group level and an incentive system based on performance evaluation are in place.

The life and well-being of the employees are fundamentally determined by the type of workplace that the employer creates for them. In turn, remuneration practices affect the employees' financial situation and standard of living. For the MVM Group, employees represent a value and, as employer, it wants to provide long-term, stable jobs and competitive salaries to them.

The MVM Group is committed to preserving the well-being of its employees through a wide range of benefits and family-friendly programmes in order to ensure that the employees maintain a balance between their private and professional lives at all stages of their lives.

The creation, preservation and sharing of knowledge and organisational competitiveness are central issues, which are facilitated by the transformation of the knowledge accumulated in the Group to organisational level in order to meet special and specific competence expectations. To this end, the Group applies a framework in which the possibility of supplying skilled workers, experts and managers is also provided in the long term.

In addition to supporting the high-level performance of job tasks, special emphasis is placed on developments preparing for the future. Dedicated programmes support succession preparation through development processes, preceded by talent calibration processes in talent management.

The MVM Group places emphasis on promoting individual career ambitions by organising career days, providing opportunities for career discussions, and taking career goals into account in the recruitment and selection process. In 2023, about 200 employees participated in the MVM Go On inspirational career day.

The talent and career management systems are connected by the Career Mentor Programme, which aims to support the realisation of goals related to both managerial and expert career paths, to get to know examples and good practices, and to convey the values of organisational culture.

From 2024, the MVM Group will place special emphasis on supporting expert career paths with development programmes in order to ensure that ambitious and talented employees find their professional or vocational goals in the organisation in the long term and are satisfied.

HEADCOUNT

GRI 2-7 and S-HUC-01

According to records, the number of employees in active employment and with employment contracts of the consolidated companies of the MVM Group was 19,128 at the end of 2023.

Year	Total headcount (persons, as at 31 December)
2023	19,128
2022	18,399
2021	14,672

In 2021, the headcount of companies with less than 50 employees was not included in the report, which is primarily the reason for the significant headcount difference between 2021 and 2022. For 2021, the headcount calculated with companies with fewer than 50 employees was 17,739.

S-HUC-18, S-HUC-19 and S-HUC-21

Employees by employment type and location, 2023 (persons)	Total	Hungary	Europe (with Hungary)	Asia
with an indefinite-term employment contract	18,542	17,223	18,495	47
with a definite-term employment contract	586	296	586	0
full-time	18,764	17,296	18,717	47
part-time	364	223	364	0
Total	19,128	17,519	19,081	47
of which non-guaranteed hours employees	1,145	125	1,145	0

Non-guaranteed hours employees are employed by the companies of the MVM Group without a guarantee of a minimum or fixed number of working hours. The employee may need to make themselves available for work as required, but the companies are not contractually obligated to offer the employee a minimum or fixed number of working hours in a day, week or month. For example, also taking into account the definition of the National Statistical Office, this includes employees with employment contracts stipulating less than 60 working hours per month (in the case of the innogy companies, less than 80 working hours per month).

In 2023, 98.1% of the employees in the MVM Group worked full time and 96.9% of them had indefinite-term employment contracts.

Distribution of the employees of the MVM Group by employment type									
	2021			2022			2023		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Year-end headcount (persons)	14,672	10,148	4,524	18,399	12,199	6,200	19,128	12,444	6,684
with an indefinite-term employment contract	14,312	9,960	4,352	17,738	11,889	5,849	18,542	12,201	6,341
with a definite-term employment contract	360	188	172	661	310	351	586	243	343
full-time	14,498	10,096	4,402	18,054	12,123	5,931	18,764	12,369	6,395
part-time	174	52	122	345	76	269	364	75	289
non-guaranteed hours employees	n/a	n/a	n/a	890	435	455	1,145	555	590

For 2021, the headcount calculated with companies with fewer than 50 employees was 17,739.

GRI 2-8

The MVM Group also employs borrowed workers and workers with a contract of agency (*‘workers who are not employees’*). Their number was 742 at the end of 2023; of that figure, 355 were borrowed workers, that is, leased workers. The main reason for the significant decrease in the number of the leased workforce was the decrease in the number of employees employed in the customer service area in the personal customer service offices, in telephone call centres and sales jobs at MVM Customer Relations Ltd. and MVM EÉ Customer Relations Ltd., which was caused by a significant decrease in the volume of additional tasks in 2022 due to the changes in law relating to the electricity and gas tariffs. Leased workers are present in support administrator and customer manager positions in the distribution area and technical fields. Borrowed workers receive the same benefits as staff.

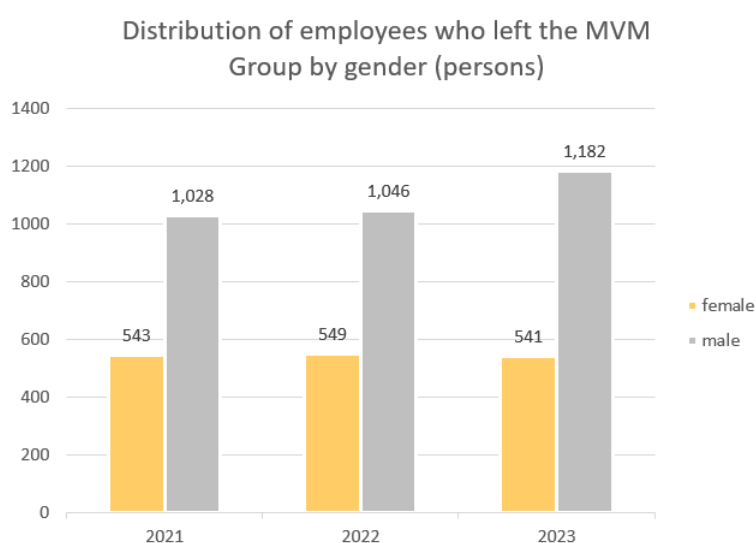
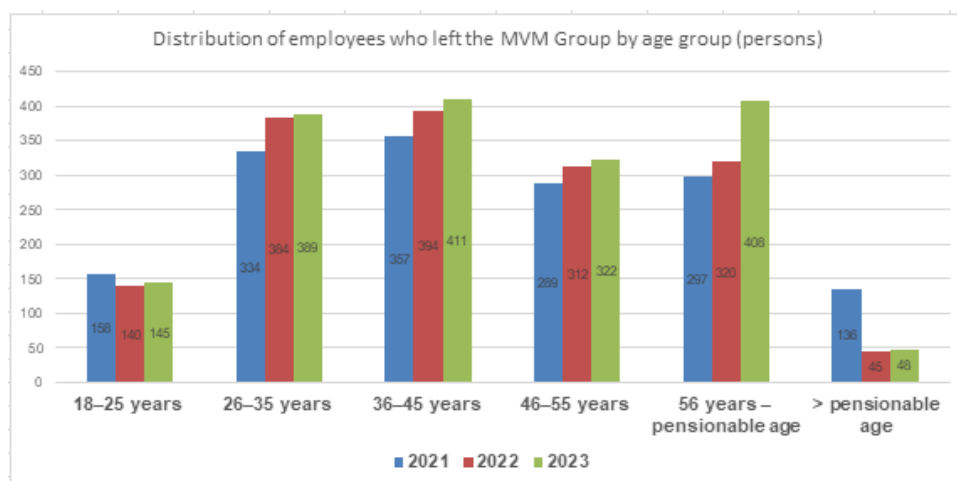
Workers who are not employees	2021	2022	2023
Number of leased workers, persons	191	653	355
Number of workers with a contract of agency, persons	n/a	382	387
Total workers who are not employees, persons	n/a	1,035	742

EMPLOYEE TURNOVER

GRI 401-1 and S-HUC-25

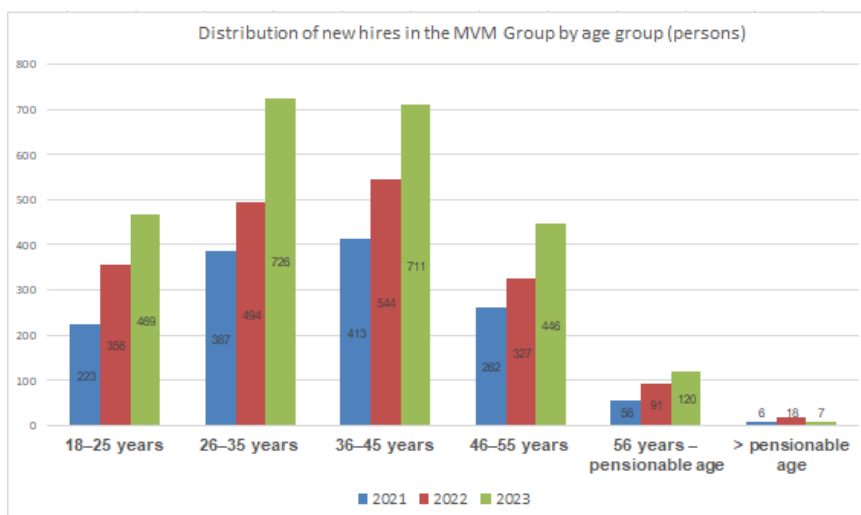
The proportion of leaving employees was 9% of the total headcount. In 2023, the average length of service for employees leaving the MVM Group was 6 years for both men and women. The proportion of employees entering the MVM Group was 13% of the total headcount.



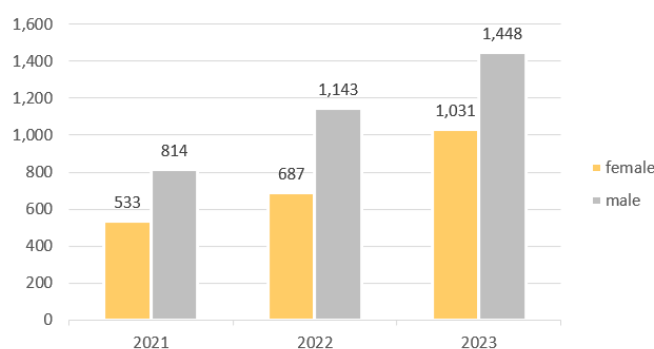


Distribution of employees who left by age group and gender, 2023	Unit	Total	18–25 years	26–35 years	36–45 years	46–55 years	56–65 years	>65 years	female	male
Number of employees who left	persons	1,723	145	389	411	322	408	48	541	1,182
Total number of employees	persons	19,128	892	3,340	5,313	6,118	3,340	125	6,684	12,444
Proportion of employees who left	%	9.0	16.3	11.7	7.7	5.3	12.2	38.6	8.1	9.5

Distribution of employees who left by region, 2023	Unit	Total	Hungary	Europe (with Hungary)	Asia
Number of employees who left	persons	1,723	1,526	1,703	20
Total number of employees	persons	19,128	17,519	19,018	47
Proportion of employees who left	%	9.0	8.7	8.9	42.6



Distribution of new hires in the MVM Group by gender (persons)



Distribution of new hires by age group and gender, 2023	Unit	Total	18-25 years	26-35 years	36-45 years	46-55 years	56-65 years	>65 years	female	male
Number of new hires	persons	2,479	469	726	711	446	120	7	1,031	1,448
Total number of employees	persons	19,128	892	3,340	5,313	6,118	3,340	125	6,684	12,444
Proportion of new hires	%	13.0	52.6	21.7	13.4	7.3	3.6	5.6	15.4	11.6

Distribution of new hires by region, 2023	Unit	Total	Hungary	Europe (with Hungary)	Asia
Number of new hires	persons	2,479	2,239	2,471	8
Total number of employees	persons	19,128	17,519	19,018	47
Proportion of new hires	%	13.0	12.8	12.9	17

In the selection process, employee referral and recruitment help the development of the organisation in order to acquire a talented workforce. The effectiveness of the employee referral reward is measured on a semi-annual basis, based on the indicators of number of referrals, number of successful referrals and number of referral rewards paid.

In order to keep the organisational knowledge within the Group and to extend it within the organisation, the current employees have priority when applying for the job advertisements of the MVM Group. By creating the possibility of internal movement between the member companies, in

addition to fulfilling individual career goals and retaining the employee, the special knowledge inherent in the individual and integrated into the organisation is able to serve the strategic goals.

On the career portal of the MVM Group, applicant satisfaction measurement was introduced, the main considerations of which are the clarity of the job advertisement, the information received during the interview and the mood of the interview, the speed of the feedback received about the application and the overall satisfaction with the selection process.

The MVM Group provides an onboarding programme for new hires (integration plan, support or professional mentor within the organisation, the online game-based training programme *Compass* and the group-level Onboarding Day). The efficiency of the integration is measured with a questionnaire after the first month.

S-GED-20

In order to ensure the appropriate recruitment of specialists, the MVM Group operates a Watt.s up practical programme and provides opportunities for students in a number of areas: compulsory professional experience for technicians and university students, cooperative practical education for electrical and gas engineers, cooperative education for electrical engineers, internship programme for university students, support for undergraduate thesis writing and a corporate scholarship programme. The MVM Group regularly participates in major job fairs and technical career orientation events, appears at university professional days and continuously builds its school relations in accordance with the need for young employees. In 2023, after participating in the internship programme, 16% of the interns remained in the MVM Group.

Also to ensure the supply of specialists, the company has concluded strategic cooperation agreements with schools, universities and student cooperatives. It aims to attract, integrate and retain school leavers in addition to experienced specialists in both the short and long term. In 2023, the company had a contractual relationship with a school cooperative. Students employed through a school cooperative are not included in the headcount.

In cooperation with associations (e.g. Student Energy Association, Together for Future Engineers Association and Konnekt), the MVM Group provides professional experience and internship programmes for interested students, and qualified lecturers hold lectures on various topics at joint events and conferences.

MANAGEMENT

GRI 202-2, G-CGO-07, G-CGO-08 and G-CGO-09

The proportion of locals³⁴ in the senior management³⁵ is 100% at the important locations³⁶ of the MVM Group.

The number of executive officers and members of the Supervisory Board in the MVM Group as a whole is 366, of which the number of women is 68, representing 19%. Among the executive officers, the number of organisationally independent members is 63.

REMUNERATION

GRI 2-19 and G-CGO-10

The remuneration package of the members of the supreme management body and senior executives of MVM Ltd.³⁷ is in line with the following regulations:

- Act I of 2012 on the Labour Code,

³⁴ Local: citizen of the given country

³⁵ Senior executive: CEO and Chief Officers in the case of MVM Ltd. as well as the Chief Executive of the consolidated companies of the MVM Group

³⁶ Companies employing more than 500 employees are considered significant locations.

³⁷ <https://mvm.hu/hu-HU/Rolunk/Vezetoseg/Javadalmazas>

- Act CXXII of 2009 on the more economical operation of publicly owned companies (Economical Operations Act),
- Government Resolution No 1660/2015 of 15 September 2015 defining the executive employee remuneration system for majority state-owned companies,
- the Remuneration Rules, as in force.

The remuneration of the Board of Directors and the Supervisory Board of MVM Ltd. is determined by the supreme body of the company. In addition to emoluments, no other pay is determined or, if the legal relationship is terminated, no other cash benefits will be granted to them. Incentive pay (bonuses) may not be paid to the members of the Board of Directors and the Supervisory Board.

In addition to the basic salary determined by the above-mentioned regulations, the executives of MVM Ltd. subject to Section 208 of the Labour Code, including the CEO and Chief Officers of MVM Ltd., are entitled to other fringe benefits and non-fringe, welfare and social benefits in accordance with the provisions of the Remuneration Policy, up to the maximum extent that can be given to non-managerial employees.

In the case of senior executives, the company applies the provisions of the Labour Code in respect of severance pay and notice period, given that senior employees are not covered by the collective agreement.

The current Remuneration Policies in force within the MVM Group define strict requirements in relation to the objective: a total of six items must be defined as performance requirements, in connection with which efforts should be made to ensure that three items are economic indicators, while at least one additional item is a KPI and at least one additional item is a professional task, and the total number of KPIs and professional tasks should be three if possible. Performance requirements of less than six items may only be set in particularly justified cases. These are determined by the Sole Shareholder of the company or by the officer exercising the employer's rights.

In the case of executives subject to Section 208 of the Labour Code, based on the current performance incentive-setting scheme adopted by the supreme body, the group-wide targets include the group-wide strategic KPIs the performance of which affects the amount of the performance incentive paid to them. The MVM Group adopted its ESG Strategy in 2022. It assigned key indicators (KPIs) to key ESG topics. Some of the KPIs have been incorporated into the performance requirement of executives and managers subject Section 208 of the Labour Code. Its composition and weighting vary from person to person. Thus, the achievement or non-achievement of goals attached to KPIs affects the amount of the annual bonus of executives and managers covered by Section 208 of the Labour Code under the Remuneration Policy.

GRI 2-20

As a responsible employer, the remuneration objective of the company is based on attracting and retaining the most talented and most motivated employees. To this end, it has developed a competitive, balanced and predictable remuneration package at all member companies, which, in addition to fixed elements, also includes performance-related incentives in accordance with the needs of employees and domestic best practices.

In order to establish the internal fairness of remuneration packages, to enable labour market comparisons and to develop market-conform salaries, the MVM Group operates a uniform, highly transparent and consistent job evaluation system. Job evaluations are based on the methodology used by the Hay Group / Korn Ferry to determine how each job contributes to achieving organisational goals. Job evaluation makes the following clearly visible by systematic analysis of jobs, with a consistent evaluation methodology:

- levels of responsibility within the organisation,
- comparisons between the jobs of different organisations on the basis of size and complexity,
- differentiation of jobs within the organisation.

When evaluating jobs, the evaluator collects information by analysing jobs while mapping the organisational structure. During the analysis, the role and main responsibilities of the jobs within the organisation are examined.

The process is supported by the Job Evaluation Committee. The committee is a group-wide decision-support, proposal-making body entitled to evaluate jobs, which has the knowledge necessary for the evaluation methodology, and its members represent and are familiar with the different functions in the organisation.

The MVM Group lays down the remuneration policies and rules in a code, which also ensures the principles of equal treatment and transparency. The policy is also available to the employees. The remuneration of employees (48%) who receive regular performance evaluations and career development reviews varies according to measurable objectives.

GRI 401-2

Fixed-term and part-time employees are entitled to the same benefits as full-time employees.

GRI 2-21

The highest-paid person in the MVM Group in 2023 is the CEO of the holding company, whose annual remuneration is 5.6 times the median annual remuneration of all MVM Group employees with employment contracts (2022: 6.5 times). In addition to wage-type benefits, fringe benefits (including the SZÉP card benefit, contribution of the employer to voluntary plans and health insurance) were also taken into account in the calculation of the rate. The ratio between the percentage increase in the annual remuneration of the CEO of the holding company and the percentage increase in the median remuneration of all contract employees is 0.23%.

WAY OF WORKING

S-HES-10

Based on the Labour Code, the MVM Group provides an opportunity for a flexible work schedule. For some employees, the application of the rules of flexible working time results in more efficient and more balanced work, which gives them a great deal of flexibility in the organisation of their work and other activities (leisure time, family, etc.).

S-HUC-37

At group level, employees spent 12.5% of all days worked working in home office. Most of them work in energy generation and physical jobs in the Group, where teleworking is not possible. The proportion of working from home also decreased in white-collar jobs compared to 2022, for the purpose of more intensive office cooperation.

COOPERATION

GRI 2-29 and G-RCO-10

The Group considers it important to measure employee satisfaction and commitment, the results of which serve as inputs for organisational development. The anonymous measurements are adapted to the current maturity and challenges of the MVM companies, so the activities supporting the development of organisational culture are also tailor-made. In order to further improve the efficiency of executives and managers, the MVM Group joined an independent survey of the domestic labour market in 2023, which was aimed at learning about employee satisfaction with the benefit elements provided by their employers.

At group level, 36% of the employees participated in satisfaction surveys in 2023.

The MVM Group is committed to developing professional and sectoral dialogue, building relationships with schools and student cooperatives, which are key players in ensuring succession, and to cooperating closely with trade unions (see *Section 4.4* for details of the latter).

4.3 Equal opportunities

GRI DM3-3

In order to prevent all forms of discrimination and to ensure equal treatment and equal opportunities for employees, the MVM Group as well as its member companies have Equal Opportunity Plans in compliance with the legal rules and social and ethical requirements.

Employers belonging to the MVM Group do not apply discrimination, either directly or indirectly:

- in access to employment, in particular, in public job advertisements, hiring and conditions of employment;
- in any provision relating to a procedure preceding and facilitating the establishment of an employment relationship or other engagement for work;
- in the establishment and termination of an employment relationship or other engagement for work;
- in connection with training before or during work;
- in establishing and providing working conditions;
- in establishing and providing benefits, in particular, wages and salaries, accruing from an employment relationship or other engagement for work;
- in connection with membership or participation in employee organisations;
- in the promotion system;
- in the enforcement of liability for damages or disciplinary liability;
- in connection with the application for and use of parental leave, which helps employees reconcile their parental and employee obligations and increase the time available for caring for a child.

The MVM Group is committed to creating a **diverse and inclusive** (Diversity, Equity & Inclusion) **environment**, which contributes to the maintenance of innovation, creativity and a non-discriminatory culture. Creating diversity represents a long-term commitment. A diverse workforce is not only a legal and moral requirement, but also a business need. The best ideas and solutions are created by teams with diverse backgrounds and experience. Therefore, the vision of the company is to maintain a workplace where diversity represents an advantage in order to better serve customers, partners and supporters. Employee satisfaction, safeguarding equal opportunities, effective cooperation between several generations, and taking employees' opinions and ideas into account are important to it. All of this requires a coordinated approach, firstly, through the visible commitment, role, measurability and possibility of back-testing of executives and managers and, secondly, through active dialogue between employees and management, to which the company pays great attention.

The MVM Group strives to improve gender equality. The number of female executives is constantly increasing.

Employers belonging to the MVM Group pay special attention to those belonging to the following employment groups, with special regard to their treatment:

- women,
- expectant mothers,
- parents raising three or more minor children,
- employees with disabilities,
- employees caring for a chronically ill relative or a relative with severe disabilities,
- employees over 55 years.

GRI 406-1

There was no case of discrimination affecting employees in the Group in 2023 either.

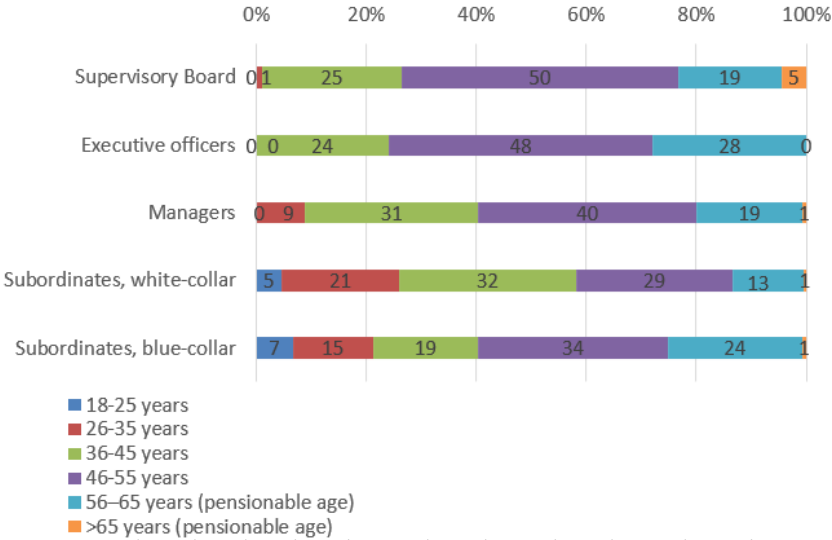
AGE GROUPS AND PROPORTION OF GENDERS

GRI 405-1, S-GED-08, S-GED-10, S-GED-12, S-GED-13, S-GED-14 and S-GED-15

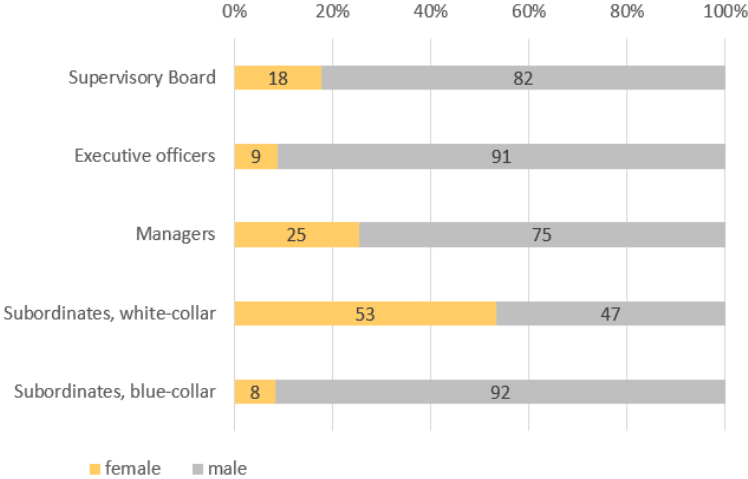
Age groups and proportion of genders in employee groups in 2023					
persons	Supervisory Board	Senior Executives	Executives and managers	Subordinates, white-collar	Subordinates, blue-collar
Total	287	79	2,496	10,349	6,204
18–25 years	0	0	6	474	412
26–35 years	3	0	216	2,220	904
36–45 years	73	19	786	3,319	1,189
46–55 years	144	38	990	2,954	2,136
56–65 years	54	22	480	1,324	1,514
>65 ^a years	13	0	18	58	49
female	51	7	632	5,522	523
male	236	72	1,864	4,827	5,681

^a Pensionable age

Management bodies and employees by age



Management bodies and employees by gender (%)



S-HUC-05, S-GED-01, S-GED-02 and S-GED-17

White-collar and blue-collar employees and employees with disabilities, 31 December 2023	Unit	Total	Male	Female	Proportion of women (%)
Total number of employees	persons	19,128	12,444	6,684	34.9
number of white-collar employees	persons	12,776	6,625	6,151	48.1
proportion of white-collar employees	%	66.8	53.2	92.0	
number of blue-collar employees	persons	6,352	5,819	533	8.4
proportion of blue-collar employees	%	33.2	46.8	8.0	
number of employees with disabilities (Hungary)	persons	75	47	28	37.3

EQUAL OPPORTUNITY IN PAYMENTS

GRI 405-2, S-HUC-41 and S-HUC-42

Salary ratio by gender, 2023	Unit	Region	Executives and managers	Subordinates, white-collar	Subordinates, blue-collar
Ratio of women's basic salary to men's basic salary	%	Total MVM Group	96.3	90.0	75.3
		Hungary	99.5	90.1	75.3
		Europe (with Hungary)	96.4	93.1	75.2
		Asia	90.6	90.0	0.0
Ratio of women's remuneration (basic salary + fringe benefits) to men's remuneration	%	Total MVM Group	93.3	76.7	71.5
		Hungary	96.4	77.9	71.4
		Europe (with Hungary)	93.3	76.6	71.4
		Asia	90.5	141.5	0.0 ^a

^a There was no such employee.

The CEO's annual base salary compared to the average annual base salary of all employees is 738%.

S-GED-05

WOMEN AT MVM

The *Women at MVM* programme was launched in 2020 with the aim of giving women a greater role in the energy industry, balancing the competencies associated with male and female operations, and changing the mentality associated with gender stereotypes in operations in a positive direction. The programme includes presentations and workshops, research and a women's career mentoring programme to raise the employees' awareness about gender equality. In total, about 1,000 employees participated in the programme in 2023.

In 2023, four presentations were given under the programme, with an average audience of 250 people at group level. The topics of the presentations were 1. Change management; 2. Women in the energy sector, presentation of the results of a survey independent of the company; 3. Introduction to the topic of hidden biases; 4. Finding everyday motivation as an employee and as an individual. Employees were also involved in the selection of topics for the events through a questionnaire survey.

The company also supports ambitious employees with a women's career mentoring programme; under it, managers provide developmental support for their colleagues' expert and managerial career paths. Following the completion of the mentoring programme launched in 2022, the MVM Group will launch a new mentoring process in 2024.

MVM Ltd. has joined the HBLF (Hungarian Business Leaders Forum) organisation, which has a key role and experience in the development and mentoring of female leaders, and in strengthening the network of female leaders based on international practices. Our staff regularly participate in the working groups of the organisation.

After 2 years, in 2023 the Group repeated the questionnaire survey, looking for answers on how to improve the image of female diversity in the MVM Group. Based on the feedback, the company is constantly working on the implementation of developer recommendations.

DIVERSITY SUPPORT PROGRAMMES

In 2023, MVM Ltd. created an opportunity for employees to participate in Unconscious Bias workshops; 60 people joined these programmes. The programme aims to draw attention to the advantages of diverse teams in corporate life, such as cultural background, different life experiences, age and gender, furthermore, the aim is to recognise and consciously address cognitive biases, and overall to shape attitudes for more inclusive and effective organisational operation. MVM Ltd. will continue the programme with workshops in 2024.

FAMILY-FRIENDLY INITIATIVES

S-GED-26

As part of equal opportunities, the MVM Group places special emphasis on employees as an integral part of communities and families. In 2023, a total of 24 programmes were running in the MVM Group, which supported the balancing of parental and workplace roles of employees raising children.

Every year, the Group joins the #mutiholdolgozol programme with an open day where the employees' children can get closer to their parents' workplaces and can gain an insight into how the industry works. In addition, they provide an experience programme for the employees and their families on Family Days.

Online language training for employees was also made available to family members in an unsubsidised form, and health insurance services can also be extended to family members at a reduced rate.

Working parents programmes

In the spring and autumn of 2023, several presentations were organised, raising awareness of the importance of parenthood and enabling employees to seek information and develop.

The presentations organised with the involvement of external experts included: Teenagers and young people, Mother-in-law and father-in-law as family resources, The importance of the father's role, Family dynamics, Career guidance advice for parents of high school children, Anxieties in early childhood and Education in reading.

About 800 people attended the presentations.

Maternity Programme

In addition to the continuous information and involvement of mothers with small children receiving childcare allowance or toddler care allowance, 18 people participated in the mentoring programme in 2023, which made it possible for mothers with small children to prepare for the dual role of employee and mother by talking to parents who have already returned to work. In addition, under the Maternity Resource Bank programme, an opportunity is provided to flexibly employ mothers with small children under a contract of agency a few hours a week for 3 to 6 months on a project basis in the period prior to their return. In addition to the financial supplement, this also promotes development opportunities and a gradual return for the employees.

GRI 401-3

In 2023, a total of 1,765 people were entitled to long-term parental leave in the MVM Group. 216 people returned from parental leave, and both the return-to-work rate and the retention rate were high.

	Characteristics of employees who took parental leave in 2023	Unit	Total	Male	Female
A	Employees entitled to parental leave (for example, baby care allowance, toddler care allowance, childcare allowance)	persons	1,765	993	772
B	Number of employees who took parental leave	persons	650	13	637
C	Number of employees returning from parental leave	persons	216	3	213
D	Employees who left the company after the expiry of parental leave	persons	44	0	44
E	Number of employees expected to return from parental leave (estimated)	persons	90	3	87
F	Number of employees returning from parental leave in the calendar year PRECEDING the reference year (estimated)	persons	235	4	231
G	Employees still employed 12 months after returning (estimated)	persons	207	3	204
	Rate of returning to work (C/C+D)	%	83.1	100.0	82.9
	Retention rate (G/F)	%	88.1	75.0	88.3

S-GED-27

MVM Crèche

With a government subsidy of HUF 144 million, the company built crèches at three locations (in Paks and two in Budapest). Following approval by the authorities, the project was taken over by the MVM Foundation for Energetic Children as maintainer and operator in 2022 and 2023. The crèche service is available to the employees of the MVM Group.

In 2023, the company provided 48 places for the children of MVM employees at three locations. Crèches operate at maximum capacity.

Family programmes

The MVM Group continued the practice of family programmes that had been moved to the online space during the pandemic emergency. At Easter and on Santa Claus Day, it organised the shows for different age groups, also thinking about children of different ages and their parents. It also involved mothers with small children, who were not active but were on staff, in the online activities.

The above programmes are also recognised by Hungarian organisations. In 2023, the MVM Group renewed its title as a Family-friendly Mentoring Organisation, and in 2024 it will participate in an audit process in order to obtain the Family-friendly Trademark.

55+ PROGRAMME

In 2023, the MVM Group prepared a programme called Career 55+, supporting employees before retirement, which was presented to 16 interested employees in November. Based on feedback, the programme will be launched in 2024 at those companies of the MVM Group where the employee age pyramid shows a wide spectrum, and focus can be laid on the cooperation of generations in addition to supporting senior employees. About 250 employees employed after their retirement are also taken into account.

The Pensioners Programme, which has become a tradition at several companies of the MVM Group, continued. Under the programme, the company concerned presents an annual meeting (strengthening their social network) and gifts to the retired employees of the company concerned. In 2023, about 250 colleagues who had previously worked in the Group and are now retired were invited to the event.

EMPLOYMENT OF MINORITIES

In 2023, the MVM Group entered into an agreement with the Integrom organisation in order to contribute to the employment of Roma individuals with university degrees, so that they can use their expertise in positions corresponding to their qualifications in the MVM Group.

4.4 Labour-management relations

GRI EK3-3 and 2-30

At the companies belonging to the MVM Group, exercising their right of association is guaranteed for the employees: they may establish trade unions to further and represent their interests relating to employment, may become trade union members and may take up trade union posts. The exercise of these rights is guaranteed by legislation. The exercise of advocacy rights is ensured at both company (local) and group level.

The interests of the more than 19,000 employees of the MVM Group are represented by several trade unions, works councils and a number of occupational safety representatives. In the Group, a multi-level (local and group) collective bargaining scheme is in place, which is also connected to collective bargaining at electricity sector and national levels. In order to facilitate cooperation, trade unions and works councils have been grouped into a group trade union federation and a group works council, respectively, facilitating dialogue and the representation of employees' interests. The trade unions of the companies established the Trade Union Federation of the MVM Group in 2007, which represents the employees of employers that belong to the MVM Group.

Under the cooperation agreement concluded by the employers concerned within the Group and the MVM Trade Union Federation, group trade union rights are exercised at the Interest Reconciliation and Consultation Forum of the MVM Group. The main trade union rights are representing the interests of the employees, requesting information on the economic and social interests of the employees in connection with the employment relationship, and initiating consultations.

COLLECTIVE AGREEMENT

The most important trade union right is the conclusion of a collective agreement. The collective agreement regulates, firstly, the rights and obligations arising from or related to employment and, secondly, the relations of the contracting parties.

The Collective Agreement for the Electricity Sector covers companies that are members of the employer advocacy organisation (Employers' Federation of Electricity Companies), which signed the Collective Agreement for the Electricity Sector and which are covered by the Collective Agreement for the Electricity Sector on the basis of their main activities in the electricity industry. The last consolidated amendment of the Collective Agreement for the Electricity Sector was made on 1 January 2018. The Collective Agreement for the Electricity Sector regulates the cooperation of the employer advocacy organisations and the employees' trade unions as well as the rules related to the employees' employment relationship and employment at sectoral level.

The Group Collective Agreement of MVM covers MVM Ltd. and an additional 18 companies belonging to the MVM Group. Negotiations for a comprehensive amendment of the Group Collective Agreement began in 2022. The currently valid Group Collective Agreement was signed by the parties in 2015, but a number of changes have taken place in recent years following its signing. In 2023, two annexes to the Group Collective Agreement (the annex on the calculation of the absence fee and the annex on administrative leave) were revised and will enter into force on 1 January 2024.

In addition to the Collective Agreement for the Electricity Sector and the Group Collective Agreement, a significant part of the companies belonging to the MVM Group also have company collective agreements in force.

In the event that an employee's employment is terminated due to dismissal by the employer or the dissolution of the employer without a legal successor, the employee is entitled to a notice period and, in the case of at least 3 years of employment, severance pay. The period of notice and the amount of severance pay are set forth in the Labour Code and the Collective Agreement for the Electricity Sector and in the collective agreement of certain companies. Compared to the Labour Code, some of the

Collective Agreement for the Electricity Sector and the collective agreements of the companies provide a longer notice period and higher severance pay.

Number and proportion of employees covered by collective agreements		2022	2023
Number of employees covered by collective agreements	persons	14,826	15,474
Total number of employees	persons	18,399	19,128
Proportion of employees covered by collective agreements	%	80.6	80.9

The trade union may conclude a collective agreement with the employer if the number of trade union members reaches 10% of the number of employees at the given employer. For employees who are not covered by a collective agreement, guidance is provided in the Labour Code, other legislation and the internal regulations of the company on the rights and obligations arising out of or related to the employment relationship.

WORKS COUNCIL

Works councils elected by the employees every 5 years also help employees exercise their participation rights. The main rights of the works councils are joint decision-making with the employer on the use of welfare funds, preliminary review of the employer’s measures and regulations, and the right to information and the right to request information.

The works councils of the companies that belong to the MVM Group established the MVM Group Works Council in 2013 in order to exercise the group-level rights of works councils, which all local works councils joined in 2020. The employer side entered into a group industrial agreement with the Group Works Council.

As a result of the negotiations with the Trade Union Federation of the MVM Group and the Group Works Council, the 2023 social and welfare agreement of the MVM Group was concluded in 2022, in which the parties agreed on the comprehensive benefit system of more than 30 companies. As a result of the negotiations in 2023, the term of the social and welfare agreement was changed to indefinite.

In 2020, the Hungarian and Czech trade unions initiated the establishment of the European Works Council. In 2023, the first plenary session of the European Works Council was successfully completed. Information is provided and consultations are held on transnational issues concerning the entire MVM Group, in accordance with the powers of the European Works Council. The European Works Council provides an opportunity to disseminate the best practices of each company as widely as possible so that local social partners can make decisions on their applicability.

CONSULTATION PROCEDURE DURING EMPLOYER MEASURES AFFECTING A LARGER GROUP OF EMPLOYEES

GRI 402-1

In accordance with Section 264(1) of the Labour Code, the employer seeks the opinion of the works council about draft measures and regulations affecting a larger group of employees at least 15 days prior to making a decision³⁸. In the case of group-wide employer measures and regulations, the Group Works Council exercises review powers. The following are considered, for example, such measures by the employer: reorganisation and transformation of the employer; transformation of an organisational unit into a stand-alone organisation; introduction of a new technology or the upgrading of an existing one; determination of work schedules or principles of remuneration for work; introduction and modification of a new method of work organisation and performance requirements; and also the use of technical devices for monitoring employees. For companies that are parties to the agreement with the Group Works Council, in the case of employer measures affecting at least three companies or at least 100 employees of two companies, the rights of the company-level works council, including the

³⁸ The collective agreements do not provide for this.

review and consultation rights, are exercised by the Group Works Council. The relations between the parties are transparent, and they communicate about all agreements jointly on the internal information interfaces.

Under Section 272(5) of the Labour Code, the trade union is entitled to state its opinion on the measures by (decision of) the employer or their draft to the employer and to initiate consultations in this respect. According to the cooperation agreement concluded with the Trade Union Federation of the MVM Group, the employer's side guarantees the exercise of trade union rights and group-level rights which works councils are entitled to uniformly and jointly in practice. Local collective agreements usually regulate the relations between the parties in the same way as the Labour Code. Given that publicly owned employers may not deviate from the provisions of the chapter of the Labour Code regulating the rights of trade unions and works councils, according to Section 206 of the Labour Code, any possible different regulations in collective agreements are invalid.

4.5 Occupational health and safety

GRI ME3-3

The health, occupational safety and fire protection performance of the MVM Group and its continuous improvement may affect, in addition to the health of its employees, the regional competitiveness of the Group, its environmental impact related to its activities, our natural values and the health of the population. The MVM Group is committed to the values of health, safety and fire protection, and prioritises the preservation of the integrity of employees, residents and the environment.

Due to the properties of electricity and natural gas and mining tasks, the work safety risk of the activities – especially at companies performing mining and electricity generation, electricity and natural gas utility network operation and related customer relations tasks – is high, and the proportion of occupational safety risks is higher than average; therefore, the MVM Group pays special attention to the health protection of employees and the improvement of work safety. The Group operates comprehensive systems and a number of programmes in the areas of workplace health, work hygiene and occupational health.

The Health and Safety Policy of the MVM Group and the HSE Central Policy MVM Group provide for the protection of the health and safety of employees and the raising of the level of the work safety culture, related objectives and activities.

The companies prescribe the personal and material conditions for safe work within their own codes and rules, in accordance with the Occupational Safety Act and the management system operated. The regulations cover work processes in such a way that, in addition to increasing safety, they also improve the efficiency of work activities or affect them as little as possible.

The comprehensive safety codes ensure the achievement of the occupational safety and health goals. As the central function of the MVM Group, MVM Ltd. checks according to a schedule (and on a case-by-case basis when unscheduled events occur) whether the operations and the employees comply with the codes and rules at the member companies.

The companies operating a management system related to occupational health and safety in the MVM Group formulate their commitment and principles for occupational health and safety in their policies. The basic requirement of the systems is legal compliance, the up-to-dateness of the regulatory documents and the formulation of compliance checks.

S-HES-11

At MVM Ltd., the Safety and Security Director is responsible for the environmental protection, occupational safety and fire protection functions. The task was outsourced to MVM Services Ltd. by MVM Ltd., where the staff of the Occupational Safety and Fire Protection Group under the HSE Department carry out the central activities under the direction of the Head of HSE Department of MVM Ltd. These roles are specified in detail in the Health and Safety Policy of the MVM Group.

In order to operate responsibly in terms of health, occupational safety and fire protection, the MVM Group is committed to ensuring that all members and business partners of the Group introduce and apply efficient and safe techniques and best available practices.

The company aims to reflect its commitment in everyday activities, at the plants and power plants, during developments, in the operation of offices and company sites, and in the behaviour and attitude of employees and partners.

In order to achieve the goals, the MVM Group:

- complies with the requirements laid down in Hungarian and European legislation as well as internal company regulations;
- supports the protection of natural values and the values of the built environment, the rational use of natural resources, and the research and development activities serving its goals;
- pays special attention to the prevention of fire that endangers the safety of life and property;
- develops and operates a management system related to workplace health and safety at all companies where the circumstances of the danger of work and the environmental impact justify it, thereby providing a framework for raising workplace health and safety to a high level;
- continuously measures, evaluates, recognises and communicates its performance in the areas of work safety and fire protection;
- constantly improves the technical condition of its equipment and tools, its employees' professional and vocational knowledge and abilities to handle emergencies, and expects these also of its partners.

The development of work safety culture in the MVM Group is strengthened and personal commitment is further enhanced by the fact that the bonuses given to executives and managers are subject to the occurrence of accidents at work and the efficiency of preventive measures.

At the companies of the MVM Group where the activities performed (the conditions of the hazard level of work, the environmental impact and factors are applicable and warrant it) or the conditions of performance of contracts warrant it, a corresponding management system has been introduced.

GRI 403-1 and 403-8

Companies using occupational safety management systems in 2023				
Management system	Companies concerned		Number	Percentage
			of employees covered^a	
Certified by an external party according to Hungarian Standard MSZ ISO 45001:2018	MAVIR Ltd., Vértés Power Plant Ltd., MVM OVIT Ltd., MVM ERBE Ltd., ATOMIX Ltd., MVM ENERGO-MERKUR Ltd., Hungarian Gas Storage Ltd., MVM Titanium Ltd., MVM Démász Electricity Network Ltd., MVM Főgáz Natural Gas Network Ltd., MVM Égáz-Dégáz Natural Gas Network Ltd.	MVM Watt Eta Ltd., MVM XPert Ltd., MVM NUKA Ltd., GEOSOL Ltd., European Power Services Ltd., MVM Émász Electricity Network Ltd., MVM Hydropower Plant Ltd., MVM Lumen Ltd., MVM OVIT Construction Ltd.	7,037	100%
Certified by an external party according to standard ISO 45001:2018	MVM EGI Cooling Technology (China) Co. Ltd.		18	100%

Certified by an external party in accordance with SCC/VCA	Substation Division of MVM XPert Ltd. MVM EGI Ltd.	165 14	29% 20.5%
Operates a system in accordance with ISO 45001:2018 based on an internal audit	innogy Česká republika a.s., innogy Energie s.r.o., innogy Energo s.r.o., innogy Zákaznické služby s.r.o., innogy Energetika Plhov-Náchod s.r.o.	1,439	100%
Total		8,508	44%

^a Workers covered include employees, leased workers and those working under a contract of agency.

Except for MVM EGI Ltd., all employees of the companies listed in the table are involved in the management system under Hungarian Standard MSZ ISO 45001:2018. One hundred and sixty-five people are involved in the Substation Business Unit of MVM XPert Ltd. covered by the SCC/VCA system; they are the employees who directly and actively take part in the activities covered (substation establishment). Other employees of MVM XPert Ltd. are not subjected to this evaluation. The SCC/VCA certification of MVM EGI Ltd. involves its 14 employees who are directly and actively involved in the activities covered (design, manufacture and construction of cooling towers).

RISK ASSESSMENT

GRI 403-2

In accordance with the requirements of legislation, the MVM Group conducts risk assessments for all of its activities, which covers hazards arising from both the work process and its environment (e.g. sources of physical, chemical, biological and electromagnetic hazards). In addition to those authorised to carry out work safety activities, occupational health service providers and those involved in the work process, including those who plan and manage it and even those with indirect influence, are involved in the preparation of the risk assessment. Risk assessments are reviewed regularly, but extraordinary changes in the processes are also addressed.

In addition to the detailed records of situation analyses carried out at the companies, based on their information, the MVM Group forms a comprehensive picture of the lessons learned from the events that have occurred also at group level. The experience gained in this way is used to assess the risks and to reduce the hazards. Based on the results of the risk assessments, the MVM Group strives to apply state-of-the-art solutions in terms of the equipment, technologies and materials used alike.

It is continuously ensured for employees (in addition to regular training, also through individual consultations) that they become aware of hazards arising from the performance of their activities and master the solutions to protect against them in detail. The description of what to do in case of abnormal events is also part of regular, mandatory training. All employees have the opportunity to report any deviations or hazards they encounter through their manager, but are also entitled to report incidents directly to the HSE organisation in accordance with the accident reporting procedures.

EMPLOYEE INVOLVEMENT

GRI 403-4

The member companies of the MVM Group have occupational safety representatives and occupational safety bodies including an equal number of representatives of the two sides, as defined by legislation. The bodies hold their meetings in accordance with the conditions laid down by legislation (at least once a year) and have the powers laid down by legislation.

At member companies where the law does not require the operation of such persons or bodies, representation is carried out through the person or persons entrusted with the performance and communication of occupational safety tasks.

In addition, MVM Ltd. operates a Work Safety Committee within the MVM Group in order to strongly promote efficient and continuous dialogue on work that is safe and without risk to health and the transmission of relevant information to the function in sufficient depth and to a sufficient extent, and

to coordinate the materials to be submitted to the Senior Management, which operates as a consultative, decision-support forum.

OCCUPATIONAL SAFETY TRAINING

GRI 403-5 and S-HES-08

The MVM Group considers the establishment and operation of the training system to be essential tasks. The occupational safety and fire protection specialists ensure the competent training of employees and those working at contractual partners by involving the knowledge of specialists familiar with the given work tasks. Each new employee receives mandatory training in occupational safety and health and fire protection after being hired, and then later, at the frequency specified in the codes and rules, depending on their jobs and work tasks. The training covers the rules associated with the activities in detail and draws attention also to hazards and risks as well as to the possibilities of protecting the employees against them.

The completion of occupational safety training and occupational health examinations are a legal requirement, and the conditions and monitoring system necessary for compliance are provided, so the participation rate of the employees and the employees of contractual partners is 100%.

In order to increase workplace safety, training is primarily carried out on a preventive basis. The MVM Group provides all employees with digital materials available for self-development, but required to be completed upon entry and recurrently on an annual basis. In the case of jobs that require a higher level of safety, in addition to general learning, additional learning is also provided in person.

OCCUPATIONAL HEALTH

GRI 403-3

The MVM Group provides occupational health service to all of its employees. It uses partners with the appropriate expertise to perform the examinations. For the employees, the service is available continuously, without limitation, in line with the on-site and temporal conditions of work.

Employees must, prior to entry and at specified intervals or out of turn, undergo a job aptitude test. The results of these tests may change the activities that the employee may perform. If this occurs, the MVM Group seeks to continue employing the employee in accordance with their changed opportunities, such as employment in another job.

The occupational health service providers regularly participate in the assessment and inspection of the conditions of work, and also provide professional supervision for the development and operation of equipment and technologies used for work.

The MVM Group pays special attention to the protection of personal data in occupational health processes and also demands this from its partners.

The MVM Group maintains doctor's consulting rooms on several sites to carry out occupational health fitness tests. Defibrillators are typically available on larger sites, and a wide range of employees also take part in first aid courses. There are qualified, designated first aid employees on the sites.

PROMOTION OF WORKER HEALTH

GRI 403-6

The wide-ranging benefits system of the MVM Group strives to contribute to the preservation of the health of employees at a high level. In addition to health insurance, health plan benefits and free screenings, it also supports the deepening of the primary and secondary prevention approach of employees with communication campaigns.

At more than 40 companies of the MVM Group, the employees may undergo a full screening test once a year, free of charge and in addition to the compulsory medical examinations, by which possible occupation-related diseases can be prevented and screened out, also contributing to the reduction of accidents at work and accident risks. Employers provide one day of paid leave of absence per year for the examination. The company also carries out the main elements of annual screening on several sites

by providing a screening bus. A wide range of different health screenings are available and are accompanied by communication campaigns that deepen a preventive mindset.

With a health insurance benefit, the MVM Group does a lot to raise health awareness and to promote a preventive mindset. Besides the employer, families are the biggest winners of this effort. In accordance with the specific features of the MVM Group, the company providing health insurance services is present at a sufficient number of locations. In addition, it operates its own clinics on the largest sites, including Paks, Miskolc and Szeged. Within a maximum distance of 40 km from the sites of the MVM Group, it provides the most frequently used services through its own clinics or contracted partners.

The MVM Group concluded an agreement with the trade unions on the health insurance benefit, in which the content of the available health insurance package and the eligibility rules were set out.

Besides fast and competent healing, health insurance provides an opportunity for using personalised prevention screening programmes. In addition, there is no lack of continuously available general specialist consultations, which can be used without limits in most cases (for example, gynaecology, dermatology, internal medicine) and special disciplines either. In addition to outpatient care, one-day surgery and inpatient care are also available. These can be used by all employees free of charge, and their vast majority take advantage of them, if necessary.

The employees of the MVM Group make 40,000 to 50,000 visits annually under health insurance. The employees involved more than 1,000 family members at the families’ own expense, who also make several thousand visits annually.

Activities aimed at maintaining mental health are highly important. All employees of the MVM Group can receive psychological and mental health support free of charge, online or by telephone. Counselling is provided by qualified psychologists with experience in the field. The application of the employees of the MVM Group is made voluntarily, and counselling takes place at an appointment made in advance.

Parts of the health protection programme were on-site internal medicine, laboratory, sharp vision, melanoma and vascular stenosis screening tests during the year, which were attended by more than 1,500 staff. In addition, the company also launched thematic screening campaigns.

October is the month of combating breast cancer; in that month, the MVM Group organised several activities to raise awareness of the importance of screening tests and prevention. It organised a roundtable discussion online and had a lift ad and on-site mammography screening. In November, it called attention to the dangers of prostate cancer. Nearly 250 employees over 40 were screened for PSA on the company sites. The screening was also supported by a communication campaign.

In 2023, about 700 people from the Group participated in well-being programmes, under which they supported the employees with presentations, individual counselling and training aimed at developing a healthy lifestyle for their physical, psychological and mental balance. The topics covered during the programmes were nutrition, sleep, concentration and focus, stress management, stress reduction and ensuring psychological balance, strengthening the immune system and the psychology of lifestyle change. In addition to the lectures, the company assisted the employees’ stress management and stress prevention with e-learning materials, and provided practical tools for maintaining mental and physical balance through mental health workshops.

ACCIDENTS

GRI 403-9, S-HES-02, S-HES-03, S-HES-05, S-HES-06 and S-HES-07

Number and proportion of accidents				
Employees	Unit	2022	2023	
Fatal work accidents	pcs	0	1	
Serious work accidents (without fatalities)	pcs	0	0	
Lost-time work accidents (injuries) (not classified as serious)	pcs	61	55	
Total number of lost-time work accidents (LTI)	pcs	61	56	

Injuries (with no time lost)	pcs	106	79
Number of hours worked	hours	31,191,190	30,872,663
Fatal work accident rate	accidents/million hours	0.000	0.032
Serious accident rate (without fatalities)	accidents/million hours	0.000	0.000
Proportion of lost-time work accidents (injuries) (not classified as serious)	accidents/million hours	1.956	1.782
Total proportion of lost-time work accidents (LTIF)	accidents/million hours	1.956	1.814
Injury rate	accidents/million hours	3.398	2.559
Workers who are not employees			
(employees for whom the MVM Group does not directly control their work and/or workplace, but who work in the interest and in the area of interest of the MVM Group)			
Fatal work accidents	pcs	0	0
Serious work accidents (without fatalities)	pcs	0	0
Lost-time work accidents (injuries) (not classified as serious)	pcs	22	17
Total number of lost-time work accidents (LTI)	pcs	22	17
Injuries (with no time lost)	pcs	16	0
Hours worked	hours	10,213,663	11,686,079
Fatal work accident rate	accidents/million hours	0.000	0.000
Serious accident rate (without fatalities)	accidents/million hours	0.000	0.000
Proportion of lost-time work accidents not classified as serious	accidents/million hours	2.154	1.455
Total proportion of lost-time work accidents (LTIF)	accidents/million hours	2.154	1.455
Injury rate	accidents/million hours	1.567	0.000

The 'number of accidents' indicator includes the data of all employees. The MVM Group monitors the activities of all its employees and takes into account all data and information so generated in its work safety statistics.

Help to interpret the data:

- The number of 'Lost-time work accidents' (injuries, not considered serious) includes 'work accidents resulting in incapacity for work', as interpreted by the occupational safety legislation of the country of operation of the company concerned.
- The number of 'Serious work accidents (without fatalities)' includes 'serious' work accidents as also construed by the Hungarian legislation.
- The number of 'Fatal work accidents' includes 'fatal' work accidents as also construed by the Hungarian legislation.
- For the company, 'workers who are not employees' means here a specific group of subcontractors.
- The subcontractors of the MVM Group do not carry out their activities directly under the direction of the employees of the MVM Group, but under their own management (but in accordance with the requirements of the MVM Group). The company becomes familiar with their work safety data basically through comprehensive, summarised results. The MVM Group has a list of itemised data to a limited extent, only on a smaller group of subcontractors. It has no detailed information on the main types of injuries related to subcontract work.

In 2023, 78% of the lost time injuries, 40 cases, occurred in connection with specific job tasks (technological activities). The other cases were not directly related to work, but were typically leg injuries while moving around (pedestrian traffic).

The specific reasons for the cases related to job activities were revealed by the company. They took preventive measures (for example, repeating awareness raising and training, modifying operational steps) by learning about the sources of hazard (for example, manual materials handling, performing a complex sequence of movements). Revealing the causes of cases not directly related to job duties, they primarily used the means of raising awareness and training.

During the fatal work accident, the employee lost consciousness and collapsed in the lavatory and died 8 days later at hospital.

GRI 403-10

There were no occupational diseases among the employees of the MVM Group in 2023.

PREVENTION AND MITIGATION OF OCCUPATIONAL SAFETY IMPACT DIRECTLY LINKED TO BUSINESS RELATIONSHIPS

GRI 403-7

In the MVM Group, the requirements for safe work are set out in regulatory documents at group and company level, which also apply to contractual partners. Given that the supplier chain carries out significant activities, the HSE supervision of partners is prioritised.

4.6 Training, education and development

GRI KO3-3 and EU14

By training employees, the MVM Group affects their quality of life, their subsequent employment opportunities, and thus also their financial situation and well-being in the longer term. The individual stages of the employee's time in the organisation can be divided into well-defined phases. During the stages of the employee's life, the development stages and the training and development opportunities provided by the organisation play a prominent role.

All employees should be prepared for the job, even if they come to the organisation with the appropriate qualifications and experience. The integration step establishes the degree of attachment to the organisation and commitment. We support the integration of new entrants with HR Best award-winning gamified content. It is also an important task to support their further training and to prepare them for their future jobs.

In addition to the special training needs of new hires, the MVM Group focuses specifically on the development of key employees, those involved in managerial recruitment and talent management.

The training and educational activities at group level are regulated by the central policy *Group-level training programmes* and the central rules of procedure *Development, implementation and quality assurance of training programmes at the MVM Group*.

The MVM Group places great emphasis on increasing the adaptability of its staff, which helps them overcome difficult situations. An important milestone of this, besides the provision of formal training and development opportunities, is the provision of self-development opportunities and the support of the integration of self-development culture into the corporate culture. All staff members with access rights have access to the Training catalogue, where they can choose from more than 60 training courses. In addition to the nearly 9,000 employees so far, these training courses became available to 500 employees of four member companies in 2023.

One of the objectives of the MVM Group is to provide digital content accessible to everyone. The company continuously prepares e-learning materials suitable for self-development, and the employees can use the existing more than 10 materials free of charge. One of the effects of the pandemic is the rapid development of IT systems and applications that support collaborative learning, which also entailed a learning culture change.

In addition to the self-development of employees, an important part of managerial tasks is the development of employees. The HR organisation supports managers in helping the development of their subordinates the best with continuous improvements, the provision of the necessary HR tools, and the consulting activities of staff employed in the roles of HR Business Partners and training partners.

Individual development plans are prepared to raise awareness of training and development. Personalised development plans are based on a personal meeting between the employee and the manager within performance assessment. At member companies where the SuccessFactors system operates, the company supports the creation of individual development plans by introducing the SD module. Thus, it is possible to find solutions in an integrated way to the needs formulated in the individual development plans from the development offer.

The MVM Group involves the staff in training development topics using questionnaires and continuously communicates with them in person through training partners and the training organisation staff. It processes the comments and feedback received in workshops and with thematic working groups.

GRI 404-2

The MVM Group has developed a wide training portfolio to develop the skills and abilities of the employees. In addition to traditional attendance training, the Training Catalogue also offers the possibility to choose online or blended forms of training. The training offer is updated every six months according to the organisational needs.

Skills development, leadership skills development, IT and language skills development programmes are included in the training offer.

The wide range of skills development programmes provides development opportunities for the employees in the following topics: cooperation development, communication development, self-knowledge development, personal efficiency development, business thinking, broadening the horizon, project management, change management and customer management.

A training offer based on individual development plans is available in the SuccessFactors system for using the development programmes.

The commitment of the MVM Group to the importance of the development of staff is well demonstrated by the fact that 1% of the wage costs is spent on the financing of training at group level. For member companies that have the SuccessFactors training module, the key indicators in 2023 were as follows:

- number of completed training courses in relation to the closing headcount:
 - in the case of e-learning training: 6.4 training courses per person,
 - in the case of training held by an instructor: 0.8 training course/person;
- ratio of those not completing mandatory training to the closing headcount: 6%;
- proportion of cancelled training dates: 12%.

The mandatory training rules introduced in 2023 and close training monitoring significantly reduced the proportion of people not completing mandatory training.

GRI 404-1, S-HUC-32, S-HUC-34, S-HUC-30, S-HUC-43 and G-ETC-12

Number of training hours and training details		Unit	2022	2023
Executives and managers				
	Total hours of training	hours	46,993	44,023
	Headcount	persons	2,477	2,575
	Average number of training hours per year	hours/person	19.0	17.1
Subordinates, white-collar				
	Total hours of training	hours	163,669	177,976
	Headcount	persons	9,824	10,349
	Average number of training hours per year	hours/person	16.7	17.2

Subordinates, blue-collar				
	Total hours of training	hours	205,235	289,979
	Headcount	persons	6,098	6,204
	Average number of training hours per year	hours/person	33.7	46.7
Employees by gender				
	Number of training hours for female employees	hours/year	85,216	94,988
	Number of training hours for male employees	hours/year	324,548	417,105
	Number of female employees	persons	6,200	6,684
	Number of male employees	persons	12,199	12,444
	Average number of training hours for female employees	hours/person	13.7	14.2
	Average number of training hours for male employees	hours/person	26.6	33.5
Total number of training and development hours		hours	409,764	512,093
Year-end headcount		persons	18,399	19,128
Average number of training and development hours per employee		hours/person	22.3	26.8
Annual training cost per FTE		EUR/person	212	220
Proportion of employees participating in a skill-building action		%	25.1	20.5
Average number of specific safety training per employee		pcs	2.2	2.13
Proportion of executives and managers trained in cyber security		%	0.5	100

G-ETC-11 and G-ETC-12

In the MVM Group, employee awareness and IT security developments take place at least monthly, so the level of cyber hygiene and security awareness is considered to be the baseline. The level of awareness dropped from the high rating in 2022 because the assessment is carried out on the basis of stricter criteria; in 2023, only participation in measurable training courses was taken into account. The large change in the proportion of executives and managers trained in cybersecurity is justified by the fact that in 2022 only external training was included in the calculation, while in 2023 internal training was also taken into account, which is mandatory for all employees, including executives and managers.

MVM TRAINING CENTRE

GRI 203-1 and 404-2

The MVM Group's own training centre, MVM Energy Sector Training Centre Non-profit Ltd., builds its cooperative vocational training on three pillars: workshop practice, training field practice and field practice with a mentor. The training centre organises cooperative vocational training in accordance with the quality management system prescribed by Act LXXX of 2019 on vocational training.

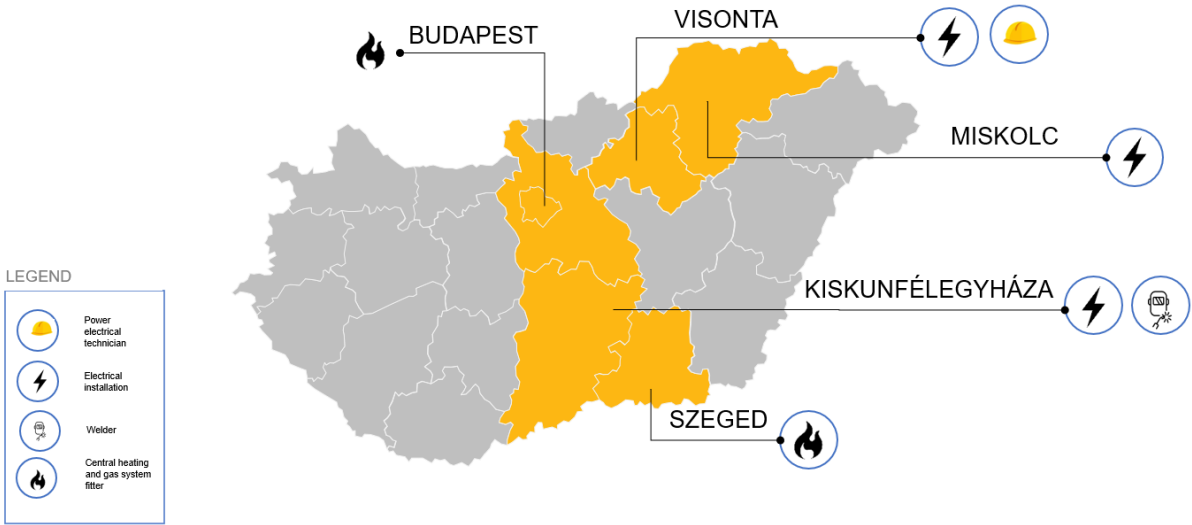
The training centre aims to train new employees for the MVM Group, which is measured by the details of the jobs found by the students and training participants who successfully passed the examinations.

To measure the results of cooperative vocational training, it uses the following indicators:

- number of trainees over 25 in cooperative vocational training;
- number of trainees over 25 who successfully passed the examinations;
- number of trainees over 25 with a scholarship contract;
- number of trainees over 25 who found a job in the MVM Group.

The trainees acquire the theoretical and practical vocational knowledge necessary for the acquisition of their qualifications at the Group. The MVM Group thus takes a greater role in the training of students in the fields of electronics, electrotechnics, building services engineering and mechanical engineering. In 2023, the MVM Training Centre provided cooperative vocational training in six training workshops.

Accredited cooperative training locations of the MVM Training Centre



The employees appointed as mentors from the fitter staff of MVM Főgáz Natural Gas Network Ltd., MVM Égáz-Dégáz Ltd., MVM Démász Electricity Network Ltd. and MVM Émász Electricity Network Ltd. were enrolled by the company, with the assistance of the training centre, for the training of practical trainers by the competent regional chamber of the Hungarian Chamber of Commerce and Industry, which is a condition for participating in the **mentoring programme**.

In 2023, the mentoring programme was extended to the employees of MVM Mátra Energy Ltd., who mentored the participants of the power electrical technician training at the training workshop in Visonta during their practical experience. During the study period of the term, the mentors receive 11th grade students 2 days a week in field sessions, and during the summer holidays, 10th grade students start the mentoring programme with 1 month of continuous practical experience. Under the mentoring programme, the students and participants over 25 become familiar with the activities of MVM on the electricity and gas network and at power plants and the workplace conditions, and gain experience for the vocational examination ahead of them. The organisation of the chamber’s practical instructor training for the mentor candidates from the MVM Group as well as the trilateral agreements of the member company concerned, the training centre and the mentor are continuously ongoing, so the number of mentors is increasing. The measurement of the operation of the mentoring system is provided for by the evaluation of the data provided by mentors on online satisfaction measurement forms.

Number of trainees participating in cooperative vocational training, 2023	Year 10	Year 11	Graduated in 2023
Cooperative vocational training: full-time, persons			
Kiskunfélegyháza – electrician	12	10	10
Kiskunfélegyháza – welder	11	9	8
Szeged – gas fitter	12	7	–
Budapest – gas fitter	12	10	8
Miskolc – electrician	12	10	7
Total	59	46	33
Cooperative vocational training: school-based adult education (evening classes), persons			
Kiskunfélegyháza – electrician	37		16
Visonta – electrician	12		12
Visonta – power electrical technician	7		–
Total	56		28

In addition to school-based cooperative vocational training, the role of adult education subject to registration or a licence, which includes adult education outside the school system, is increasing at the training centre. This ensures the organisation of mandatory basic and continuing technical training courses at the MVM Group and provides opportunities for the vocational development of employees in a form corresponding to the needs of the company and complying with the legal rules.

The training centre is an adult education institution with an adult education licence and registration, and carries out its adult education activities as described above in accordance with the adult education quality management system prescribed by the relevant legislation. SuccessFactors is used to keep a record of the organised adult training and uses the following indicators to measure the results:

- number of training groups,
- number of training participants,
- number of employees who successfully passed the examinations / completed the training with satisfactory results.

In 2023, 669 employees (248 more than in 2022) were trained mainly on behalf of MVM Émász Electricity Network Ltd. and MVM Démász Electricity Network Ltd. within the framework of adult education, but training was also organised for MVM Főgáz Gas Network Ltd. and MVM Égáz-Dégáz Gas Network Ltd.

The adult education portfolio of the Training Centre was expanded by 23 training courses in 2023 (of which 15 are electrical industry courses, 4 are gas industry courses, 2 are welding courses and 2 are occupational safety courses).

Students graduating from the training centre may also find employment both inside and outside the MVM Group. Based on their own decision, the member companies concerned may conclude scholarship contracts with students participating in cooperative vocational training already during the vocational training. Those with scholarship contracts can become employed in accordance with the provisions of those contracts, while those participating in adult education, in accordance with the provisions of the learning agreements concluded with their employers. These conditions may vary from individual to individual, from training to training, and from member company to member company. 67% of the students who graduated in 2023 found employment within the MVM Group or at the partners of MVM.

There are school-based cooperative vocational training courses for adults (such as electricians), which are typically attended by people over 25, who come from outside the Group. No constraint has been imposed on them in practice so far. The company plans to extend the scholarship contract scheme to them as well.

Atomix Ltd. has had its own training centre since 2006. The purpose of its establishment is to perform additional services in order to meet special and general adult education needs and related to education and training activities. The training courses are as follows: fire safety examination, facility entry training, basic and further radiation protection training, and manually operated crane and lifting device operator, slinger and signaller course. Training in 2023 is set forth in the following table:

Training	2023			
	Total enrolment (persons)	Occasions (pcs)	Training duration (hours)	Non-MVM enrolment (persons)
New hire training, module A	496	18	8	416
New hire training, module B	260	9	24	222
Fire protection examination (HG)	70	3	3	69
Fire protection examination (AB)	63	3	3	57
Basic radiation protection studies / further training	761	37	6	690

Basic radiation protection training	43	2	9	0
Practical radiation protection studies (for advanced radiation protection training)	62	4	2	57
Practical radiation protection studies (for comprehensive radiation protection training)	16	3	2	16
Manually operated crane and lifting device operator, slinger and signaller training	90	3	24	70

PERFORMANCE ASSESSMENT

The MVM Group operates several systems and programmes that allow managers to measure, evaluate and reward the employees' work. The Group operates a performance assessment system, in which expert, and executive and managerial positions are linked to performance bonus payments. The employees have the opportunity to evaluate themselves, which they discuss with their manager. Based on this, they receive a lot of feedback, for which the continuous feedback function is also used. 48% of the employees of the MVM Group regularly receive a performance evaluation and career development review.

GRI 404-3 and S-HUC-22

Participants in performance assessment and career development review		Unit	2022	2023
Executives and managers				
	Participants in performance assessment	persons	1,819	2,371
	Proportion of participants	%	73.4	92.1
Subordinates, white-collar				
	Participants in performance assessment	persons	5,961	6,370
	Proportion of participants	%	60.7	62
Subordinates, blue-collar				
	Participants in performance assessment	persons	681	426
	Proportion of participants	%	11.2	6.9
Employees by gender				
	Women participating in performance assessment	persons	3,199	3,852
	Men participating in performance assessment	persons	5,260	5,315
	Performance assessment among female employees	%	51.6	57.6
	Performance assessment among male employees	%	43.1	42.7
	Participants in performance assessment	persons	8,459	9,167
	Proportion of participants in performance assessment	%	46.0	47.9

4.7 Social relations

GRI HK3-3, 2-25 and 413-1

At significant sites, the member companies of the MVM Group can have both positive and negative impact on the life, health and well-being of the local population and communities. The companies seek to minimise negative impact both in terms of environmental pollution (see Section 0) and disaster management (see Section 4.1). Further details on how to maximise positive impact are presented below.

The MVM Group aims to maintain a harmonious relationship and good cooperation with the communities living near its sites.

The Group takes the support of outstanding talents and performance seriously, and with its corporate social responsibility activities it contributes to value creation and the preservation of real values. Within its sponsorship and support areas, it strives to find cooperation that meets these expectations.

IMPACT ON LOCAL COMMUNITIES AND COOPERATION

GRI 413-1, 413-2, G-RCO-20, G-RCO-21 and G-RCO-14

Operating sites of the MVM Group and impact	Unit	2022	2023
Number of major operating sites (municipalities)	pcs	27	26
Number of sites (municipalities) affected by implemented local community programmes	pcs	19	19
Proportion of sites (municipalities) affected by implemented local community programmes	%	70.4	73.1
Number of operating sites (municipalities) where the local community may potentially be subject to negative impact	pcs	22	22
Proportion of operating sites (municipalities) where the local community may potentially be subject to negative impact	%	81.5	84.6
Number of operating sites (municipalities) where the local community is subject to significant negative impact	pcs	0	0
Proportion of operating sites (municipalities) where the local community is subject to significant negative impact	%	0	0

In 2023, there were no municipalities where the company had significant negative impact, so the table shows the locations of the potential impact. They include large power plants, mines, manufacturing sites, substations or nearby municipalities.

GRI 2-25, 413-1 and 413-2

Paks and its area within a 30-kilometre radius

MVM Paks Nuclear Power Plant Ltd. has impact on the population of the whole country. It has direct impact on local communities, primarily on the population of the city of Paks and those who live within a 30 km radius of the nuclear power plant since local residents see it and have physical contact with it day after day.

The Paks Nuclear Power Plant shows the current background radiation on 35 displays in the area within a 30-kilometre radius. In addition, within the framework of the Public Control, Information and Community Development Association, there is an LED panel or LED television in Kalocsa, Paks, Tengelic and Uszód. The mayors of the municipalities covered by the Association receive information on the nuclear power plant regularly: in addition to liaising with the Association, in accordance with the provisions of Act CXVI of 1996 on nuclear energy, the Paks Nuclear Power Plant informs the mayors of the municipalities within a 30 km radius on a monthly basis about the environmental monitoring data (they receive the measurement data of the radiation protection environmental monitoring system operated by the power plant on a monthly basis without request, and can compare them with the results of the measurements taken simultaneously by the authorities and with their own measurements). The representatives of the Paks Nuclear Power Plant regularly attend the meetings of the Association, where they inform the leaders of the municipalities about the most important works taking place at the nuclear power plant and the tasks the company is facing. The Association has set up an Audit Committee, which inspects the individual work processes and projects on site in person and may have access to the related documents. This NGO control is also an important element of trust between the nuclear power plant and the population. Municipalities covered by the Association allow personal meetings (public forums and power plant visits), operate a two-way information relationship, and publish public information materials.

For students studying in the municipalities covered by the Association, it regularly organises programmes, unusual physics classes and summer camps at the Museum of Nuclear Energy. The Paks Nuclear Power Plant holds an Open Day every year, where people living in the municipalities around

the power plant have the opportunity to get acquainted with the nuclear facility as part of a full-day programme.

GRI 203-1

Major urban developments in Paks in 2023:

Municipal heating system refurbishment works: Under the project, the optimal operation of the municipal heating system is realised both technically and economically, taking into account the increase in the heat demand of the power plant (replacement of steam heating and the heat demand of the Paks2 staging area) as well as the long-term heat demand of the city of Paks. The project, which started in 2018, is expected to be completed in 2026.

Replacement of the doors and windows on the ground floor of the Sports Hall of the Nuclear Power Plant Sports Club: The replacement of the old doors and windows on the ground floor of the ASE Sports Hall, which were hard to open/close and lock and were broken in several places, was completed in 2023.

Paks Regional Judo Centre: A plot of land owned by MVM Paks Nuclear Power Plant Ltd. was designated for the construction of the facility. The Judo Centre was established on 2023. Basement level modifications will still be carried out in 2024.

Water Tourist Centre in the area of the Boathouse: The Active and Ecotourism Development Centre Non-profit Ltd. provided budgetary subsidies to the Hungarian Canoe Federation in order to implement the provisions of points 2 and 4 of Government Resolution No 1612/2021 of 18 August 2021 on cycling and water tourism developments along the Central Danube and on supporting the necessary projects for implementing the project *Procurement of equipment required for the development of water tourism and the construction and operation of cycling stops as well as infrastructure development*. It included the establishment of the Water Tour Building of the Kayak and Canoe Sports Complex of the Nuclear Power Plant Sports Club. The development of the boathouse area is aimed at developing water tour and leisure stops as well as establishing a service centre offering an alternative to sports-specific development and market opening. The proposed building will be constructed on a plot owned by MVM Paks Nuclear Power Plant Ltd., in an area intended for special development, outside the safety zone of the existing and future nuclear power plants. The project is implemented in 2023 and 2024.

Visonta and Bükkábrány

A power plant and a mine operate at Visonta and a mine operates at Bükkábrány, which can have positive or negative impact on the local communities in many respects. The negative impact results from the environmental impact of the sites, which are detailed in Section 0.

Significant noise sources operate also during the operation of the power plant and the mines. In accordance with the noise control regulations, the company conducts daytime and nighttime noise emission tests carried out by a laboratory accredited every year. The tests cover the nearest zoned protected areas of the municipalities of Markaz, Abasár, Detk, Halmajugra, Visonta, Ludas and Karácsond in the case of the Visonta sites as well as the municipalities of Bükkábrány, Mezőnyárád, Vatta and Csincse in the case of the Bükkábrány site.

Based on the previous test results, by choosing mining technology, placing the noise control heaps made from the tailings at critical points, and by continuously maintaining and, as necessary, replacing the conveyor belts and rollers, compliance with the daytime and nighttime noise control limits specified by legislation can be ensured at all noise pollution points.

It always investigates any complaints from the public related to the operation of the company and handles them with priority and on the merits. In recent years, no complaints from the public have been received due to noise impact.

MVM Mátra Energy Ltd. directly provides the livelihood of about 2,000 employees and indirectly about 4,000 families. Within the framework of free, organised group plant visits, the company provides an opportunity for interested parties to have an insight into its activities.

Miskolc

The power plants operated by MVM MIFÜ Ltd. are located in various parts of the city of Miskolc, in its inner areas, in residential areas, more precisely on the boundary of residential areas and industrial zones. Among the impacts on local communities, the most direct impact may be noise, which is reduced by a chimney-mounted silencer in accordance with the regulations and the IPPC permit and by the sound insulation of the plant halls.

Budapest

The North Buda Heating Power Plant is located within the boundaries of Budapest and is surrounded by a residential area from several directions. The limits (air, noise and water) specified in the permits have been set accordingly and are continuously met by the power plant. Based on the provisions of the IPPC permit, the best available technique specifications, technical implementation, measurement, monitoring and official supervision ensure that possible negative impact is avoided.

Göd

The Göd steel structure factory of OVIT-Titán is located in an area of 13.5 hectares. The management places great emphasis on understanding the needs of external stakeholders and, to this end, is engaged in continuous mutual communication so that it does not cause negative impact during its operation, or cause it only to a minimum extent, if possible. To this end, for example, during the refurbishment of the external gantry cranes, it paid special attention to ensure that the equipment operates with the lowest possible noise load during operation. On the material output side of CNC machines, it uses special rubber shock absorbers. The fence of the plant was built from separately dimensioned noise-insulating system elements based on noise load measurements. The outdoor floodlights were designed and adjusted, with the involvement of external stakeholders and based on their feedback, so as not to interfere in any way with the infrastructure outside the plant and the residential area.

Budapest, Bicske, Felsőlőzsolca, Paks and Tatabánya

The five municipalities (Budapest, Bicske, Felsőlőzsolca, Paks and Tatabánya) where MVM XPert Ltd. has sites may be subject to more significant environmental impact. As a result, negative environmental impacts caused by MVM XPert Ltd., such as air pollution, noise pollution or waste generation, may occur more often, sometimes on a daily basis, in these municipalities.

Békéscsaba, Debrecen, Göd, Győr, Oroszlány, Pécs, Szeged, Szolnok and Tiszalök

The nine municipalities listed above became affected by the construction projects of MVM XPert Ltd. In these cases, however, work is not always carried out directly in the municipality, but in the vicinity or catchment area of the municipality, so negative environmental impacts, such as treading damage, waste generation, air pollution or noise pollution, may not affect it directly, but indirectly.

MVM Émász Electricity Network Ltd. and MVM Démász Electricity Network Ltd.

Operations with significant actual and potential negative impacts on local communities:

Émász: Eger, Felsőlőzsolca, Gyöngyös, Miskolc, Salgótarján, Visonta and Bükkábrány;

Démász: Baja, Békéscsaba, Kecskemét, Kiskunhalas and Szeged.

In relation to the possible negative impact of the substations and the power line networks on the local community, they consider the following to be likely:

- with regard to hazardous materials, the leakage of pole transformer oil in a residential or agricultural area due to vandalism / a breakdown may mean a short-term, small-scale, non-significant impact on a few people, which can be handled well with remediation;
- air pollution is not a relevant factor;
- land conversion and earthmoving work are not relevant factors;

- the use of natural resources is not a relevant factor either;
- the companies are not the only employers in the regions.

Oroszlány and area

The ash pond of the Oroszlány power plant is located in the outer areas of Oroszlány, in an industrial area, next to road No 8135 connecting Környe and Bokod. The nearest municipalities (Oroszlány to the southeast, Kecskéd to the northeast, Kömlőd to the north, Dad to the northwest and Bokod to the southwest) are located 1.0 to 6.2 km from the power plant. Within a radius of 10 km, there are also the municipalities of Vértessomló, Várgesztes and Pusztavám. The Oroszlány ash pond is located on the protected side of the dam of the Bokod cooling pond, bordered by the Dadi watercourse, the Bokod cooling pond and the relocated bed of Által Brooklet.

The nearest municipality, the village of Bokod, is also located 1 km from the Oroszlány ash pond, so the activities carried out there do not have a direct negative impact on the local community.

In 2023, the company continued the reclamation of the Oroszlány ash pond, which periodically resulted in increased vehicle traffic. In order to prevent dust from escaping from the ash pond area during the reclamation works, the company paid special attention by regularly watering the area, reducing the speed of motor vehicles and stopping the work process in windy weather. The company notified and informed the surrounding local governments about the commencement of the reclamation activity.

The negative impact on the community in relation to other abandoned sites does not arise either, apart from the unfavourable view, either because of the long distances from the municipalities or because no activities other than guarding are carried out in them (e.g. Tatabánya, Pusztavám and Oroszlány).

GRI 203-1

Százhalombatta

In 2023, MVM XPert Ltd. constructed a new pavement in a housing estate in the inner areas of Százhalombatta during the reconstruction of the Dunamenti Power Plant – Ócsa I and II 220 kV transmission lines because the new pole was placed right in the middle of an old pavement.

CORPORATE SOCIAL RESPONSIBILITY

MVM-10

Commensurate with its weight in society and operating as a responsible company, the MVM Group has been a prominent supporter of the creation of universal and national cultural values and of initiatives and programmes aimed at the promotion of social issues for decades.

G-RCO-15, G-RCO-16 and G-RCO-17

Community value-creating projects and donations^a	Unit	2022	2023
Donations (cash benefit provided through a donation or grant agreement)	HUF million	1,807	1,754
Community value-creating projects (community projects; the cost of own projects that create value to society)	HUF million	3,907	5,366
Non-financial donations (market value of tangible assets transferred and services)	HUF million	465	1,562

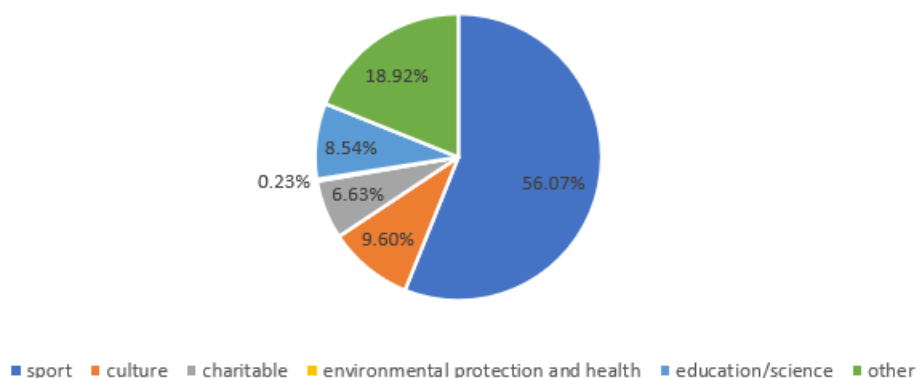
^a Net amounts, exclusive of VAT

The most significant community value-creating projects in Paks were Creative Energy, the power plant visitor centre, the museum and, in the case of MVM Ltd., MVM Edison (see Section 2.3 and the subsection *Support of innovation*), Future Talks and MVM Zenergia.

Non-financial donations were typically IT tools and real property letting.

The MVM Group supported sport, education and science, and culture in the highest proportion in 2023.

Distribution of grants provided by the MVM Group in 2023 (%)



Three companies were the most significant donor organisations within the Group: MVM Ltd., which provided support at national level, MVM Paks Nuclear Power Plant Ltd., which was primarily involved in supporting local communities, and innogy Česká republika a.s., which is linked to initiatives in the Czech Republic.

The MVM Group requires that its partners cooperating in the area of CSR ensure that themselves and the events organised / publications published by them are free from any political positions, that is, the sponsored parties should not relate the name and entity of MVM Ltd. or its group members to any programme or event where political affiliation is declared or should not allow such relationship to be made.

During its CSR activities, the MVM Group considers non-discrimination especially important. No bidder or applicant, cause or initiative may be discriminated for or against based on sex, age, colour, religion and political or moral beliefs.

Most notable supported programmes in 2023:

Corporate social responsibility at MVM Paks Nuclear Power Plant Ltd.

The cooperation between the nuclear power plant and the city of Paks is important for MVM Paks Nuclear Power Plant Ltd. Helping local initiatives and programmes (Gastroblues Festival) forms an integral part of deepening the good relationship with the population of the city. The Sports Day, May Day and Children's Day are events organised by the nuclear power plant and open to everyone.

Initially, the Nuclear Power Plant Sports Club was established to organise sports for the workers working on the construction of the nuclear power plant, but in the meantime it has also opened to competitive sports, thereby becoming a community-shaping unit open to everyone. The people of Paks can choose from several forms of exercise, and they have not forgotten about the pensioners of the nuclear power plant within the framework of the support of the Balatonfüred Association of Nuclear Power Plant Pensioners.

MVM Paks Nuclear Power Plant Ltd. supports the developments in the region through the Energy of Our Future Regional Development Foundation.

Corporate social responsibility at innogy (Czech Republic)

- innogy cooperates with the Association of Citizens Advice at national level. The association helps combat energy poverty and provides information channels and advice to people who are often disadvantaged in times of energy price crises.
- 'innogy – The energy of Czech Skiing': innogy promotes and supports the safety of recreational skiers throughout the country in 13 regions of the Czech Republic.

- ‘innogy – The energy of Czech Film’ covers all dimensions of Czech film production. Its most important elements are a joint foundation established with the Czech Television and the Barrandov Film Studio to support screenwriters, co-production of Czech films, financial support of educational institutions and cooperation with film festivals. The ‘Cinema Without Barriers’ programme created with the help of innogy makes it easier for people with disabilities to access cinemas.
- In addition to the above, the innogy Group supports organisations helping the elderly, children, people in need and people with disabilities. innogy employees contribute to the fundraising of organisations supporting single parents (Salvation Army and Šatník). In 2023, more than a tonne of clothes and toys were collected.

Corporate social responsibility at MVM Ltd.

Rally Day

The MVM Group presented its donations for the education, development and healing of children for the 16th time on the Rally Day called ‘My most beautiful day!’. At the event, a total of HUF 100 million was donated to 20 foundations and institutions dealing with the healing, development or education of sick, disabled, disadvantaged and socially deprived children. In 2023, the employees of the Group could select the organisations to be supported for the fourth time.

The Rally Day aims to provide an unforgettable experience, common programmes and games for nearly 800 sick, disabled, socially deprived and disadvantaged children. In 2023, this took place in Millenáris Park, where a fairytale jungle world awaited children. Not only did the staff of the MVM Group participate in the voting, but more than a hundred of them joined the programme to volunteer to help the animators’ work and the organisation of the event.

MiniPolis-MVM installation for kids

In cooperation, MVM and MiniPolis created a branded installation in the ‘children’s city’, with which children and their parents can get an insight into the operation of the MVM Group. In the game, children must balance energy generation, which is provided by nuclear, balancing and renewable power plants, and consumption.

In addition to branding, the goal with its appearance in the children’s city is to raise awareness about the activities of the Group, to show the ‘path of electricity’, to involve the young generation, and to stimulate and develop interest in innovative thinking.

MVM Future Talks

The 2023 season of the scientific series of MVM, MVM Future Talks, focused on the future of our world. The most pressing global problems, the phenomena that most threaten society, which scientists call ‘planetary boundaries’, were presented by experts. Mini documentaries have been shot in 12 countries on three continents, including Singapore, the Maldives, the United Arab Emirates and Las Vegas, among others. One of the world’s most popular and important science lecturers, Dr Michio Kaku, professor of theoretical physics at New York City College and one of the creators of the string field theory, also shared his opinion in the talk show. The event was followed by several tens of thousands of people on the internet.

MVM ZENERGIA

MVM Ltd. has brought to life its unique concert, MVM ZENERGIA, for the eighth time. In the spirit of musical diversity, János Balázs, the Bagossy Brothers Company, Vera Tóth, Miklós H. Vecsei, the Anima Musicae Chamber Orchestra, Lajos Sárközy and the Cantemus Mixed Choir ensured a magical atmosphere with a unique meeting of classical and light music. Music lovers could follow the charity gala concert in person on 2 September 2023 in the Müpa concert hall, live on giant screens in three major cities, and online from the comfort of their home. MVM ZENERGIA also broke several records in

2023: tickets for the sold-out concert every year had never sold out so quickly, so many people had never voted for foundations, and no donations of such an amount had been collected in previous years. MVM donates the entire ticket sales proceeds of the concert to charity every year, and viewers could decide which organisation should receive the support through online voting also in 2023. This time, the Amigos for Children Foundation received all ticket sales proceeds from the concert.

Junior Prima Award

With the support of MVM Ltd., 10 young artists receive the Junior Prima Award in the Hungarian Musical Arts category every year. Over the past 16 years, as many as 160 highly talented young musicians received the recognition and the associated financial support of HUF 2 million each. MVM Ltd. awarded 10 Hungarian talents also in 2023. In 2023, the traditionalist award was combined with a special innovation: the previously mainly classical music Junior Prima Award will now cover a wider range of musical art, similarly to the Prima and Prima Primiissima Awards. This is the purpose of the diversity of nominees and award winners, as well as the renewed jury, consisting of the most prestigious Hungarian music experts as well as representatives of the Foundation and the Co-Founder.

MVM Concert Series

MVM Ltd. has been a committed fan and supporter of arts, especially classical music, for decades. The cooperation of the Group and Jakobi Concert has created perhaps the most outstanding concert series of Hungarian musical life, MVM Concerts. The aim of the concert series is to provide world-class performances to audiences that love and understand classical music. In 2023, MVM Ltd. was the naming sponsor of the MVM Concert Series again, in which more than 33 classical music concerts were performed in stately venues such as the Grand Hall of the Academy of Music, the MŰPA, the Festetics Palace and the Royal Palace in Gödöllő with performances by a number of Hungarian and international, young and renowned performing artists.

Museum programmes: Museum+, Wine Wednesdays and a Renoir exhibition

In 2023, the MVM Group sponsored a series of programmes based on five pillars. Its elements are I. the series of events called *Museum+ Programme* (six occasions); II. the series of events called *Summer Wine Wednesdays* (six occasions); III. Renoir exhibition (we sponsored the period from its opening in September to 31 December 2023); IV. Autumn Family Day (one occasion); V. We also sponsored the visitor programme for people with special needs. The venues of the programmes were the Museum of Fine Arts and the Hungarian National Gallery.

Hungarian State Opera

MVM entered into an agreement with the Hungarian State Opera in the spring of 2022, thus launching cooperation that will last until the summer of 2024. MVM named two youth programme series: the MVM Piccolo Programme and the MVM OperaAdventure. Thus, with the support of MVM, they become available to schoolchildren from all over the country, and the best opera and ballet performances can be viewed for a symbolic amount.

MVM 60

The 60th anniversary of MVM was celebrated with a special concert, where Hungary's favourite bands spanning two generations, Follow The Flow and the legendary Neoton, both took to the stage in the MVM Dome.

Cultural cooperation

MVM Ltd. took part in the implementation of a number of cultural programmes in 2023, the most significant of which, in addition to the priority cooperation already presented, were as follows:

- festivals: 'ART Picnic' gastro art festival, 'Klassza a pARTon' (Cool on the beach) festival, FEZEN, György Cziffra Festival, VIBE Festival and Artúr Szerencsi Days; light music programmes: Demjén Concert and Tabán Festival;

- talent-scouting programmes: The Long-eared Owl Talent Show (national music talent show);
- theatre programmes: V Four Festival and Theatre Meetings (Nagymaros, a national event).

MVM-12

Environmental protection and nature conservation programmes

The member companies of the MVM Group organised numerous environmental programmes for their employees, both together and separately.

Pick it up yourself! Volunteering for a clean Hungary: The event on 28 April was actively attended by teams from several member companies of the MVM Group. MVM Smart Future Lab Ltd. cleaned Mocsaras dűlő (a waterlogged area) near the MVM Head Office. The staff of MVM Mátra Energy Ltd. collected trash in Bükkábrány around the site and in Visonta around the access road to the power plant, while the staff of MVM XPert collected trash in Budapest around the site located in Körvasút sor, Rákospalota. MVM Property Management Ltd., MVM Services Ltd., MVM Next Ltd., MVM BSZK Ltd., and the member companies of MVM Émász Ltd. and MVM Démász Ltd. also joined the campaign.

Hazardous waste collection by the employees: the employees of several member companies of MVM participated on several sites nationwide, collecting several tonnes of waste.

Pass it Back, Bro! used but no longer serviceable mobile phones, GPS, tablets and their accessories were collected for charity purposes. In 2023, MVM Services Ltd. also won an award in the category of the most successful large company.

Plastic cap collection campaign: it was run also with the participation of several member companies. The caps collected during the year were donated to a premature baby boy through the Tiny Ray of Hope Foundation.

MEEB event series: the occupational safety event held for the employees and partners of MVM Émász Electricity Network Ltd. and MVM Démász Electricity Network Ltd. in Szeged, Budapest and Miskolc demonstrated the importance of individual responsibility and personal example. The event also paid special attention to energy efficiency and the importance of increasing energy awareness. In order to make this more enjoyable, the employees were able to experience first-hand with the help of an e-bike how much physical energy is required to generate a little electricity. The staff received extensive information about smart metering and remote reading systems, which effectively support the integration of renewable energy sources into the distribution network and contribute to energy savings and the balance of consumption and generation. Smart Future Lab introduced the bird scooter, a sustainable, carbon-neutral means of transport.

ENERGY DIET – energy awareness at home, simply: the staff of several member companies participated in the campaign, which was the autumn challenge of the MVM Next ENERGY DIET. Those who joined could follow several energy-conscious recommendations, e.g. they collected energy-conscious tips related to heating, cooking and water heating, and they could also submit their own, energy-efficient tips.

Internal programmes of MAVIR:

- Joining the national programme series *Show me where you work*, they showed the children of their staff what they do to protect birds in interactive presentations tailored to age groups. A total of 50 children participated in the programme.
- On the occasion of the Earth Day, an online quiz was created to raise awareness and to present and deepen the environmental commitments of MAVIR among staff. The announcement of the results of the highly popular campaign was combined with an interactive bird protection demonstration, thus further increasing the awareness of their bird protection activities and results.
- Their employee volunteer programme also includes organisations that focus on environmental protection, be it planting trees or work aimed at presenting and protecting environmental values.

- During the European Mobility Week 2023, the aim was to cover 1,200 km by replacing a passenger car or means of public transport. During the challenge, participants could symbolically donate their kilometres to the Star House Foundation and the Easier to Heal Together Foundation, thus providing financial donations to these organisations, which make serious efforts to overcome the disadvantages of people with reduced mobility. A large number of participants completed the imaginary distance within 10 days.
- Observing bird populations in their operating area, they installed bird feeders at their Debrecen substation and in the area of the Central Office Building of MAVIR. In addition, to encourage employee involvement, they jointly created bird feeders as the winter set in, which the staff installed in their own living environment.
- A library was set up in one of the community areas of the Central Office Building, where their staff can take their redundant books and, at the same time, can choose from the reading materials placed there. The collection of several hundred volumes is constantly expanding, and special campaigns are organised to increase it.
- They continued the used coffee capsule recycling campaign launched 5 years ago, where their employees made jewellery and board games themselves from the delivered capsules in cooperation with the Diversity Non-profit Foundation. The unused capsules are used in the awareness-raising activities of the organisation, while the contents of the capsules are used as compost in the community garden maintained by it.

Other internal programmes:

- Several articles on environmental protection were published monthly on the internal intranet interface of the MVM Group.
- MVM Partner Ltd. launched an energy efficiency challenge (game) among its employees also in 2023, the main goal of which was to raise awareness about energy.
- Participation of MVM Balance in the Night of Power Plants programme.

The Paks Nuclear Power Plant runs an online magazine called 'Again! Creative Energy: a conscious lifestyle' at <https://alkotoenergia.hu>. The aim of the magazine is to provide readers with ideas, inspiring thoughts, examples to follow for conscious lifestyle and sustainable hobbies, and to provide space for artists, craftsmen and entrepreneurs who create high-quality, aesthetic works of art and products bearing in mind environmental awareness and sustainability.

Wonderful Fauna photo competition: MVM Mátra Energy Ltd. launched the photo competition on the occasion of World Animal Day, separately for its employees and the general public. In total, more than 200 photos were submitted to the competition. The authors of the 15 finalist entries (10 from the public and five from employees) were rewarded with a present each. The finalist entries were auctioned off at a charity auction. The company doubled the amount received, so the Heves County Nature Conservation, Environmental Protection and Animal Protection Association received more than HUF 500,000. The company also agreed to plant as many trees as the number of entries received, so in the spring the operating area of MVM Mátra Energy Ltd. will receive 206 newly planted saplings.

The MVM Group also supported environmental protection and nature conservation programmes:

- MVM supported the GreenTech Green Energy and Sustainability Exhibition and Conference.
- Our sponsored events, built on the themes of sustainability, environmental awareness and electric driving, are the AGE eMobility Day and the Electric Car Meeting.
- The Sustainable Cities Academy programme was launched with the support of MVM, which was organised by the Sustainable Communities Foundation.
- The member company of the MVM Group provided support to the United Against Ragweed Foundation.
- MVM Ltd. sponsored the City For The Future 2023 professional conference, the main topic of which is the operation and community development of sustainable communities, the efficient

and sustainable use of natural resources, and the development of smart cities.

- 3rd Győr Climate EXPO with the energy of MVM: The event was aimed to present urban best practices in the field of environmental protection and sustainability, and special attention was also paid to the topics of energy efficiency and energy communities.
- innogy Energo and innogy Energetika sponsored an event called the Sunshine Day.
- innogy Energo and innogy Energetika supported the production of educational videos in cooperation with the Czech Mountaineering Association.
- Since 2005, innogy Energo and innogy Energetika have been supporting the project, which has included several thousand systems and signs promoting safe and environmentally friendly skiing at ski resorts.

Bird protection programmes

The video streaming of an artificial nest on the website of MAVIR Ltd. (visited annually by nearly 500,000 visitors) has increased interest in bird protection programmes.

In 2023, the company held 28 presentations to students, interested people and professionals about its bird protection activities. It also made a short film about its bird conservation activities and an educational cartoon for children, which it published on its social media page.

In 2023, MAVIR Ltd. organised the international bird protection conference for the 14th time, with the participation of the Ministry of Agriculture, the Hungarian Ornithological and Conservation Society and the Herman Ottó Institute, where the professional community was given the opportunity to have an international outlook and to further plan our domestic activities. The programme was attended by bird protection and electricity industry experts from 9 countries. The bird protection conference was preceded by a two thematic days, which was held in conjunction with the annual conference of the Danube Free Sky LIFE, Sakers Road LIFE and Pannon Eagle LIFE projects.

Innovative roundtable forum in the Dévaványa Great Bustard Reserve: Organised by the electricity network companies of the MVM Group, experts from electricity distribution companies and nature conservation organisations gathered at the end of April at the István Sterbetz Great Bustard Protection Visitor Centre in Dévaványa in order to protect the birds. The experts of MVM Démász and MVM Émász committed to bird protection presented their innovative developments implemented in the recent period, which also included devices used on the overhead line network to increase the visibility of the cables and to ensure increased safety for birds. The representatives of the Hungarian Ornithological and Nature Conservation Society reported on their heroic work for the protection of the red-footed falcon, which was also supported by the electricity network companies of MVM within CSR cooperation.

Improvement of the living conditions for bird life in the Szeged micro-region: In 2023, MVM Démász supported the Ferenc Kiss Forestry Secondary Technical School of the Great Plain Agricultural Vocational Training Centre in increasing the number of habitats provided with bird feeders. The project served to improve the living conditions for birds by placing a larger number of self-manufactured bird boxes and bird feeders in the Szeged Subregion, especially in the area of Szeged, Hódmezővásárhely, Makó and Mórahalom. The bird feeders put in place were made by the students of the secondary technical school at the school's own joinery workshop.

Establishment of a red-footed falcon mobile ringing laboratory in partnership with the Hungarian Ornithological and Nature Conservation Society: In 2023, MVM Démász supported the Blue-footed Falcon Protection Section of the Society in the refurbishment and expansion of the functions of their Land Rover Defender. A professional roof tent will be attached to the vehicle, in which a laboratory suitable for blood sampling, ringing and installing transmitters will be set up.

Support of innovation

In 2023, MVM Ltd. supported several programmes and events similarly to the previous year, which put innovation and start-up programmes in the forefront. In addition to the MVM Edison start-up competition (see *Section 2.3*), it helped, among other things, the Association for Mechanical Engineering Students of the Technical University of Budapest (Solar Boat Team) to launch their solar-powered race boat in international competitions.

MVM Ltd. once again supported the operation of the Hungarian Innovation Foundation in 2023, and using the donation the organisation organised the 32nd National Science and Innovation Olympiad. White Paper Consulting Ltd. organised the Budapest Geothermal Energy Summit Conference again in June 2023 and the Budapest Climate Summit Conference in December 2023; MVM joined the events as a sponsor.

The 'AI learns! With or without you?!' customer service conference, also supported by MVM, was also held in November 2023.

53rd International Gas Conference

The International Gas Conference is a large-scale professional event organised in the autumn every year for decision-makers and experts in the domestic and international gas and electricity sectors. The conference organised by MVM Ltd. and MVM CEEnergy Ltd. took place on 26 and 27 September 2023 in Hotel Azúr in Siófok.

Sports sponsorship

Ferencváros Athletic Club

The MVM Group has been supporting the Ferencváros Athletic Club (FTC) since 2018. The strategic cooperation agreement between MVM Ltd. and Hungary's largest sports club covers most sections and age groups and, in addition, the parties place special emphasis on assisting youth development.

Other sports sponsorships and cooperation

In 2023, MVM Ltd. achieved full representation in sports. This year, too, the company paid special attention to youth development in competitive and recreational sports, but also helped domestic elite sport in the same manner. The most prominent sponsorships:

- Kecskemét Basketball Academy: more than 600 children play basketball; the organisation operates with 22 teams and 16 preparatory and young basketball groups, and is one of the associations performing the most outstanding professional work in the country;
- MVM-ÖSE Lions: as naming sponsor, it started cooperation with the sports club, the leading basketball club of Komárom-Esztergom County, in the autumn of 2021;
- Hungarian Swimming Association: as main sponsor, it supported Hungary's top swimmers and the operation of the association, as the World Aquatics Swimming World Cup (20 to 22 October 2023) event was hosted by Hungary;
- Mária Érdi, Olympic sailor: Hungary's most successful female race sailor also put the MVM logo on her sail this year; the cooperation is for the long term;
- Szabolcs Weöres, sailor: the only Hungarian participant in the Vendée Globe international sailing competition, who continued his preparations for the competition in 2023 and completed a significant technical development of his boat.
- Darts Event Ltd.: the international competition PDC European Tour Hungarian Darts Trophy was organised with the sponsorship of MVM Ltd. in the autumn of 2023;
- In addition to the above, the company cooperated with the Kettlebell Sports Federation, the Győr Swimmers' Non-profit Association, For the Sailing Sport Non-profit Association, the Vince Kovács Wrestling Sports Club Körmen and the Hungarian Diving Federation.

Cooperation with local governments and organisations representing local governments

MVM Ltd. considers it important to support municipal programmes and projects linked to local governments during its activities.

In 2023, MVM cooperated with the Public Foundation for Tiszalök, supported the Public Foundation for the Development of the City of Kisköre, and supported the Local Government of Kisköre. It handled the Mátra region as a priority, where it helped the operation and development of the region with a grant of HUF 75 million through the Mátra Energy Regional Development Foundation.

In 2023, MVM organised a series of energy lectures in cooperation with a number of local governments. The professional presentations aimed to provide local decision-makers with professional knowledge promoting local energy efficiency, security of supply and the use of renewable energy sources, to get acquainted with existing and new technological solutions, planning and implementation methodologies related to these areas, and to receive information about available subsidies and possible forms of implementation. A total of 695 participating decision-makers from local governments were reached at nine locations. The lecture series will continue into 2024.

5. ABOUT THE INTEGRATED ESG REPORT OF THE MVM GROUP

GRI 2-3, 2-5 and 2-14

Since the 2000s, the senior management of the MVM Group has been having its report prepared on the environmental, economic and social performance of the Group annually, based on the expectations of its Shareholder and external partners. The Integrated ESG Report plays a key role in monitoring the sustainability performance of the MVM Group and provides credible information to its external and internal stakeholders.

The Integrated ESG Report is prepared by the environmental protection function of MVM Services Ltd., which collects the information and data necessary for compliance with the Global Reporting Initiative (GRI) standard in cooperation with the member companies of the Group. The professional consultant is RTG Corporate Responsibility Ltd. The Report is prepared with ongoing support from the senior management, which also accompanies the data provision, data verification and approval processes. The report was approved by the CEO of the MVM Group and his deputies. It was verified by Deloitte Auditing and Consulting Ltd.

The verified Integrated ESG Report is submitted to the management meeting for approval by the function responsible for its preparation. The function responsible for the preparation of the report informs the Board of Directors of MVM Ltd. about the fact that the report has been approved.

The Integrated ESG Report meets the requirements of the GRI Standards 2021. Due to its scope of activities, the MVM Group also takes into account sector-specific guidelines for public electricity utilities, the oil and gas industry, and the coal industry: GRI G4 Electric Utilities Sector Disclosures, GRI 11: Oil and Gas Sector 2021, and GRI 12: Coal Sector 2021. The GRI standard defines the topics and data to be reported, i.e. 'indicators', for companies, which also include identification numbers. The identification numbers of the indicators are indicated before the individual text parts or sections and are listed in the chapter *GRI Content Index*.

Also included in the text of the report are the identification numbers of the 'ESG KPIs'. These indicators characterise the ESG performance of the MVM Group with additional information in order to make it as complete as possible. The indicators were determined by the MVM Group on the basis of the evaluation criteria of industry benchmarks and ESG ratings. These indicators can also be found in the section *Key indicators*.

The connection of the indicators with the United Nations Sustainable Development Goals (SDGs) can be seen in the section *ESG Key indicators* and the chapter *GRI Content Index*.

In addition to a comprehensive approach applicable to the Group, the information and activities most relevant to the given topic are presented for each company.

The report is written in the year following the reference year. The reporting period for this document is, identically with the Financial Report, the 2023 calendar year. The publication date of the report is 15 May 2024. The report typically includes data for 3 years to show changes over time (time series / trends).

The information published in the Integrated ESG Report is based on documented measurements, calculations and reports filed with, and records kept by, the authorities.

Bearing in mind environmental protection considerations, the MVM Group publishes its Integrated ESG Report only in electronic form. The reports prepared in the previous years are available on the [website](#) of MVM Ltd. The readers of the report may send their questions, opinions, comments and proposals to the mvm@mvm.hu email address.

GRI 2-1 and 2-2

The scope of the companies included in the Integrated ESG Report (MVM Ltd. + 93 companies) is the same as that of the fully consolidated companies. No adjustments for joint ventures and minority interests are included in the data contained in the Integrated ESG Report. Information required for significant sites is also provided for the entire consolidated group of companies.

As a principle, the consumption data of the companies joining the Group during the year were included from the date of joining the Group. The 2023 figures contain the data of MVM OVIT Group for the first time because the transaction processes and announcements related to the acquisition of the group were closed in December 2022. Of the five new companies, SERBHUNGAS d.o.o. Novi Sad will be consolidated from 3 July 2023 and the other four from 31 December 2023; therefore, they are not yet covered by the data in the report. During 2023, two member companies merged into two other companies in the Group and are therefore not included in the table.

Subsidiaries fully consolidated with the MVM Group as at 31 December 2023:			
1.	MAVIR Ltd.	48.	MVM Watt Eta Network and Public Lighting Service Ltd. (MVM Watt Eta Ltd.)
2.	MVM Paks Nuclear Power Plant Ltd.	49.	MVM XPert Ltd.
3.	Vértés Power Plant Ltd.	50.	e-Mobi Non-profit Ltd.
4.	MVM Partner Ltd.	51.	MVM GG Solar Ltd.
5.	MVM Partner Serbia d.o.o. Beograd	52.	Komm Hull Electricity Trading Ltd.
6.	MVM Partner d.o.o.	53.	MVM ERBE ENGINEERING Ltd.
7.	MVM Energy Romania SA	54.	MVM NUKA Ltd.
8.	MVM Partner DOOEL Skopje	55.	MVM Mátra Energy Ltd.
9.	MVM OVIT Ltd.	56.	MVM Mátra Machine Ltd.
10.	MVM ERBE Ltd.	57.	MVM Mátra Civil Engineering Ltd.
11.	MVM Balance Ltd.	58.	GEOSOL Ltd.
12.	MVM MIFÚ Ltd.	59.	MFGK CEEnergy Croatia d.o.o.
13.	ATOMIX Ltd.	60.	Raaba Energy Ltd.
14.	HUPX Ltd.	61.	European Power Services Ltd.
15.	CEEGEX Ltd.	62.	MVM CEEnergy CZ s.r.o.
16.	HUDEX Energy Exchange Ltd.	63.	MVM GG Solar Service Ltd.
17.	MVMI Ltd.	64.	innogy Česká republika a.s.,
18.	MVM ENERGO-MERKUR Ltd.	65.	innogy Energie s.r.o.
19.	MVM Hotel Panorama Ltd.	66.	innogy Energo s.r.o.
20.	NIKER d.o.o.	67.	innogy Zákaznické služby s.r.o.
21.	Római Office Building Ltd.	68.	innogy Energetika Plhov-Náchod s.r.o.
22.	MVM Green Generation Ltd.	69.	MVM Émász Electricity Network Ltd.
23.	Hungarian Gas Storage Ltd.	70.	MVM EÉ Customer Relations Ltd.
24.	MVM CEEnergy Ltd.	71.	MVM EGI Ltd.
25.	MFGK Austria GmbH	72.	MVM EGI Cooling Technology (China) Co. Ltd.
26.	MVM CEEnergy Slovakia s.r.o.	73.	MVM EGI Cooling Systems Trading (Beijing) Co. Ltd.
27.	MVM ESCO Ltd.	74.	MVM Tisza Power Plant Ltd.
28.	MVM BSZK Ltd.	75.	Mobiliti VOLÁNBUSZ Ltd.
29.	MVM Future Energy Technology SRL	76.	MVM GG SOLAR STAR Ltd.
30.	MVM Smart Future Lab Ltd.	77.	MVM Real Property Management Ltd.
31.	NRG Finance Ltd.	78.	MVM Hydropower Plant Ltd.
32.	Rába Energy Supply Ltd.	79.	MVM ESCO Urban Ltd.
33.	MVM Switzerland AG	80.	MVM Lumen Ltd.
34.	MVM Titanium Ltd.	81.	NGBS Hungary Ltd.

35.	MVM Services Ltd.	82.	MVM NET Ltd.
36.	MVM Next Energy Trading Ltd.	83.	FERMANDOR Ltd.
37.	MVM Optimum Ltd.	84.	E.ON Electricity Distribution Ltd.
38.	MVM Home Plus Ltd.	85.	M-IT Services Ltd.
39.	MVM Démász Electricity Network Ltd.	86.	MVM OVIT Construction Ltd.
40.	MVM Főgáz Natural Gas Network Ltd.	87.	MVM OVIT Concrete Ltd.
41.	FLOGISTON Ltd.	88.	MVM OVIT Rentra Ltd.
42.	MVM Mobility Ltd.	89.	Transdanubian Solar Power Plant Energy Ltd.
43.	KAPOS CNG Ltd.	90.	Transdanubian Renewable Energy Ltd.
44.	MVM Égáz-Dégáz Natural Gas Network Ltd.,	91.	DEHNMIB Solar Power Plant Real Property Ltd.
45.	Grape Solutions Ltd.	92.	EKS-Service Ltd.
46.	MVM Customer Relations Ltd.	93.	SERBHUNGAS d.o.o. Novi Sad
47.	MVM Oroszlány District Heat Generation and Service Ltd. (MVM OTSZ Ltd.)		

In the case of the country-by-country reporting of tax payments (GRI 207-4), in accordance with the legal rules, the data include all subsidiaries (fully consolidated subsidiaries and subsidiaries treated as associated companies). Unlike the other information in the report, the data provided above relate to 2022.

6. ANNEXES

6.1 Activities and operating locations of the members of the Group

GRI 2-6 and 207-4

Markets served by the MVM Group in 2023		
Hungary	GENERATION	MVM Paks Nuclear Power Plant Ltd., MVM Mátra Energy Ltd., MVM MIFŰ Ltd., MVM Balance Ltd., MVM Green Generation Ltd., MVM GG Solar Ltd., MVM GG Solar Star Ltd., Raaba Energy Ltd., MVM Hydropower Plant Ltd., Rába Energy Supply Ltd., NRG Finance Ltd., MVM OTSZ Ltd., Komm Hull Electricity Trading Ltd., Transdanubian Solar Power Plant Energy Ltd. and Transdanubian Renewable Energy Ltd.
	SERVICES	MVM Mátra Machine Ltd., MVM Mátra Civil Engineering Ltd., MVM OVIT Ltd., MVM XPert Ltd., MVM NUKA Ltd., MVM ERBE Ltd., MVM ERBE ENGINEERING Ltd., FERMANDOR Ltd., ATOMIX Ltd., MVMI Ltd., MVM BSZK Ltd., Grape Solutions Ltd., MVM Optimum Ltd., MVM Customer Relations Ltd., MVM EÉ Customer Relations Ltd., MVM Mobility Ltd., e-Mobi Non-profit Ltd., Mobiliti VOLÁNBUSZ Ltd., KAPOS CNG Ltd., FLOGISTON Ltd., MVM EGI Ltd., MVM Services Ltd., MVM GG Solar Service Ltd., European Power Services Ltd., MVM NET Ltd., M-IT Services Ltd., Római Office Building Ltd., MVM Real Property Management Ltd., MVM Smart Future Lab Ltd., MVM Watt Eta Ltd., MVM Home Plus Ltd., MVM Tisza Power Plant Ltd., HUPX Ltd., CEEGEX Ltd., HUDEX Energy Exchange Ltd., MVM Hotel Panorama Ltd., MVM ESCO Ltd., MVM ESCO Urban Ltd., MVM Lumen Ltd., MVM ENERGO-MERKUR Ltd., MVM OTSZ Ltd., DEHNMIB Solar Power Plant Real Property Ltd. and EKS Service Ltd.
	MANUFACTURE	GEOSOL Ltd., MVM OVIT Ltd., MVM Titanium Ltd., FLOGISTON Ltd. and MVM EGI Ltd.
	SYSTEM OPERATION	MAVIR Ltd.
	NATURAL GAS STORAGE	Hungarian Gas Storage Ltd.
	WHOLESALE	MVM Partner Ltd. and MVM CEEnergy Ltd.
	RETAIL	MVM Next Energy Trading Ltd. and E.ON Electricity Distribution Ltd.
	DISTRIBUTION NETWORK	MVM Démász Electricity Network Ltd., MVM Émász Electricity Network Ltd., MVM Főgáz Natural Gas Network Ltd. and MVM Égáz-Dégáz Natural Gas Network Ltd.
	CONSTRUCTION INDUSTRY	MVM OVIT Construction Ltd., MVM OVIT Concrete Ltd. and MVM OVIT Rentra Ltd.
	Germany	SERVICES
WHOLESALE		MVM Partner Ltd.
MANUFACTURE		MVM Mátra Machine Ltd. and MVM OVIT Ltd.
Austria	SERVICES	MVM Mátra Machine Ltd., MVM OVIT Ltd. and Grape Solutions Ltd.
	MANUFACTURE	MVM Mátra Machine Ltd. and MVM OVIT Ltd.
	WHOLESALE	MVM Partner Ltd. and MFGK Austria GmbH
Romania	GENERATION	MVM Future Energy Technology SRL
	MANUFACTURE	MVM OVIT Ltd. and MVM EGI Ltd.
	SERVICES	MVM EGI Ltd. and MVM Energy Romania SA
	WHOLESALE	MVM Partner Ltd.
Switzerland	SERVICES	MVM OVIT Ltd., MVM XPert Ltd. and MVM Switzerland AG

	MANUFACTURE	MVM OVIT Ltd.
	WHOLESALE	MVM Partner Ltd.
Czech Republic	GENERATION	innogy Energo s.r.o. and innogy Energetika Plhov-Náchod s.r.o.
	DISTRIBUTION NETWORK	innogy Energo s.r.o. and innogy Energetika Plhov-Náchod s.r.o.
	SERVICES	MVM OVIT Ltd., innogy Česká republika a.s., innogy Zakaznicke Sluzby s.r.o., innogy Energie s.r.o. and innogy Energo s.r.o.
	RETAIL	innogy Energie s.r.o.
	MANUFACTURE	MVM OVIT Ltd.
	WHOLESALE	MVM Partner Ltd. and MVM CEEnergy CZ s.r.o.
Slovakia	SERVICES	MVM OVIT Ltd. and MVM XPert Ltd.
	MANUFACTURE	MVM OVIT Ltd.
	WHOLESALE	MVM Partner Ltd. and MVM CEEnergy Slovakia s.r.o.
Slovenia, France, Luxembourg, Belgium and the Netherlands	MANUFACTURE	MVM OVIT Ltd.
	WHOLESALE	MVM Partner Ltd.
Poland	MANUFACTURE	MVM OVIT Ltd.
		MVM EGI Ltd.
	SERVICES	MVM EGI Ltd.
	WHOLESALE	MVM Partner Ltd.
United Kingdom, Norway, Sweden, Finland, and Bosnia and Hercegovina	MANUFACTURE	MVM OVIT Ltd.
Croatia	WHOLESALE	MVM Partner d.o.o. and MVM CEEnergy Croatia d.o.o.
	SERVICES	NIKER d.o.o.
Serbia	WHOLESALE	MVM Partner Serbia d.o.o. Beograd, MVM Partner Ltd. and SERBHUNGAS d.o.o. Novi Sad
	MANUFACTURE	MVM EGI Ltd.
	SERVICES	MVM EGI Ltd.
North Macedonia	WHOLESALE	MVM PARTNER D.O.O.E.L. SKOPJE
Greece, Bulgaria, Montenegro, Spain and Italy	WHOLESALE	MVM Partner Ltd.
Russia, Turkey, China, Syria, Iran and Armenia	MANUFACTURE	MVM EGI Ltd., EGI Cooling Systems Trading (Beijing) Co. Ltd. and EGI Cooling Systems (China) Co. Ltd.
	SERVICES	

6.2 Significant membership in associations

GRI 2-28

Significant membership in associations and organisations	
Accredited Organisations Cluster Ltd.	Hungarian Battery Association
Asociația Furnizorilor de Energie din România (AFEER)	Hungarian Association for Material Testing
Association of Traders with Energy in Bulgaria (ATEB)	Hungarian Nuclear Forum Association
Nuclear Power Plant Sports Club	Hungarian Mining Association
Atomic Energy Research (AER)	Hungarian Electronics Association
Chamber of Engineers of Borsod-Abaúj-Zemplén County	Hungarian Electrotechnical Association
Non-profit Organisation of Hungarian Internal Auditors	Hungarian Energy Association
International Professional Association of Dangerous Goods Safety Advisors	Hungarian Energy Traders' Association
Chamber of Engineers of Budapest and Pest County	Hungarian Geothermal Cluster
Chamber of Commerce and Industry of Budapest	Hungarian Association of Machinery and Power Engineering Industries
Budapest Bar Association	Hungarian Hydrogen Technology Association
Cech akumulace a fotovoltaiky, spolek	Hungarian Hydrological Association
Ceginformacio.hu	Hungarian Association for Innovation
Centre d'étude sur l'Evaluation (CEPN)	Hungarian Association for the Protection of Industrial Property and Copyright
Česká podnikatelská rada pro udržitelný rozvoj	Hungarian Cogeneration Association
Česká vodíková technologická platforma	Hungarian Chamber of Commerce and Industry, Hungarian-Russian Section
Český institut interních auditorů	Hungarian Association for Logistics, Procurement and Stockpiling
Český plynárenský svaz	Hungarian Chamber of Engineers
CIGRE	Hungarian Engineering Office, Energy Section
Czech Chamber of Chartered Engineers and Technicians Engaged in Construction (CKAIT)	Hungarian Society for Quality
COGEN Czech, spolek pro kombinovanou výrobu elektřiny a tepla	Hungarian Nuclear Society
COGEN EU	Hungarian Project Management Association
Continental Europe Energy Council	Hungarian Association for Non-destructive Testing
Czech Risk Management Association	Hungarian Standards Institution
Czech-Hungarian Chamber of Commerce	Hungarian Hydrocarbon Stockpiling Association
EC Council International Limited	Association of Hungarian Consulting Engineers and Architects
Electric Power Research Institute (EPRI)	Salon of Hungarian Entrepreneurs
Hungarian Scientific Society of Energy Economics	Business Council for Sustainable Development in Hungary (BCSDH)
Energy Policy 2000 Association	Hungarian Leading IT Specialists' Association
Energy Certificate Association	Confederation of Hungarian Employers and Industrialists
ENTSO-E	Association of Occupational Safety and Health Professionals
EOQ (European Organisation for Quality) Hungarian National Committee	Work Safety, Occupational Health, and Fire and Environmental Protection Association
Roland Eötvös Physical Society	Hungarian Business Leaders Forum
ERBE Sports Club	National Chamber of Agriculture
ÉTOSZ Advocacy Consulting Ltd.	International Concrete Federation (fib)
Hungarian Section of EURELECTRIC	Neumann Platform and Artificial Intelligence Coalition
European Federation of Energy Traders (EFET)	National Hoisting Machine Association
European Nuclear Society	Hungarian Mining and Metallurgical Society
Association of Adult Educators	People Management Forum
Foratom	National Radio Emergency Call and Infocommunications Association
Gas Infrastructure Europe	Saldo

Federation of Technical and Scientific Societies	SNETP AISBL
Scientific Society for Mechanical Engineering	SOLUS
H2eart for Europe	Spolek pro ochranu osobních údajů
Chamber of Commerce and Industry of Heves County	Svaz průmyslu a dopravy České republiky
Scientific Association for Infocommunications	Public Control and Information Association
HUDEX	Teplárenské sdružení ČR
Hungarian Waste Management Federation	Chamber of Engineers of Tolna County
HUPX	Chamber of Commerce and Industry of Tolna County
International Gas Union (IGU)	Unie podnikových právníků ČR
ISO 9000 Forum Association	Association of Railway Track Users
Hungarian Association of Digital Companies	Protective Umbrella for Those with Fee Arrears Foundation
Hungarian Association of Environmental Enterprises	Employers' Federation of Electricity Companies
KÖVET Association for Sustainable Economy	World Association of Nuclear Operators (WANO)

6.3 Nuclear safety, summary of the nuclear supervisory authority

MVM-1

It is a fundamental objective for the nuclear power plant that, in addition to the all-time priority of safe operation, to generate electricity at optimal cost levels and on reasonable technical grounds for the longest period possible. The requirements for the operation of MVM Paks Nuclear Power Plant Ltd. are based on the Atomic Energy Act (Act CXVI of 1996), Decree No 1/2022 of 29 April 2022 of the Hungarian Atomic Energy Agency on the nuclear safety requirements of nuclear facilities and the related regulatory activities, implementing the Atomic Energy Act, and the Nuclear Safety Codes (NSC) set out in Annexes 1 to 10 to this legislation. In particular, Annex 2, Volume 2 of the NSC *Management systems of nuclear facilities*, and Guide No AFN 2.16 *Management systems of nuclear power plants and storage facilities for spent fuel assemblies* belonging to the above volume, published by the Director-General of the Hungarian Atomic Energy Agency (HAEA), and Decree No 2/2022 of 29 April 2022 of the HAEA on the protection against ionising radiation and the related licensing, reporting and monitoring systems lay down the mandatory basic requirements applicable to the design and operation of the nuclear power plant management system. The company demonstrates its full compliance with the prescribed requirements to the HAEA annually as part of a Final Safety Report.

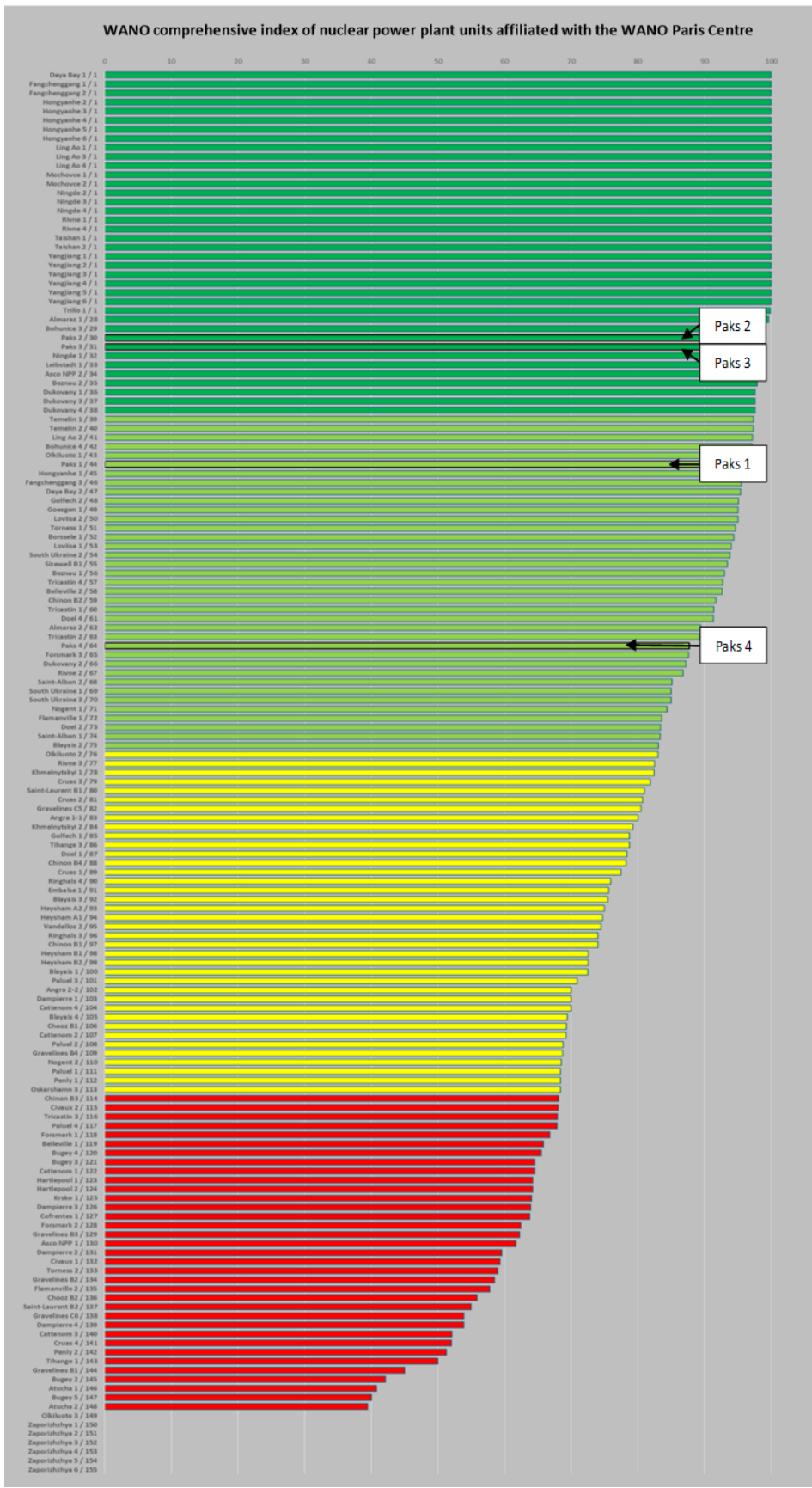
At international level, the set of operational safety indicators comprising the safety indicators compiled by the World Association of Nuclear Operators (WANO) and mostly applied by the member power plants have been providing assistance for years to the operators of the nuclear power plant in monitoring operation and development, and allows comparisons with the performance of other power plants and the appropriate distribution of funds and priorities serving the improvement of safety. In addition to the operational safety indicators of WANO, there is also a reactor-specific power plant safety indicator system, which is less suitable for international comparison and is rather used for the utilisation of in-house experience and for measuring the safety performance of the power plant and its personnel, that is, for self-assessment. MVM Paks Nuclear Power Plant Ltd. has been applying the Safety Indicator System for years, which can be used for continuously monitoring and annually evaluating the safety indicators applied, and publishes a Security Assessment of the indicators every year. The safety indicators presented in the evaluation characterise the safe operation of the nuclear power plant and present it in a quantified form. From the shareholder's side, in accordance with the recommendations of the WANO and good practices, MVM Ltd., as the shareholder of MVM Paks Nuclear Power Plant Ltd., has been monitoring and evaluating the nuclear safety of the nuclear power plant independently of the organisations of the nuclear power plant since April 2015 in order to point out possibilities for continuously improving nuclear safety and thereby to help achieve the highest level of safety.

The place of MVM Paks Nuclear Power Plant Ltd. in the world

The diagram below shows the ranking of reactors belonging to the WANO Paris Centre by WANO performance indicator. When trends in performance are prepared and performance is compared, it is very useful if a value that reflects the performance of the unit / power plant, measured by WANO performance indicators, is used. A single value calculated from multiple input data is called a combined indicator. In addition to providing a specific value for overall performance, the indicator can also provide insights into the special performance areas, which can be improved with greater attention or focus. In order to support WANO and its members, a combined performance indicator has been

calculated for units within WANO, which is often simply referred to as 'the indicator'. The maximum value of the indicator can be 100 points (the higher the value, the better the performance).

Monitoring the performance of the unit / power plant is also useful when trends in performance are prepared and performance is compared. The indicator also provides insights into the special performance areas, which can be improved with greater attention or focus.



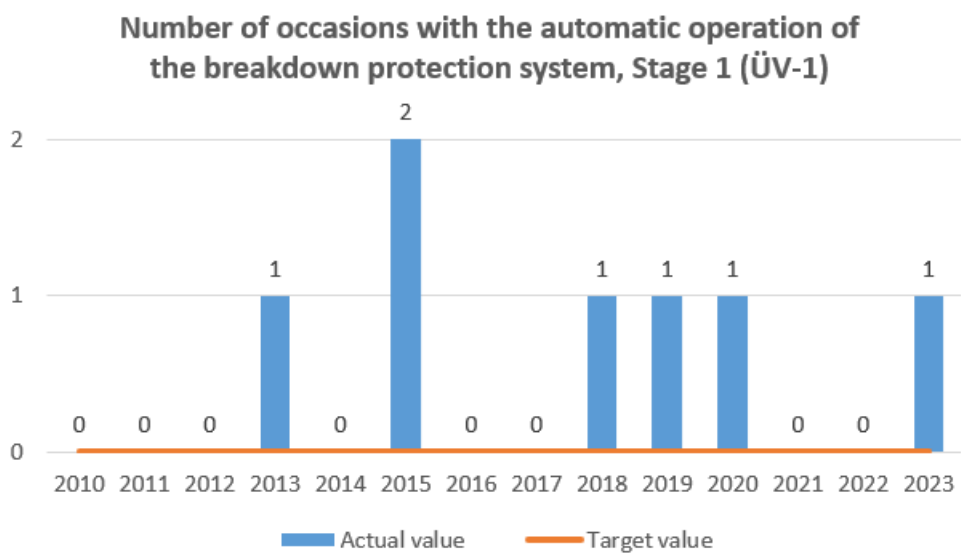
ASSESSMENT OF THE SAFETY OF MVM PAKS NUCLEAR POWER PLANT LTD.

The independent nuclear safety oversight organisation (Nuclear Oversight Department) monitored the development of the safety indicators of MVM Paks Nuclear Power Plant Ltd. during 2023, and these indicators were presented and evaluated in monthly and quarterly reports. The nuclear power plant units operated with a high level of safety, and the events that occurred at the nuclear power plant did not substantially affect the level of nuclear safety.

The diagrams below show reactor protection operations between 2010 and 2023 and the annual number of events rated on the international scale starting in 1990.

Number of occasions with the automatic operation of the breakdown protection system, Stage 1 (ÜV-1), occurring in a critical state of the reactor

Strategic goal: 0
2023 target: 0



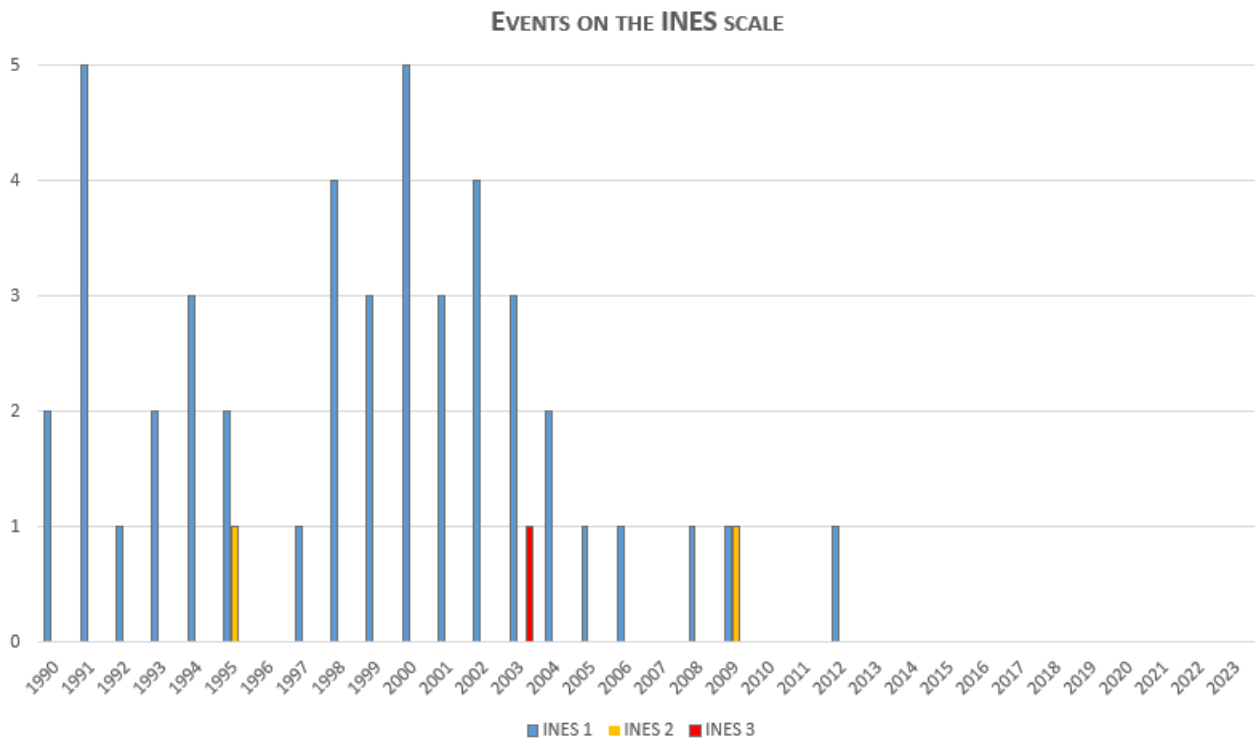
In 2023, the breakdown protection system of Unit 4 operated automatically in Stage 1 once as a result of protection operation on a non-safety system in the secondary circuit.

S-HES-09

Number of INES events

The scale may be used to rate events occurring at nuclear power plants and to rate events occurring during the transport, storage and use of radioactive materials and radioactive sources.

The events are rated at seven levels: INES 1 to 3 levels are called incidents, while INES 4 to 7 levels are called accidents. Events that do not have safety significance are rated at an out-of-scale or below-the-scale level (INES 0). Events that are not relevant to radiation safety or nuclear safety may not be rated by this scale.

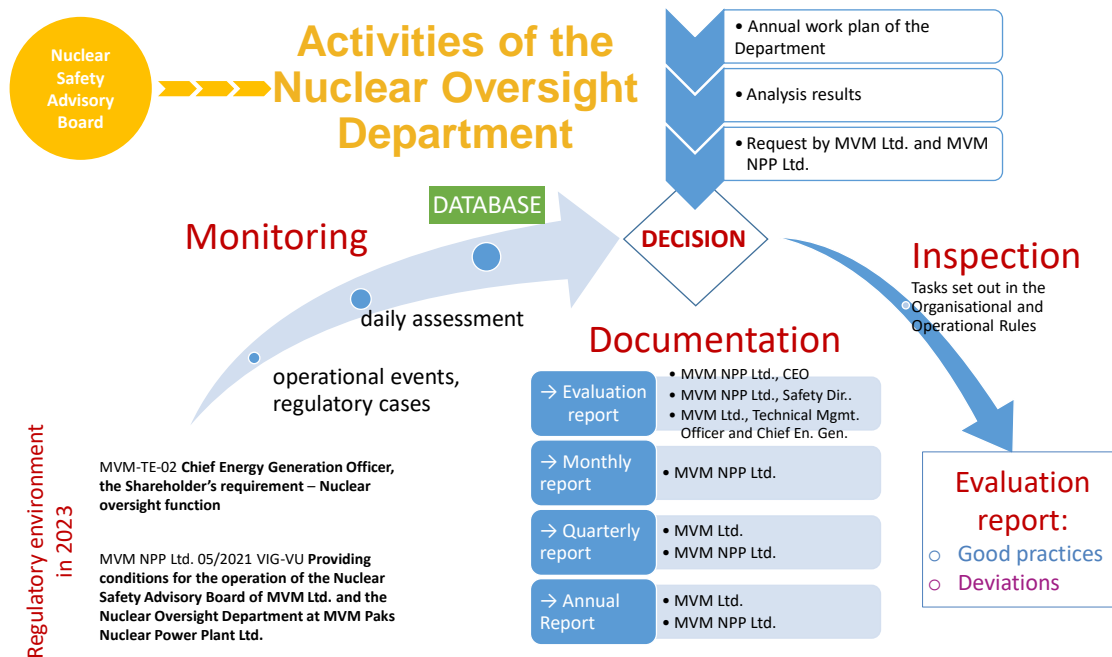


NUCLEAR SAFETY OVERSIGHT AT MVM

The purpose of the independent nuclear safety oversight organisation (Nuclear Oversight Department) is to provide MVM Ltd. with relevant, traceable information, which objectively characterises the level of nuclear safety, pointing out the possibility of continuous improvement and providing feedback on it to the nuclear power plant, thus helping achieve the highest possible level of safety.

The oversight activities of MVM Ltd. are complemented with an independent international approach by an internationally recognised expert body with several decades of experience in the nuclear industry, consisting of domestic and/or foreign members, the **Nuclear Safety Advisory Board**, professional coordination with which is provided by the Nuclear Oversight Department.

Within the group regulation system of MVM Ltd., the operation of the Nuclear Oversight Department is regulated by Shareholder’s requirement MVM-TE-02. The responsibilities and obligations within the nuclear oversight function are set out in the Organisational and Operational Rules of MVM Ltd.



INTERNATIONAL RELATIONS

MVM Ltd. has been a Category 3 member of the WANO Moscow Centre (WANO MC) since 2015. The exercise of the rights and the fulfilment of the obligations relating to membership fall within the competence of the Nuclear Oversight Department within the organisations of MVM. The Nuclear Oversight Department participated in the work of the WANO Working Groups in 2023, too, thereby supporting the search for solutions to global issues affecting the nuclear field.

In 2023, MVM Ltd. hosted an international WANO training event, which focused specifically on its independent nuclear safety oversight activities.

AUDITS BY THE INDEPENDENT NUCLEAR SAFETY OVERSIGHT

The Nuclear Oversight Department carried out the targeted audits and inspections listed below and sent its evaluation report to the management of MVM Ltd. and the CEO of MVM Paks Nuclear Power Plant Ltd. During the inspections, no deviations that substantially affected nuclear safety were identified. Remarks intended to achieve improvements were made to MVM Paks Nuclear Power Plant Ltd.:

- Evaluation of the progress of the tasks of the action plan established on the findings of the WANO Peer Review of MVM Paks Nuclear Power Plant Ltd.
- Evaluation of the implementation of the periodic inspection programme of MVM Paks Nuclear Power Plant Ltd.
- Evaluation of ensuring the availability of facilities and equipment involved in the preparedness for accident prevention and serious accident management at MVM Paks Nuclear Power Plant Ltd.
- Evaluation of the preparation of operational and breakdown risk assessment and safety analyses at MVM Paks Nuclear Power Plant Ltd.
- Evaluation of chemical inspections carried out by MVM Paks Nuclear Power Plant Ltd.
- During the general overhaul of Units 1, 2 and 3 of MVM Paks Nuclear Power Plant Ltd., review of the orderliness of the process rooms and the conditions of work and verification of compliance with the work rules.

6.4 Decommissioning of the nuclear power plant

GRI NU3-3 and EU9

The decommissioning of nuclear facilities involves the maintenance, monitoring and protection of nuclear facilities after their shutdown, up to and including their demolition.

The Paks Nuclear Power Plant started its operation in 1982 with the commissioning of the first unit. The fourth unit has been in operation since 1987. The procedure aimed at extending the service life of the nuclear power plant from 30 to 50 years was finished, so the licensee (MVM Paks Nuclear Power Plant Ltd.) is expected to shut down the fourth unit of the power plant in 2037.

The reference scenario adopted in the medium- and long-term plans for the decommissioning of the Paks Nuclear Power Plant is the protected conservation of the primary circuit for 20 years.

By regularly reviewing and, as required, updating the decommissioning plan of the nuclear facility, the licensee is obliged to ensure that it follows the changes in the requirements of the nuclear safety authority and the development of technology. The decommissioning plan must include, in accordance with the national programme, a decommissioning schedule (if necessary, the duration of protected conservation), and the final state of decommissioning in line with the long-term utilisation plans of the site.

According to the provisions of the Atomic Energy Act, a Government-appointed body ensures that the tasks related to the decommissioning of the nuclear facility are carried out. Authorised by the Government, the HAEA established Radioactive Waste Management Non-profit Company on 2 June 1998 for performing the above tasks, which was transformed into Radioactive Waste Management Non-profit Limited Liability Company (RHK Ltd.) on 7 January 2008. With this, an independent organisation responsible for radioactive waste management was established in Hungary, the duties and responsibilities of which are defined by legislation.

Under the Atomic Energy Act, the Central Nuclear Fund (the 'Fund') was set up, which, as a segregated state fund, provides funding for the tasks related to the management of radioactive waste and spent fuel as well as the decommissioning of nuclear facilities. The costs of spent fuel and radioactive waste management have to be borne by the entity at which these materials are generated, through payment to the Fund.

Background

The preparatory activities related to the decommissioning of the Paks Nuclear Power Plant started in 1993 by the preparation of a study on the decommissioning of Units 1 and 2. The Preliminary Decommissioning Plan, prepared in 1997, also covered the decommissioning of all four units and the Interim Spent Fuel Storage Facility. These plans were prepared by Paks Nuclear Power Plant Ltd. In 1998, as a result of a legislative change, RHK Ltd. took over the preparatory activities related to decommissioning, and the Fund has been providing funding for the updating of the Decommissioning Plans since then.

At first, there was not enough experience and information on the decommissioning of nuclear facilities in Hungary. Therefore, RHK Ltd. considered it necessary to have the completed documents reviewed and commented on, for which the assistance of the experts of the International Atomic Energy Agency (the 'IAEA') was requested. The documents were reviewed in three topics:

- development of a decommissioning database structure;
- calculations for the activation of the reactor vessels and their internal structural elements;
- review of the decommissioning plan.

As a result of the reviews, IAEA expert's reports were completed, the recommendations of which were taken into account during the subsequent preparatory activities.

Between 1993 and 2012, the preliminary decommissioning plans caused to be prepared by both Paks Nuclear Power Plant Ltd. and RHK Ltd. still examined six different decommissioning alternatives. Since in many cases they were very similar to each other in terms of both cost and quantity of waste, it was decided to reduce the number of alternatives. As a result, the subsequent analysis examined only the following two internationally accepted and applied alternatives:

- immediate decommissioning,
- deferred decommissioning with the protected conservation of the primary circuit for 20 years.

The comprehensive assessment of the two decommissioning options was carried out for the first time during the preparation of the document *Foundation for a new programme for the management and disposal of radioactive waste and spent fuel assemblies in Hungary*.

For determining the decommissioning costs of the facility, the cost code system used to calculate the decommissioning costs of nuclear facilities, developed by three international organisations (the OECD Nuclear Energy Agency, the International Atomic Energy Agency and the European Commission) was taken as a basis.

As part of the 2012-2014 review, a radiological baseline assessment of the technological systems and building structures of the nuclear power plant was completed, the activation calculations of the biological protection of the reactor was reviewed, and certain chapters of the decommissioning plan were updated in 2012.

In compliance with legal requirements, the decommissioning plan was revised according to the prescribed 5-year cycle time in 2016 and 2021.

The preferred alternative for the decommissioning of the Paks Nuclear Power Plant envisages the protected conservation of the primary circuit for 20 years and subsequent decommissioning. The ultimate goal to be achieved as a result of the decommissioning activities is to make the site usable, while maintaining certain restrictions.

Timing of the decommissioning process

The period from the shutdown of the units to the completion of the decommissioning activities can be essentially divided into four stages. The schedule for each stage is shown in the table below.

The first stage, referred to as transition period, will start from the date on which Unit 1 is shut down and will last until the last spent fuel assembly is delivered to the Interim Spent Fuel Storage Facility. Taking into account the time intervals between the start-up of the units and assuming that they will be shut down in the order of being started up, this period will last about 10 years.

By the end of the transition period, a valid decommissioning licence must be held and the licensee's rights will also be transferred between MVM Paks Nuclear Power Plant Ltd. and RHK Ltd. at that time.

The transition period will be followed by Decommissioning Phase I, which, in the preferred decommissioning alternative, includes the protected conservation of the entire controlled zone for 20 years and the decommissioning/dismantling of the free zone.

The activated and contaminated technological components and building structures will be decommissioned and dismantled in Phase II. The planned duration of Phase II is 8 years.

Phase III is essentially composed of the demolition of the already inactive buildings, the cutting up of the reactor equipment, waste treatment, the rehabilitation of the site and a final radiation protection survey. The planned duration of Phase III is 11 years.

Phases and tasks	Start	End
Transition period	01.01.2032	31.12.2041
Decommissioning Phase I – Protected conservation, dismantling of the free zone	02.01.2042	30.12.2061
Decommissioning Phase II – Decommissioning and dismantling of activated and contaminated facility parts	02.01.2062	31.12.2069
Decommissioning Phase III – Dismantling of inactive facility parts	01.01.2070	31.12.2080

Transition period

During the transition period, the licensee of the facility is MVM Paks Nuclear Power Plant Ltd. Its most important tasks are to maintain nuclear safety and, once the spent fuel assemblies are cooled down, to deliver them to the Interim Spent Fuel Storage Facility.

At that point, the operation of the facility will be finished and it will be prepared for protected conservation. As part of this, decontamination operations will be carried out in order to reduce the dose rate. This means, among other things, the decontamination of the autonomous circuit, the drainage of systems, the removal of the working media, and the cleaning of the wall and floor coverings of the rooms.

During the transition period, the licensee will also have the following major tasks:

- review of operating instructions;
- preparation of a redundancy plan;
- processing of operational waste;
- delivery of the fuel assemblies kept in the holding pond to the Interim Spent Fuel Storage Facility;

- participation in the transfer of the licensee's rights.

In addition to the above tasks, the radioactive waste processing activities must be finished, and the waste of this type must be transported to the National Radioactive Waste Repository.

An essential element of the activities to be carried out during the transition period is a radiological survey required for preliminary planning.

In addition to the radiological survey required for planning the decommissioning tasks, a survey of hazardous materials (flammable, explosive and toxic substances and asbestos) must be carried out during the transition period.

Pursuant to Government Decree No 314/2005 of 25 December 2005 on environmental impact assessment and integrated pollution prevention and control permit procedures, an environmental permit is required for performing decommissioning activities. After the preliminary assessment procedure, an environmental impact assessment procedure must be conducted before the preparation of the final version of the Decommissioning Plan.

The licensee's rights will be transferred between MVM Paks Nuclear Power Plant Ltd. and RHK Ltd. in two steps (Units 1 and 2, and then Units 3 and 4). Simultaneously with the permitting procedures, setting up a project management organisation responsible for decommissioning will be started within the organisation of RHK Ltd. The project management organisation will be responsible for the comprehensive management of the decommissioning process. Its high-priority tasks include obtaining approvals, selecting suppliers, performing contracting activities, performing project and sales tasks, and training. The tasks of the organisation will end upon the completion of the decommissioning activities.

Phase I

Phase I basically means the protected conservation of the primary circuit; however, in this phase, the facilities and infrastructure serving the dismantling and demolition of the inactive facility parts will be built, and then the dismantling and demolition of the free zone will start from the mid-phase. Some of the buildings in the yard area and the turbine hall will be involved in the dismantling and demolition of the inactive facility parts.

The buildings in the yard area have no further task in the decommissioning process, so they will be completely dismantled and demolished, as opposed to the turbine hall, from which – after the necessary modifications are carried out – the radioactive waste handling work area will be established (active waste management facility). In this phase, the establishment of a temporary inactive waste treatment facility (demolition site) is needed to carry out the work. This facility will process inactive architectural materials from demolition and the inactive waste from technological decommissioning will be stored temporarily there.

Another facility required to carry out Phase II decommissioning activities is the large equipment storage building, which will also be built in this phase.

Phase II

The technological systems of the primary circuit will be dismantled at the beginning of Phase II. This is a complex activity consisting of, firstly, the on-site dismantling and cutting up of technological systems (mechanical, electrical, and control and instrumentation) and, secondly, the extraction of high-level radioactive waste settled in the pipe wells and the treatment of the resulting waste volumes.

At the beginning of this phase, the reactor equipment will be removed as follows:

1. The most active parts of the reactor equipment are the 'reactor baskets', which are used for securing fuel assemblies during operation. According to calculations, the reactor baskets will continue to be classified as high-level radioactive waste even after several decades of storage, so they will be placed in individual containers and will be disposed of permanently in a deep geological repository after a few decades of on-site storage.
2. The other internal structural components of the reactor equipment will be returned to the vessels. Biological protective rings will be fastened on the parts of the vessels around the active zone and, after the installation of new sealing lids, the welding of the places of the cut-off pipe stubs and external painting, they will be left to rest on the site in a new building (large equipment storage building) until they are finally cut up.
3. The other large equipment, including steam generators, will be cut up using belt saws not far from their places of installation.

Waste management activities are linked to the radiological classification of the materials in the controlled zone and their classification on the basis of their contamination. The purpose of the classification is to determine the optimal decontamination procedure for the individual system components. After the necessary decontamination procedures are carried out, the waste will be conditioned and subsequently classified radiologically. Waste management

operations will take place at a workplace in the turbine hall (active waste treatment facility), including the temporary storage of radioactive waste packages.

After the removal of the technological systems, the removal of contaminated building structures (activated concrete structures in the vicinity of the reactor vessel, building structures affected by the flow of medium in the primary circuit and the structural elements of the pipe wells) will begin, followed by the subsequent decontamination of building structures and room surfaces.

By the end of Phase II, the decommissioning activities will aim to achieve an inactive state for the buildings of the Paks Nuclear Power Plant, which must be confirmed by the final radiological survey.

The scope of the final radiological survey to be carried out at the end of Phase II does not include the large equipment storage building containing the reactor vessels.

Phase III

The demolition works of the buildings that include the controlled zone and are already completely clean will be carried out during Phase III. During this period, the main and auxiliary buildings, the health care building, and the site utilities will be demolished. This phase also includes the cutting up of reactor equipment (in 2077 and 2078).

In the last 2 years of Phase III, the rehabilitation of the site, the demolition of the large equipment storage building and the final radiological survey of the site will take place.

The fundamental purpose of decommissioning planning is to determine the expected costs of decommissioning based on reliable data in the first stages of planning, that is, during the operation of the facility. Cost calculations must cover all activities related to decommissioning, including activities preparing, implementing and supporting decommissioning alike.

International recommendations are available to support the determination of the decommissioning costs and to standardise them at international level (EC, IAEA, OACD NEA: International Structure for Decommissioning Costing (ISDC) of Nuclear Installations, 2012), which have been prepared using experience gained from actual decommissioning. The calculation and settlement methods used to determine the decommissioning costs of the Paks Nuclear Power Plant have also been prepared by taking the international recommendations into account. The costs of decommissioning are set out in see in Section 8 of the 2021 preliminary decommissioning plan. The expected total cost of the reference scenario is HUF 387.53 billion at 2021 base price.

Pursuant to Section 62 of Act CXVI of 1996 on atomic energy (Atomic Energy Act), the Central Nuclear Fund set up specifically for this purpose is required to finance the establishment and operation of storage facilities for the final disposal of radioactive waste, the interim and final disposal of spent fuel, and the decommissioning of nuclear facilities. The management body of the Central Nuclear Fund is the Ministry led by the appointed minister. Pursuant to Government Decree No 215/2013 of 21 June 2013, the organisation designated to perform the activities to be financed from the Fund is RHK Ltd.

In the case of the nuclear power plant, the costs of the final disposal of radioactive waste, the interim storage of spent fuel, the closing of the nuclear fuel cycle and the decommissioning of the nuclear facility are to be borne by the licensee.

The licensee of the nuclear power plant is obliged to provide the costs of the final disposal of radioactive waste, the interim and final disposal of the spent fuel, and the decommissioning (dismantling) of nuclear facilities by making monthly payments to the Central Nuclear Financial Fund.

The payments have to be determined in such a way that the costs of processing the radioactive waste and the decommissioning costs can be fully financed from the Central Nuclear Fund. The calculations required to determine the amount of payments are carried out by RHK Ltd. on the basis of Section 2 of Government Decree No 215/2013 of 21 June 2013. The amount payable annually by the nuclear power plant is determined by the Central State Budget Act.

6.5 2023 consolidated statement of financial position of the MVM Group

GRI 201-1 and MVM-2

The Group prepares its consolidated financial statements on the basis of the IFRS standards and, accordingly, takes into account and presents business combinations on the basis of the IFRS 3 Business Combinations standard.

Business combinations are accounted for using 'acquisition accounting' at the acquisition date. The consolidated financial statements contain the financial statements of subsidiaries from the start date of the control until the end date of the control.

The MVM Group accounts for transactions between business entities subject to joint control at the book value of the acquired business entity in its consolidated financial statements at the initial recognition of assets and liabilities.

The MVM Group values non-controlling interests recognised in the acquired company in proportion to its interest in the recognised amount of the identifiable net assets of the acquired business entity.

If the MVM Group loses control of a subsidiary, the assets and liabilities of the subsidiary, the value of the non-controlling interests, and the equity elements from other accumulated comprehensive income are derecognised from the financial statements of the MVM Group on the date on which control by the Group ceases.

Consolidated Statement of Financial Position (in HUFm)	Note III.	31.12.2023	31.12.2022
Property, plant and equipment	1.	2,520,947	2,728,950
Investment property	2.	3,884	664
Goodwill	3.	98,662	96,678
Other intangible assets	3.	259,485	272,701
Interests in associate companies and joint ventures	5.	204,411	193,691
Interests in other entities	6.	2,588	2,712
Non-current loans and receivables	7.	14,478	11,556
Derivative financial assets	28.	27,099	167,776
Deferred tax assets	8.	82,376	60,236
Non-current assets		3,213,930	3,534,964
Inventories	9.	665,022	860,380
Derivative financial assets	28.	208,995	656,076
Trade receivables and other non-derivative financial assets	28.	1,672,926	1,444,885
Other non-financial assets	10.	929,855	1,253,131
Current tax assets		15,319	25,607
Non-current assets held for sale	11.	1,519	4,631
Restricted cash	12.	72,304	110,165
Cash and cash equivalents	13.	245,582	407,530
Current assets		3,811,522	4,762,405
Total assets		7,025,452	8,297,369

Consolidated Statement of Financial Position (in HUFm)	Note III.	31.12.2023	31.12.2022
Share capital	14.	849,379	849,379
Capital reserve	14.	51,892	51,892
Retained earnings	14.	482,705	224,061

Consolidated Statement of Financial Position (in HUFm)	Note III.	31.12.2023	31.12.2022
Other reserves	14.	552,608	1,108,862
Equity attributable to the owners of the Company		1,936,584	2,234,194
Non-controlling interest	4.	142	165
Equity		1,936,726	2,234,359
Non-current loans and borrowings	15.	1,333,217	1,305,358
Non-current derivative financial liabilities	28.	71,850	85,211
Non-current provisions	18.	128,332	120,733
Deferred tax liabilities	8.	336,494	596,029
Liabilities related to long-term employee benefits	17.	22,898	17,332
Other non-current financial liabilities	16.	53,040	83,575
Non-current liabilities		1,945,831	2,208,238
Current loans and borrowings	15.	329,883	150,627
Current derivative financial liabilities	28.	496,411	637,365
Trade payables and other non-derivative financial liabilities	28.	688,753	1,162,233
Current provisions	18.	55,663	73,123
Liabilities related to short-term employee benefits	17.	32,188	35,164
Current tax liabilities		173,988	38,771
Other current non-financial liabilities	19.	1,366,009	1,757,489
Current liabilities		3,142,895	3,854,772
Liabilities		5,088,726	6,063,010
Total equity and liabilities		7,025,452	8,297,369

6.6 2023 Consolidated Statement of Comprehensive Income of the MVM Group

Consolidated Statement of Comprehensive Income (in HUFm)	Note III.	2023	2022
Sales revenue	20.	5,079,039	7,647,782
Other operating income	21.	1,238,002	699,761
<i>Operating expenses</i>		5,672,486	8,134,713
Material-type expenses	22.	4,676,215	7,270,183
Staff costs	23.	307,447	263,459
Depreciation/Amortization	1., 2. and 3.	265,926	240,517
Recognition and release of provisions	18.	-23,535	-28,599
Recognition and reversal of impairment	24.	27,374	87,789
– of which recognition and reversal of impairment under IFRS 9	24.	11,224	12,553
Payment to Central Nuclear Financial Fund	25.	31,070	27,017
Other operating expenses	26.	477,692	353,217
Own performance capitalised		-89,703	-78,870
Operating profit		644,555	212,830
Finance income	27.	422,534	492,777
Finance costs	27.	525,334	592,759
Net finance costs		-102,800	-99,982
Share of profit/loss from associates and joint ventures	5.	3,817	-3,583
Profit before tax		545,572	109,265
Income tax expense	8.	176,450	36,521
Profit/(-)loss after tax		369,122	72,744
Profit after tax attributable to the owners of the Company		369,160	72,979
Loss after tax attributable to non-controlling interests		-38	-235
Other comprehensive income that cannot be accounted for in the profit or loss in the subsequent periods:		-197,127	222,881
Revaluation of tangible assets (net of tax)	8.	-195,664	220,929
Revaluation of employee benefits (net of tax)	8.	-1,352	1,528
Change in the fair value of interests measured at fair value through other comprehensive income (net of tax)	8.	-111	424
Other comprehensive income that can be accounted for in the profit or loss in the subsequent periods:		-361,607	-216,842
Foreign currency translation differences (net of tax)		-99,099	115,892
Change in cash flow hedge (net of tax)	8.	-261,988	-332,734
Equity-accounted investees – share of OCI		-520	0
Other comprehensive income for the year, net of tax		-558,734	6,039
Total comprehensive income		-189,612	78,783
Total comprehensive income attributable to the owners of the Company		-189,562	79,001
Total comprehensive income to non-controlling interests		-50	-218

6.7 2023 Consolidated Statement of Cash Flows of the MVM Group

GRI 201-1 and MVM-4

Consolidated Statement of Cash Flows (in HUFm)	Note III.	2023	2022
Profit for the period (after tax)		369,122	72,744
Depreciation/Amortisation	1., 2. and 3.	265,926	240,517
Impairment and scrapping of property, plant, equipment and intangible assets	24.	6,743	11,030
Impairment of goodwill	24.	0	237
Development grant received	21.	-14,332	-6,515
Impairment (+) / reversal (-) of purchased CO ₂ allowances		47	0
Impairment of inventories (+) and reversal thereof (-)	24.	8,060	63,242
Impairment of receivables (+) and reversal thereof (-) derecognition of uncollectible bad debts	24.	12,564	13,561
Impairment of non-current assets held for sale	24.	7	7
Gain (-)/Loss (+) on the derecognition of property, plant and equipment and other intangible assets		7,345	1,137
Gain (-)/Loss (+) on the derecognition of non-current assets held for sale		-24,689	-121,942
CO ₂ allowances used		85,685	103,945
Changes in allocated CO ₂ allowances		-189	107
Green certificate generated in the reporting year	21.	-655	-596
Share of profit (-)/loss (+) of equity-accounted investees, net of tax	5.	-3,817	3,583
Gains/Losses on the sale of interests in associates and joint ventures		6	-106
Gain (-)/Loss (+) on the derecognition of interests in other entities		-14	0
Unrealised foreign exchange gains (-)/losses (+)		-11,376	6,564
Negative goodwill	31.	-100	-1,793
Dividends received	27.	-119	-36
Interest income	27.	-31,651	-8,706
Interest expense	27.	102,751	70,678
Income tax expense	8.	176,450	36,521
Cash flows from operating activities before changes in working capital		947,764	484,179
Changes in inventories	9.	187,350	-804,402
Purchase of CO ₂ allowances	3.	-94,771	-115,487
Changes in trade receivables and other non-derivative financial assets		58,803	-459,740
Change in other non-financial assets	10.	320,790	-527,323
Changes in trade payables and other non-derivative financial liabilities		-471,943	51,451
Changes in provisions	18.	-26,303	-31,145
Changes in other non-current financial liabilities	16.	-33,563	63,376
Changes in other non-financial liabilities	19.	-467,020	662,403
Changes in liabilities related to employee benefits	17.	-2,135	11,030
Changes in derivative financial assets and liabilities	28.	5,270	-232,848

Changes in restricted cash	12.	37,861	-24,642
Consolidated Statement of Cash Flow (in HUFm)	Note III.	2023	2022
Cash flows from operating activities		462,103	-923,148
Income tax paid		-84,452	-43,928
Net cash flows from operating activities		377,651	-967,076
Dividends received		7,327	2,545
Interest received		30,302	8,515
Acquisition of property, plant, equipment and intangible assets		-336,196	-329,123
Sale of property, plant, equipment and intangible assets		2,420	1,993
Sale of non-current assets held for sale		29,181	129,367
Development grant received		84,194	59,867
Granting and repayment of loans		-1,004	-278
Acquisition of subsidiaries and business units, net of cash received	31.	-45,233	14,819
Proceeds from sale of associates and joint ventures, disinvestment		3	245
Acquisition of interests in associates and joint ventures	5.	-16,617	-17,935
Sale of interests in other entities	6.	14	0
Cash flows from investing activities		-245,609	-129,985
Dividends, interim dividends paid	4. and 14.	-417,058	-7,515
Interest paid		-88,368	-47,739
Capital increase	14.	0	41,000
Transactions with the shareholder		0	-27,892
Loans and borrowings	15.	2,674,132	1,995,033
Repayment of loans and borrowings	15.	-2,456,319	-1,204,476
Payment of lease liability		-10,051	-8,231
Transactions with non-controlling interests	4.	37	-107
Cash flows from financing activities		-297,627	740,073
Net decrease in cash and cash equivalents		-165,585	-356,988
Cash and cash equivalents at the beginning of the year	13.	404,556	764,650
Effect of movements in exchange rates on cash held		5,225	-3,106
Cash and cash equivalents at the end of the year	13.	244,196	404,556

6.8 EU Taxonomy data tables

E-GHG-09, E-GHG-10 and E-GHG-12

Evaluation of specific KPIs

Sales revenue

The KPI value of the EU Taxonomy-aligned sales revenue of the MVM Group for 2023 is 22%. In 2023, the Group realised sales revenue of HUF 5,079 billion to be examined under the EU Taxonomy. Of this, nearly HUF 1,125 billion can be considered aligned sales revenue. The value of eligible but not aligned sales revenue is HUF 100 billion, which represents only 2% of the total sales revenue. For this KPI, the highest amount is the amount of non-eligible activities, which accounts for 76% of the total sales revenue.

EU Taxonomy Sales revenue	HUFm
Total	5,079,039
Aligned	1,125,368
Eligible but non-aligned	99,794
Non-eligible	3,853,877

The majority of the aligned sales revenue of the MVM Group (HUF 768,687 million) was provided by electricity transmission and distribution. In addition, the sales revenue generated from the activity of generating electricity using nuclear energy at existing facilities (HUF 336,237 million) is significant. The sales revenue from aligned activities are summarised in the following table.

Sales revenue – EU Taxonomy-aligned activities		Distribution of aligned sales revenue	
Code	Description of activity	(HUFm)	(%)
3.5	Manufacture of energy efficiency equipment for buildings	3,343	0.3%
4.1	Electricity generation using solar photovoltaic technology	10,705	1.0%
4.3	Electricity generation from wind power	2,462	0.2%
4.5	Electricity generation from hydropower	3,011	0.3%
4.9	Transmission and distribution of electricity	768,687	68.2%
4.28	Electricity generation from nuclear energy in existing installations	336,237	29.9%
6.15	Infrastructure enabling low-carbon road transport and public transport	923	0.1%
Total aligned sales revenue		1,125,368	100%

CAPEX

The KPI value of the EU Taxonomy-aligned CAPEX of the MVM Group for 2023 is 56%. In the financial year of 2023, the Group implemented projects worth nearly HUF 493 billion to be examined under the EU Taxonomy, which, based on the regulations, corresponds to the value of the total group consolidated CAPEX less Goodwill. Of this, nearly HUF 278,2 billion can be considered aligned. The value of eligible but not aligned projects amounts to 3.8% of all projects (to the value of HUF 18.7 billion). The weight of non-eligible activities is measured at 39.8%.

EU Taxonomy CAPEX	HUFm
Total	493,078
Aligned	278,217
Eligible but non-aligned	18,671
Non-eligible	196,190

More than 40% of the aligned projects of the MVM Group (HUF 119,165 million) consisted of the development and renewal of its electricity transmission and distribution activities. In addition, projects related to the generation of electricity using nuclear energy (HUF 76,650 million) and the generation of electricity using photovoltaic solar technology (HUF 81,460 million) were significant.

CAPEX – EU Taxonomy-aligned activities		Distribution of aligned CAPEX	
Code	Description of activity	(HUFm)	(%)
3.5	Manufacture of energy efficiency equipment for buildings	98	0.0%
4.1	Electricity generation using solar photovoltaic technology	81,460	29.3%
4.5	Electricity generation from hydropower	185	0.1%
4.9	Transmission and distribution of electricity	119,165	42.8%
4.12	Storage of hydrogen	543	0.2%
4.28	Electricity generation from nuclear energy in existing installations	76,650	27.6%
6.15	Infrastructure enabling low-carbon road transport and public transport	116	0.0%
Total aligned CAPEX		278,217	100%

In accordance with point 1.1.2.2 of Regulation (EU) 2021/2178, the MVM Group has also identified activities with alignment potential in its CAPEX plan for the next 5 years. The total value of planned projects classified along EU Taxonomy activities with an alignment potential for the 2024–2028 period is HUF 2,057.4 billion.

OPEX

The KPI value of the EU Taxonomy-aligned OPEX of the MVM Group for 2023 is 58%. In the 2023 financial year, the Group had operating costs of more than HUF 85.3 billion to be examined under the EU Taxonomy. Of this, more than HUF 49.2 billion is the aligned OPEX cost. The value of eligible but not aligned OPEX is almost HUF 3.6 billion, which amounts to only 4% of the total operating cost. This KPI has the lowest weight of non-eligible activities, which is only 38%.

EU Taxonomy OPEX	HUFm
Total	85,396
Aligned	49,258
Eligible but non-aligned	3,597
Non-eligible	32,541

More than 56.7% of the aligned operating costs of the MVM Group (HUF 27,911 million) is provided by nuclear-generated electricity. In addition, a significant operating cost (HUF 20,001 million) was incurred during its electricity transmission and distribution activities. The third most costly activity falls significantly short of these items, accounting for only 1.3% (HUF 641 million) and is related to the generation of electricity by photovoltaic solar technology.

OPEX – EU Taxonomy-aligned activities		Distribution of aligned OPEX	
Code	Description of activity	(HUFm)	(%)
3.5	Manufacture of energy efficiency equipment for buildings	77	0.2%
4.1	Electricity generation using solar photovoltaic technology	641	1.3%
4.3	Electricity generation from wind power	289	0.6%
4.5	Electricity generation from hydropower	236	0.5%
4.9	Transmission and distribution of electricity	20,001	40.5%
4.28	Electricity generation from nuclear energy in existing installations	27,911	56.7%
6.15	Infrastructure enabling low-carbon road transport and public transport	103	0.2%
Total aligned OPEX		49,258	100%

Appendix

Proportion of CAPEX related to products or services associated with taxonomy-aligned economic activities – Disclosure for 2023



Economic activities (1)	Code(s) (2)	Absolute CAPEX (3) HUFm	Proportion of CAPEX (4) %	Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)							Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of CAPEX, 2023 %	Taxonomy-aligned proportion of CAPEX, 2022 %	Category (enabling activity) E	Category (transitional activity) T
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N						
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A1. Environmentally sustainable (taxonomy-aligned) activities		278,217	56%																		
Manufacture of energy efficiency equipment for buildings	3.5	98	0%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	1%	E		
Electricity generation using solar photovoltaic technology	4.1	81,460	16%	100%	0%	0%	0%	0%	0%	Y	n/a	Y	n/a	Y	Y	Y	16%	7%			
Electricity generation from hydropower	4.5	185	0%	100%	0%	0%	0%	0%	0%	Y	Y	Y	n/a	n/a	Y	Y	0%	n/a			
Transmission and distribution of electricity	4.9	119,165	24%	100%	0%	0%	0%	0%	0%	Y	n/a	Y	Y	Y	Y	Y	24%	12%	E		
Storage of hydrogen	4.12	543	0%	100%	0%	0%	0%	0%	0%	Y	Y	n/a	Y	Y	Y	Y	0%	n/a	E		
Electricity generation from nuclear energy in existing installations	4.28	76,650	16%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	16%	11%		T	
Infrastructure enabling low-carbon road transport and public transport	6.15	116	0%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	0%			
A2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)		18,670	4%																		
Manufacture of hydrogen	3.10	843	0%																		
Electricity generation using solar photovoltaic technology	4.1	847	0%																		
Electricity generation from hydropower	4.5	0.4	0%																		



Electricity generation from geothermal energy	4.6	2	0%
Transmission and distribution of electricity	4.9	9,724	2%
Storage of electricity	4.10	135	0%
District heating/cooling distribution	4.15	157	0%
Electricity generation from nuclear energy in existing installations	4.28	218	0%
Electricity generation from fossil gaseous fuels	4.29	3,484	1%
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	4.30	2,630	1%
Composting of bio-waste	5.8	365	0%
Infrastructure enabling low-carbon road transport and public transport	6.15	264	0%
Total (A1 + A2)		296,888	60%
B. Taxonomy-non-eligible activities		196,190	40%
CAPEX of Taxonomy-non-eligible activities (B)		196,190	40%
TOTAL (A + B)		493,078	100%

Proportion of OPEX related to products or services associated with Taxonomy-aligned economic activities – Disclosure for 2023



Economic activities (1)	Code(s) (2)	Absolute OPEX (3) HUFm	Proportion of OPEX (4) %	Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Taxonomy-aligned proportion of OPEX, 2023 %	Taxonomy-aligned proportion of OPEX, 2022 %	Category (enabling activity) E	Category (transitional activity) T
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N				
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A1. Environmentally sustainable (taxonomy-aligned) activities		49,258	58%																
Manufacture of energy efficiency equipment for buildings	3.5	77	0%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	0%	E
Electricity generation using solar photovoltaic technology	4.1	641	1%	100%	0%	0%	0%	0%	0%	Y	Y	n/a	Y	n/a	Y	Y	1%	1%	
Electricity generation from wind power	4.3	289	0%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	n/a	Y	Y	0%	0%	
Electricity generation from hydropower	4.5	236	0%	100%	0%	0%	0%	0%	0%	Y	Y	Y	n/a	n/a	Y	Y	0%	n/a	
Transmission and distribution of electricity	4.9	20,001	24%	100%	0%	0%	0%	0%	0%	Y	Y	n/a	Y	Y	Y	Y	24%	10%	E
Electricity generation from nuclear energy in existing installations	4.28	27,911	33%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	33%	36%	T
Infrastructure enabling low-carbon road transport and public transport	6.15	103	0%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	0%	
A2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)		3,597	4%																
Electricity generation using solar photovoltaic technology	4.1	311	1%																
Transmission and distribution of electricity	4.9	237	0%																
District heating/cooling distribution	4.15	280	0%																
Production of heat/cool from bioenergy	4.24	10	0%																
Production of heat/cool using waste heat	4.25	76	0%																



Electricity generation from fossil gaseous fuels	4.29	595	1%
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	4.30	2,078	2%
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	1	0%
Infrastructure enabling low-carbon road transport and public transport	6.15	9	0%
Total (A1 + A2)		52,855	62%
B. Taxonomy-non-eligible activities		32,541	38%
OPEX of Taxonomy-non-eligible activities (B)		32,541	38%
TOTAL (A + B)		85,396	100%

Proportion of sales revenue from products or services associated with Taxonomy-aligned economic activities – Disclosure for 2023



Economic activities (1)	Code(s) (2)	Absolute sales revenue (3)	Proportion of sales revenue (4)	Substantial contribution criteria							DNSH criteria (Does Not Significantly Harm)							Taxonomy-aligned proportion of sales revenue 2023	Taxonomy-aligned proportion of sales revenue 2022	Category (enabling activity)	Category (transitional activity)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)					
		HUFm	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A1. Environmentally sustainable (taxonomy-aligned) activities		1,125,368	22%																		
Manufacture of energy efficiency equipment for buildings	3.5	3,343	0%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	0%	E		
Electricity generation using solar photovoltaic technology	4.1	10,705	0%	100%	0%	0%	0%	0%	0%	Y	Y	n/a	Y	n/a	Y	Y	0%	0%			
Electricity generation from wind power	4.3	2,462	0%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	n/a	Y	Y	0%	0%			
Electricity generation from hydropower	4.5	3,011	0%	100%	0%	0%	0%	0%	0%	Y	Y	Y	n/a	n/a	Y	Y	0%	n/a			
Transmission and distribution of electricity	4.9	768,687	15%	100%	0%	0%	0%	0%	0%	Y	Y	n/a	Y	Y	Y	Y	15%	6%	E		
Electricity generation from nuclear energy in existing installations	4.28	336,237	7%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	7%	8%		T	
Infrastructure enabling low-carbon road transport and public transport	6.15	923	0%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	0%			
A2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)		99,794	2%																		
Manufacture of renewable energy technologies	3.1	130	0%																		
Manufacture, installation and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	3.20	98	0%																		
Electricity generation using solar photovoltaic technology	4.1	4,371	0%																		
Transmission and distribution of electricity	4.9	23,272	0%																		
District heating/cooling distribution	4.15	3,993	0%																		
Cogeneration of heat/cool and power from bioenergy	4.20	22	0%																		



Production of heat/cool from bioenergy	4.24	38	0%
Production of heat/cool using waste heat	4.25	195	0%
Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies	4.27	651	0%
Electricity generation from fossil gaseous fuels	4.29	158	0%
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	4.30	62,422	1%
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	85	0%
Infrastructure for rail transport	6.14	1,189	0%
Infrastructure enabling low-carbon road transport and public transport	6.15	6	0%
Installation, maintenance and repair of renewable energy technologies	7.6	2,770	0%
Installation, maintenance and repair of renewable energy technologies	K3.2	394	0%
Total (A1 + A2)		1,225,161	24%
B. Taxonomy-non-eligible activities		3,853,877	76%
OPEX of Taxonomy-non-eligible activities (B)		3,853,877	76%
TOTAL (A + B)		5,079,039	100%

Standard templates for disclosure in accordance with Article 8(6) and (7)

Template 1: Nuclear and fossil gas related activities

Row	Activities related to nuclear energy	
1.	The company carries out, finances or has exposure to research, development, demonstration and practical implementation activities for innovative electricity-generating facilities, which generate energy from nuclear processes and in which a minimum amount of waste is generated in the nuclear fuel cycle.	NO
2.	The company carries out, finances or has exposure to the construction and safe operation of new nuclear facilities using the best available technologies or to the safety upgrading of such facilities, the purpose of which is to generate electricity or process heat, including energy generation for district heating and industrial processes, for example, hydrogen generation.	YES
3.	The company carries out, finances or has exposure to the construction and safe operation of existing nuclear facilities or to the safety upgrading of such facilities, the purpose of which is to generate electricity or process heat from nuclear energy, including energy generation for district heating and industrial processes, for example, hydrogen generation.	YES
Activities related to fossil gases		
4.	The company carries out, finances or has exposure to the construction or operation of electricity generation facilities that generate electricity using gaseous fossil fuels.	YES
5.	The company carries out, finances or has exposure to the construction, conversion and operation of heat or cooling energy and electricity cogeneration facilities using gaseous fossil fuels.	YES
6.	The company carries out, finances or has exposure to the construction, conversion or operation of heat generation facilities that generate heat or cooling energy using gaseous fossil fuels.	NO

Template 2: Taxonomy-aligned economic activities (CAPEX – denominator)

CAPEX							
Row	Economic activity	Amount and proportion (the information is to be given in amount of money and percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (HUFm)	%	Amount (HUFm)	%	Amount (HUFm)	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	76,868	16%	76,868	16%	N/A	N/A
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A

6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI	212,403	43%	212,403	43%	N/A	N/A
8.	Total applicable KPI	493,078	100%	493,078	100%	N/A	N/A

Template 3: Taxonomy-aligned economic activities (CAPEX – numerator)

CAPEX							
Row	Economic activity	Amount and proportion (the information is to be given in amount of money and percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (HUFm)	%	Amount (HUFm)	%	Amount (HUFm)	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	76,650	28%	76,650	28%	N/A	N/A

4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 in the numerator of the applicable KPI	201,567	72%	201,567	72%	N/A	N/A
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	278,217	100%	278,217	100%	N/A	N/A

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities (CAPEX)

CAPEX							
Row	Economic activity	Proportion (the information is to be given in amount of money and percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (HUFm)	%	Amount (HUFm)	%	Amount (HUFm)	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	218	1%	218	1%	N/A	N/A
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	3,484	20%	3,484	20%	N/A	N/A

5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	2,630	15%	2,630	15%	N/A	N/A
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI	11,461	64%	11,461	64%	N/A	N/A
8.	Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	17,793	100%	17,793	100%	N/A	N/A

Template 5: Taxonomy-non-eligible economic activities (CAPEX)

CAPEX			
Row	Economic activity	Amount (HUFm)	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A

2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI	196,190	100%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	196,190	100%

Template 2: Taxonomy-aligned economic activities (OPEX – denominator)

OPEX							
Row	Economic activity	Amount and proportion (the information is to be given in amount of money and percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (HUFm)	%	Amount (HUFm)	%	Amount (HUFm)	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	27,911	33%	27,911	33%	N/A	N/A

4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI	21,905	26%	21,905	26%	N/A	N/A
8.	Total applicable KPI	85,396	–	85,396	–	N/A	N/A

Template 3: Taxonomy-aligned economic activities (OPEX – numerator)

OPEX							
Row	Economic activity	Amount and proportion (the information is to be given in amount of money and percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (HUFm)	%	Amount (HUFm)	%	Amount (HUFm)	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	27,911	57%	27,911	57%	N/A	N/A

4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 in the numerator of the applicable KPI	21,347	43%	21,347	43%	N/A	N/A
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	49,258	100%	49,258	100%	N/A	N/A

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities (OPEX)

OPEX							
Row	Economic activity	Proportion (the information is to be given in amount of money and percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (HUFm)	%	Amount (HUFm)	%	Amount (HUFm)	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A

4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	595	17%	595	17%	N/A	N/A
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	2,078	58%	2,078	58%	N/A	N/A
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI	924	25%	924	25%	N/A	N/A
8.	Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	3,597	100%	3,597	100%	N/A	N/A

Template 5: Taxonomy-non-eligible economic activities (OPEX)

OPEX			
Row	Economic activity	Amount (HUFm)	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A

6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI	32,541	100%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	32,541	100%

Template 2: Taxonomy-aligned economic activities (sales revenue – denominator)

Sales revenue							
Row	Economic activity	Amount and proportion (the information is to be given in amount of money and percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (HUFm)	%	Amount (HUFm)	%	Amount (HUFm)	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	336,237	7%	336,237	7%	N/A	N/A
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A

5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI	816,778	16%	816,778	16%	N/A	N/A
8.	Total applicable KPI	5,079,039	–	5,079,039	–	N/A	N/A

Template 3: Taxonomy-aligned economic activities (sales revenue – numerator)

Sales revenue							
Row	Economic activity	Amount and proportion (the information is to be given in amount of money and percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (HUFm)	%	Amount (HUFm)	%	Amount (HUFm)	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	336,237	30%	336,237	30%	N/A	N/A
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A

5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 in the numerator of the applicable KPI	789,131	70%	789,131	70%	N/A	N/A
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	1,125,368	100%	1,125,368	100%	N/A	N/A

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities (sales revenue)

Sales revenue							
Row	Economic activity	Proportion (the information is to be given in amount of money and percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (HUFm)	%	Amount (HUFm)	%	Amount (HUFm)	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	651	1%	651	1%	N/A	N/A
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	158	0%	158	0%	N/A	N/A

5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	62,422	41%	62,422	41%	N/A	N/A
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A	N/A	N/A	N/A	N/A
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI	36,563	58%	36,563	58%	N/A	N/A
8.	Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	99,794	100%	99,794	100%	N/A	N/A

Template 5: Taxonomy-non-eligible economic activities (sales revenue)

Sales revenue			
Row	Economic activity	Amount (HUFm)	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A

2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	N/A	N/A
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI	3 853 877	100%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	3 853 877	100%

6.9 ESG Key indicators³⁹

GRI EU5

The following key indicators were selected by MVM Ltd. within the framework of the ESG Flagship Project and were calculated/displayed using international benchmarks and from data reported by the member companies. The definitions and calculation methodologies for the KPIs can be found in Section 6.10.

ESG indicator identifier	Description of ESG indicator	Unit	2021	2022	2023	Change (2023/2022)	2025 goal	2030 goal	2035 goal	Sustainable Development Goal (SDG)
E-GHG-05 ⁴⁰	Scope 1 + 2 (emissions) total⁴⁰	kilo tonnes	4,568	4,464 ⁴¹	3,786	-15%	3,900	3,200	3,000	SDG - 13
E-GHG-06 ⁴²	GHG intensity, CO₂-equivalent⁴²	gCO ₂ /kWh	226	223	196	-12%	200	120 ⁴³	110	SDG - 13
E-GHG-18	GHG emissions (Scope 1+2) / Total sales revenue	gCO ₂ /HUF	n/a	0.52	0.75	44%	-	-	-	SDG - 13
E-GHG-09	EU-taxonomy aligned sales revenue	%	12	13	22	65%	-	-	-	SDG - 13
E-GHG-10	EU-taxonomy aligned CAPEX	%	59	31.00	56.42	82%	45	55	65	SDG - 13
E-GHG-11	Network developments (CAPEX) enabling renewable integration / Total CAPEX	%	n/a	7	17	138%	-	-	-	SDG - 13
E-GHG-12	EU-taxonomy aligned OPEX	%	21	47	58	23%	-	-	-	SDG - 13
E-GHG-13	Coal-based installed own electrical capacities	MW	884	884	884	0%	684	0	0	SDG - 13
E-GHG-14	Sales revenue generated from coal-related activities / Total sales revenue⁴⁴	%	2.5	1.38 ⁴⁵	2.85	107%	3.2	0.0	0.0	SDG - 13
E-GHG-15	Ratio of the carbon neutral installed own electrical capacity and the total installed electrical capacity	%	58.7	59.2	60.6	2%	63.00	67.00	73	SDG – 13 SDG – 7
E-GHG-16	Carbon neutral electricity generation as a share of the total electricity generation	%	81.9	82.7	85.9	4%	-	-	-	SDG – 13 SDG – 7
E-INO-19	Annual CO₂ emissions from vehicles	tCO ₂	n/a	14,553	17,796 ⁴⁶	22%	-	-	-	SDG – 13 SDG – 7
E-REM-01	SO₂ emissions	tonnes	4,827	4,345	3,301	-24%	-	-	-	SDG - 7

³⁹ During the development of the MVM Group Strategy (2024–2035) and the related strategy breakdown, the 2025 and 2030 targets were revised, and new KPIs were set also for 2035.

⁴⁰ Among the scenarios calculated on the basis of the transition plan of the MVM Group in preparation, the target value expected according to the scenario that can be achieved with a probability of more than 50%.

⁴¹ GRI 2-4: Due to adjustments by the member companies, the 2022 value was changed from 4,441 to 4,464.

⁴² Among the scenarios calculated on the basis of the transition plan of the MVM Group in preparation, the target value expected according to the scenario that can be achieved with a probability of more than 50%.

⁴³ It may change depending on the schedule of the lifetime extension works of the Paks Nuclear Power Plant.

⁴⁴ Due to a methodological change in the determination of the sales revenue of the coal-based activity, the figure has been modified retroactively until 2021. Reason for the increase in 2023: Net consolidated sales revenue show a decrease of HUF 2,568,743 million (-34%), which is mainly due to a decrease in the sales revenue of natural gas, while sales revenue of coal-based electricity increased by 37% compared to the previous year.

⁴⁵ GRI 2-4: The 2022 figure is republished because the methodology for calculating the sales revenue of the coal-based activity has changed.

⁴⁶ The fleet of the MVM Group increased.

ESG indicator identifier	Description of ESG indicator	Unit	2021	2022	2023	Change (2023/2022)	2025 goal	2030 goal	2035 goal	Sustainable Development Goal (SDG)
E-REM-02	NO_x emissions	tonnes	2,787	2,757	2,324	-16%	-	-	-	SDG - 7
E-REM-03	Dust emissions	tonnes	372	259	246	-5%	-	-	-	SDG - 7
E-REM-04	Water consumption (Total water consumption (use)) with hydropower plant	'000 m ³	2,736,834	13,992,310	15,019,711	7%	-	-	-	SDG - 6
E-REM-04	Water consumption (Total water consumption (use)) without hydropower plant	'000 m ³	2,736,834	2,825,630	2,823,996	0%	-	-	-	SDG - 6
E-REM-32	Water emissions with hydropower plant	'000 m ³	2,719,291	13,977,171	15,008,705	7%	-	-	-	SDG - 6
E-REM-32	Water emissions without hydropower plant	'000 m ³	2,719,291	2,810,491	2,812,989	-2%	-	-	-	SDG - 6
E-REM-05	Water consumption intensity with hydropower plant: water consumed / electricity and heat energy produced	l/kWh	126	651	723	11%	-	-	-	SDG - 6
E-REM-05	Water consumption intensity without hydropower plant: water consumed / electricity and heat energy produced⁴⁷	l/kWh	126	132	136	3%	125	123	n/a	SDG - 6
E-REM-06	Non-compliance with (breaches of) laws and regulations in the topic of water	pcs	1	1	1	0%	-	-	-	SDG - 6
E-REM-10	Fuels and raw materials consumed: Nuclear fuel	TJ	172,013	170,794	171,720	1%	-	-	-	SDG - 7
E-REM-11	Fuels and raw materials consumed: Coal	TJ	31,369	31,356	26,900	-14%	-	-	-	SDG - 7
E-REM-12	Fuels and raw materials consumed: Fuel oil	TJ	550	522	347	-34%	-	-	-	SDG - 7
E-REM-13	Fuels and raw materials consumed: Natural gas	TJ	7,260	5,877	4,131	-30%	-	-	-	SDG - 7
E-REM-14	Fuels and raw materials consumed: Biomass	TJ	3,773	3,483	2,808	-19%	-	-	-	SDG - 7
E-REM-15	Fuels and raw materials consumed: RDF/SRF	TJ	2,412	1,739	1,263	-27%	-	-	-	SDG - 7
E-REM-20	Total volume of conventional (non-radioactive) waste produced in the reference year	tonnes	1,308,095	1,216,714	1,028,414	-15%	<1,550,000	<50,000	<45,000	SDG - 7
E-REM-18	Quantity of hazardous waste generated in the reference year (conventional)	tonnes	5,882	2,331	2,471	6%	-	-	-	SDG - 7
E-REM-19	Amount of liquid radioactive waste generated in the reference year	tonnes	195.8	191.1	158.1	-17%	-	-	-	SDG - 7
E-REM-22	Volume of solid radioactive waste: low- and medium-level	m ³	81.4	61.8	72.4	17%	80	80	80	SDG - 7
E-REM-24	Number of environmental cases resulting in a fine >/= 10,000 EUR	pcs	0	0	1	n/a	-	-	-	SDG - 7

⁴⁷ Among the scenarios calculated on the basis of the transition plan of the MVM Group in preparation, the target value expected according to the scenario that can be achieved with a probability of more than 50%.

ESG indicator identifier	Description of ESG indicator	Unit	2021	2022	2023	Change (2023/2022)	2025 goal	2030 goal	2035 goal	Sustainable Development Goal (SDG)
E-REM-26	Amount of hazardous waste recycled in the reference year (conventional)	tonnes	2,039	1,830	1,782	-3%	-	-	-	SDG - 7
E-REM-27	Total amount of conventional (non-radioactive) waste recycled in the reference year	tonnes	18,034	56,734	99,074	75%	-	-	-	SDG - 7
E-REM-28	Quantity of hazardous waste disposed of during the reference year (conventional)	tonnes	694	593	872	47%	-	-	-	SDG - 7
E-REM-29	Total amount of conventional (non-radioactive) waste disposed of in the reference year	tonnes	1,279,836	1,160,209	929,367	-20%	-	-	-	SDG - 7
E-REM-30a	Mass or volume of materials used: Materials used for water operations	tonnes	2,328	2,533	2,115	-17%	-	-	-	-
E-REM-30b	Mass or volume of materials used: Limestone (flue gas desulphurisation)	tonnes	215,483	213,889	166,942	-22%	-	-	-	-
E-REM-31a	Rate of recycled raw materials: Materials used for water operations	%	94	93	93	0%	-	-	-	-
E-REM-31b	Rate of recycled raw materials: Limestone (flue gas desulphurisation)	%	100	100.0	100.0	0%	-	-	-	-
E-INO-01	No. of customers (electricity) ⁴⁸	#	3,104,237	5,978,644	6,121,460	2%	-	-	-	-
E-INO-02	No. of customers (natural gas) ⁴⁸	#	3,490,038	3,421,484	3,423,781	0%	-	-	-	-
E-INO-03	No. of customers (district heating) ⁴⁸	#	14,944	14,868	14,958	1%	-	-	-	-
E-INO-04	No. of integrated customers (customers using multiple services) ⁴⁹	#	3,300,000	3,300,000	3,300,000	0%	-	-	-	-
E-INO-06a	Customer satisfaction universal service - customer service - natural gas	#	n/a	8.5	n/a	0%	-	-	-	-
E-INO-06b	Customer satisfaction universal service - customer service - electricity	#	7.6	n/a	8.8	16%	-	-	-	-
E-INO-06c	Customer satisfaction (Net Promoter Score, NPS) - Retail trade (electricity and natural gas) ⁵⁰	#	42.0	13.0	64.0	-	#1	#1	#1	-
E-INO-06d	Customer satisfaction (Net Promoter Score, NPS ⁵¹) - Wholesale trade - natural gas	#	72.0	58.0	66.0	-	-	-	-	-

⁴⁸ Number of customers in Hungary determined on the basis of PODs (measurement point identifier).

⁴⁹ Figure based on estimate.

⁵⁰ The 2022 value is NPS, while a Satisfaction Index has been provided for 2023, which cannot be directly compared to the 2022 NPS. #1 – Achieving industry best results_industry excellence.

⁵¹ For NPS, the degree of change cannot be determined since the scale is in the range of -100 to +100.

ESG indicator identifier	Description of ESG indicator	Unit	2021	2022	2023	Change (2023/2022)	2025 goal	2030 goal	2035 goal	Sustainable Development Goal (SDG)
E-INO-06e	Customer satisfaction - natural gas storage ⁵²	#	5.61	5.72	5.67	-1%	-	-	-	-
E-INO-07	No. of registered users of online customer channels ⁵³	#	452,088	1,387,638	1,448,166	4%	1,400,000	1,500,000	1,750,000	-
E-INO-08	No. of customers with electronic invoices	#	1,432,909	2,109,102	2,280,233	8%	-	-	-	-
E-INO-09	Share of customers served through digital channels	%	51.2	59.8	56.6	-5%	55	60	63	-
E-INO-10	No. of smart meters installed	#	86,649	112,271	139,880	25%	-	-	-	-
E-INO-12	Rate of alternative vehicles in the company (light) motor vehicle fleet	%	10.1	11.2	19.1	71%	30	50	80	SDG – 13
E-INO-15	No. of refuellings/chargings at alternative service stations	#	236,926	455,132	493,517	8%	-	-	-	SDG – 13
E-INO-27a	Number of electrical charging sockets (total)	#	n/a	1,655	1,807	9%	-	-	-	SDG – 13
E-INO-27b	Number of electrical charging sockets (<44 kW)	#	n/a	1,399	1,573	12%	-	-	-	SDG – 13
E-INO-27c	Number of electrical charging sockets (44 kW =< x =< 75 kW)	#	n/a	197	220	12%	-	-	-	SDG – 13
E-INO-27d	Number of electrical charging sockets (75< kW) ⁵⁴	#	0	24	38	58%	-	-	-	SDG – 13
E-INO-28	Energy intensity	MJ/HUF	0.08	0.03	0.04	33%	-	-	-	-
E-INO-16	No. of R&D and innovation partnerships	pcs	18	21	21	0%	-	-	-	SDG - 9
E-INO-20	RDI partnerships with public organisations, foundations and research institutes that concern environmental issues (as well)	yes/no	n/a	yes	yes	-	-	-	-	SDG - 9
E-INO-17	No. of employees involved in R&D and innovation activities	#	436	515	646	25%	-	-	-	SDG - 9
E-INO-21	Existence of the organisational unit responsible for environmental protection	yes/no	yes	yes	yes	-	-	-	-	-
E-INO-22	Existence of the energy efficiency regulations	yes/no	n/a	yes	yes	-	-	-	-	-
E-INO-24	Environmental R&D costs / Total sales revenue	%	0.02	0.04	0.02	-50%	-	-	-	SDG - 9
E-INO-18	Performance rate of the energy efficiency obligation system (EEOS)	%	92.8	100	100	0%	-	-	-	-

⁵² On a scale of 1 to 6, it is the average of the results for each topic.

⁵³ In 2023, MVM Next Energy Trading Ltd. further increased the number of users of the online administration interface. By the end of 2023, the number of customers registered with a consumption point exceeded 1.4 million. The growth in 2023 was supported by the transfer of all retail customers from the old online interfaces to the new Next online customer service and the Next app. (Retail customers who were received with the ELMŰ-ÉMÁSZ portfolio can still use the EnergiApp application and the online customer service interface).

⁵⁴ The figures do not include the data of Mobiliti Volánbusz because they are not public chargers. As a result, the 2022 figure has been republished.

ESG indicator identifier	Description of ESG indicator	Unit	2021	2022	2023	Change (2023/2022)	2025 goal	2030 goal	2035 goal	Sustainable Development Goal (SDG)
E-OTH-02	Total electricity and heat energy consumption (for the purposes of generation + self-consumption and purchased energy utilisation)	TJ	218,679	215,669	209,256	-3%	-	-	-	SDG - 9
E-OTH-07	Length of underground transmission and distribution lines (line length)	km	5,103 of which MAVIR owns 16.64	7,921 of which MAVIR owns 17	8,077 of which MAVIR owns 16	-	-	-	-	SDG - 9
E-OTH-08	The ratio of member companies certified according to the ISO 14001 standard and the number of consolidated member companies	%	24.8	35.2	38.3	9%	-	-	-	-
E-OTH-09	Ratio of the net revenue from sales from member companies with an ISO 14001 certification and the group level net sales revenue	%	40.7	6.7	16.4	145%	-	-	-	-
E-OTH-11	Total installed capacity (electricity)	GW	3.9	4.0	4.1	4%	4.2	7.1	9.2	SDG - 7
E-OTH-17	Total electricity generation	GWh	20,489	20,074	19,499	-3%	-	-	-	SDG - 7
E-OTH-28	Ratio of carbon neutral energy (electricity and thermal) output compared to the total output	%	78.0	78.6	82.0	4%	-	-	-	SDG - 13
E-OTH-41	Electrical transmission loss	%	0.97	1.00	1.09	9%	-	-	-	SDG - 13
E-OTH-42	Electrical distribution loss	%	7.06	5.67	5.20	-8%	-	-	-	SDG - 13
E-OTH-45	Natural gas distribution network loss	%	MVM Égáz Dégáz Natural Gas Network Ltd.: 1.99% MVM Főgáz Natural Gas Network Ltd.: 0.85%	MVM Égáz Dégáz Natural Gas Network Ltd.: 1.68% MVM Főgáz Natural Gas Network Ltd.: 0.71% In total: 1.20%	MVM Égáz Dégáz Natural Gas Network Ltd.: 1.65% MVM Főgáz Natural Gas Network Ltd.: 0.598% In total: 1.10%	MVM Égáz Dégáz Natural Gas Network Ltd.: -2% MVM Főgáz Natural Gas Network Ltd.: -16%	-	-	-	SDG - 13
E-OTH-47	System Average Interruption Duration Index (SAIDI) 3 year average	minute/customer	MVM Démász Electricity Network Ltd.: 55.7 (3 year average) MVM ÉMÁSZ Electricity Network Ltd.: 61.1	MVM Démász Electricity Network Ltd.: 53.7 (3 year average) MVM ÉMÁSZ Electricity Network Ltd.: 59.91	MVM Démász Electricity Network Ltd.: 51.557 (3 year average) MVM ÉMÁSZ Electricity	MVM Démász Electricity Network Ltd.: -4% MVM ÉMÁSZ Electricity Network Ltd.: 3.4%	-	-	-	SDG - 7

ESG indicator identifier	Description of ESG indicator	Unit	2021	2022	2023	Change (2023/2022)	2025 goal	2030 goal	2035 goal	Sustainable Development Goal (SDG)
			(3 year average)	(3 year average)	Network Ltd.: 57.91 (3 year average)					
E-OTH-48	System Average Interruption Frequency Index (SAIFI) 3 year average	interruption/customer	MVM Démász Electricity Network Ltd.: 0.80 (3 year average) MVM ÉMÁSZ Electricity Network Ltd.: 0.95 (3 year average)	MVM Démász Electricity Network Ltd.: 0.77 (3 year average) MVM ÉMÁSZ Electricity Network Ltd.: 0.90 (3 year average)	MVM Démász Electricity Network Ltd.: 0.754 (3 year average) MVM ÉMÁSZ Electricity Network Ltd.: 0.8299 (3 year average)	MVM Démász Electricity Network Ltd.: 2.1% MVM ÉMÁSZ Electricity Network Ltd.: 8.44%	-	-	-	SDG - 7
E-OTH-49	Area of activity carried out in a nature reserve (nature conservation/protection) area	km ²	n/a	n/a	n/a	-	-	-	-	-
E-OTH-50	Number of IUCN Red List species and nationally protected species per category in the area of the activity	#	n/a	CR: 0 EN: 1 VO: 5 NT: 6 LC: 102 Subject to national protection : 108	CR: 2 EN: 13 VO: 19 NT: 12 LC: 61 Subject to national protection : 132	-	-	-	-	-
S-HUC-01	Total no. of employees - MVM Group globally	#	17,739	18,399	19,128	4%	-	-	-	SDG - 8
S-HUC-05	Blue / white collar employee rate compared to the total number of employees	%	34%/66%	34%/66%	33%/67%	-	-	-	-	SDG - 8
S-HUC-18	Number of employees: Europe (including Hungary)	#	17,683	18,340	19,081	4%	-	-	-	SDG - 8
S-HUC-19	Number of employees: Hungary	#	16,194	16,838	17,519	4%	-	-	-	SDG - 8
S-HUC-21	Number of employees: Asia	#	56	59	47	-20%	-	-	-	SDG - 8
S-HUC-22	Rate of employees whose remuneration varies according to measurable objectives	%	36.3	46.0	47.9	4%	-	-	-	SDG - 8
S-HUC-25	Employee turnover rate (fluctuation)	%	10.8	8.7	9.0	4%	-	-	-	SDG - 8

ESG indicator identifier	Description of ESG indicator	Unit	2021	2022	2023	Change (2023/2022)	2025 goal	2030 goal	2035 goal	Sustainable Development Goal (SDG)
S-HUC-30	Rate of employees having followed a skills development action	%	62.4	25.1	20.5	-19%	-	-	-	SDG - 4
S-HUC-32	Average hours of training and development per employee per year	hour/person	26.2	22.3	29.2	31%	-	-	-	SDG - 4
S-HUC-34	Annual training cost per FTE	EUR	192.5	212	220.1	4%	-	-	-	SDG - 4
S-HUC-37	Rate of office days worked at home and the total number of days worked	%	38.6	23.0	12.5	-46%	-	-	-	SDG - 3
S-HUC-41	Annual basic salary (wage) of the CEO compared to the average annual basic salary of all employees	%	n/a	813.5	738.0	-9%	-	-	-	-
S-HUC-42	Gender gap in basic salary (wage)	%	n/a	Executives : 102.2 Subordinates, white collar: 89.4 Subordinates blue collar: 74.7	Executives : 96.3 Subordinates, white collar: 90.0 Subordinates blue collar: 75.3	-	-	-	-	SDG - 5
S-HUC-43	Average explicitly safety characterized training per worker	pcs	n/a	2.2	2.1	-3%	-	-	-	-
S-HES-02	Number of lost-time injuries (LTIs)	#	67	61	56	-8%	-	-	-	SDG - 3
S-HES-03	Number of hours worked	million working hours	27.8	31.2	30.9	-1%	-	-	-	SDG - 3
S-HES-05	Lost-time injury frequency (LTIF)	accident/million working hours	2.479	1.956	1.814	-7%	≤3.0	≤3.0	≤3.0	SDG - 3
S-HES-06	Fatal work accidents	#	0	0	1	-	-	-	-	SDG - 3
S-HES-07	High consequence work-related accidents (without fatalities)	#	0	0	0	0%	-	-	-	SDG - 3
S-HES-08	Rate of employees trained in health and safety	%	n/a	100	100	0%	-	-	-	SDG - 3
S-HES-09	Nuclear safety: Number of significant or above (level 1 or higher) events on the INES scale	#	0	0	0	0%	0	0	0	SDG - 7
S-HES-10	Opportunity for flexible (unrestricted) working hours	Yes/no	Yes	Yes	Yes	-	-	-	-	-

ESG indicator identifier	Description of ESG indicator	Unit	2021	2022	2023	Change (2023/2022)	2025 goal	2030 goal	2035 goal	Sustainable Development Goal (SDG)
S-HES-11	Existence of an organizational unit responsible for the safety and health of employees	Yes/no	Yes	Yes	Yes	-	-	-	-	-
S-GED-01	Number of female employees	#	5,970	6,200	6,684	8%	-	-	-	SDG - 5
S-GED-02	Rate of women in the total number of employees	%	33.7	33.7	34.9	4%	-	-	-	SDG - 5
S-GED-05	"Women at MVM" programme participants	#	1,041	928	1,000	8%	-	-	-	SDG - 5
S-GED-08	No. of managers	#	74	2,381	2,496	5%	-	-	-	-
S-GED-10	No. of female managers	#	29	579	632	9%	-	-	-	SDG - 5
S-GED-12	Rate of women managers (number of female managers / number of managers)	%	39.2	24.3	25.3	4%	25	30	30	SDG - 5
S-GED-13	Number of senior managers	#	138	96	79	-18%	-	-	-	SDG - 5
S-GED-14	No. of female senior managers	#	14	9	7	-22%	-	-	-	SDG - 5
S-GED-15	Proportion of female senior managers	%	10.1	9.4	8.9	-5%	-	-	-	SDG - 5
S-GED-17	No. of employees with disabilities (Hungary)	#	0	64	75	17%	-	-	-	SDG - 8
S-GED-20	Share of interns who stayed in the MVM Group after the internship programme	%	10	16	15.5	-3%	-	-	-	SDG - 8
S-GED-26	No. of family-centered dedicated programmes	#	1	21	24	14%	-	-	-	SDG - 8
S-GED-27	No. of places available to the employees' children in MVM Group's nursery schools	#	0	45	48	7%	-	-	-	SDG - 8
G-ETC-01	Employees subject to the Code of Conduct	#	16,220	18,138	18,861	4%	-	-	-	SDG - 16
G-ETC-02	Proportion of employees subject to the Code of Conduct	%	96.9	98.6	98.6	0%	100	100	100	-
G-ETC-03	No. of member companies about which an internal audit / ethics risk assessment has been carried out	#	21	57	48	-16%	-	-	-	-
G-ETC-04	No. of ethical notifications and whistleblowings⁵⁵	#	12	24	29	21%	-	-	-	SDG - 16
G-ETC-05	No. of member companies certified according to the ISO:37001 standard	#	0	7	23	229%	-	-	-	-
G-ETC-06	Rate of managers trained in the anti-corruption programme	%	n/a	Proportion of governance body members: 0	Proportion of governance body members: 19	-	100	100	100	-

⁵⁵ The significant increase in the number of reports is due to the establishment and development of a group-wide compliance framework and, thanks to training, to an increase in employee awareness.

ESG indicator identifier	Description of ESG indicator	Unit	2021	2022	2023	Change (2023/2022)	2025 goal	2030 goal	2035 goal	Sustainable Development Goal (SDG)
				Proportion of senior staff: 24.4	Proportion of senior staff: 34					
G-ETC-07	Number of member companies that operate an internal whistleblowing system (events which offend integrity)	#	n/a	67	63	-6%	-	-	-	-
G-ETC-11	Level of cyber hygiene based on the awareness and on the development of IT security⁵⁶	low/basic/medium/high	high	high	basic	-	basic	medium	medium	-
G-ETC-12	Rate of managers trained in cyber security⁵⁷	%	0	0.5	100.0	20 000%	100	100	100	-
G-ETC-13	No. of users in the Data Loss Prevention (DLP) system	#	10,000	10,000	10,000	0%	-	-	-	-
G-CGO-01	No. of women in the Board of Directors⁵⁸	#	2	2	0	-100%	-	-	-	SDG - 5
G-CGO-02	Proportion of women in the Board of Directors	%	29	29	0	-100%	-	-	-	SDG - 5
G-CGO-03	Members of the Board of Directors: organisationally independent members	#	3	4	4	0%	-	-	-	
G-CGO-04	Solutions and committees supporting the flow of information between functions⁵⁹	#	5	5	4	-20%	-	-	-	-
G-CGO-07	No. of women in Executive Officer and Supervisory Board positions⁶⁰	#	83	88	89	1%	-	-	-	SDG - 5
G-CGO-08	Rate of women in Executive Officer and Supervisory Board positions⁶¹	%	16	17	18	5%	-	-	-	SDG - 5
G-CGO-09	Executive officers: number of organisationally independent members	#	21	23	17	-26%	-	-	-	-
G-CGO-10	Compensation linked to ESG targets (goals) in the case of senior managers⁶²	yes/no	no	yes	yes	-	yes	yes	yes	-
G-CGO-13	The state's share (% of voting rights)	%	n/a	100	100	0%	-	-	-	-

⁵⁶ From 2023 on, the KPI has been published according to the revised methodology.

⁵⁷ Previously, participation in external training was taken into account in the evaluation. From 2023 on, internal training has also been included, which is, for example, mandatory for all employees, including executives and managers, in SuccessFactors. That is why the value increased.

⁵⁸ The Board of Directors of MVM Ltd. had two female members until 15 January 2023 and one female member between 16 January and 25 January 2023. The Board did not have a female member between 26 January 2023 and 31 December 2023.

⁵⁹ Figure relating to MVM Ltd.

⁶⁰ Members of the Board of Directors, CEOs and Managing Directors, SB: Supervisory Board

⁶¹ Members of the Board of Directors, CEOs and Managing Directors, SB: Supervisory Board

⁶² Senior executives: CEO and Chief Officers at MVM Ltd. as well as the Chief Executive of the consolidated companies of the MVM Group (CEO, Managing Director, etc.)

ESG indicator identifier	Description of ESG indicator	Unit	2021	2022	2023	Change (2023/2022)	2025 goal	2030 goal	2035 goal	Sustainable Development Goal (SDG)
G-CGO-14	Statutory auditor fees	HUF m	656	582	808	39%	-	-	-	-
G-CGO-15	The number of companies included in the governance system within the MVM Group	#	65	65	69	6%	-	-	-	-
G-CGO-16	The proportion of companies included in the governance system within the MVM Group	%	68	66	68	2%	-	-	-	-
G-CGO-17	No. of group-level (decision-supporting professional) committees	#	9	9	6	-33%	-	-	-	-
G-CGO-18	Rate of on-time implementation of central group-level regulations	%	73	50	61	22%	-	-	-	-
G-CGO-19	Proportion of central regulations revised annually (in relation to all central regulations)	%	n/a	83	87	4%	-	-	-	-
G-CGO-20	No. of member companies covered by the ISO:9001 certification	#	46	54	49	-9%	-	-	-	-
G-CGO-23	Time since the appointment of the members of the Board of Directors (average)	month	n/a	46	13	-	-	-	-	-
G-CGO-24	Existence of the reporting obligation from the organisational unit dealing with internal auditing to the Supervisory Board	yes/no	n/a	yes	yes	-	-	-	-	-
G-RPU-01	Annual rate of procurement from local businesses in Hungary	%	91.9	92.6	92.7	0%	>90	>90	>90	SDG - 12
G-RPU-02	No. of (supplier) risk screenings	#	1,130	2,230	2,384	7%	2,300	2,400	2,500	SDG - 12
G-RPU-03	Availability of the Supplier Code of Conduct (CoC)	yes/no	no	no	yes	-	yes	yes	yes	-
G-RCO-01	Rate of R&D&I investments to all of the investments	%	3.5	2.3	2.9	24%	-	-	-	-
G-RCO-04	Incidents affecting the IT infrastructure	#	305	205	210	2%	-	-	-	SDG - 9
G-RCO-05	Energy consumption of IT assets	kWh	1,448,784	1,343,052	1,421,094	6%	-	-	-	SDG - 13
G-RCO-07	Effective Tax Rate (ETR)	%	106.5	33.4	32.3	-3%	-	-	-	-
G-RCO-09	Tax liability	HUF m	18,657	36,521	176,450	383%	-	-	-	-
G-RCO-10	Rate of employees who have participated in an internal engagement survey	%	30.6	23.0	35.9	56%	-	-	-	SDG - 8
G-RCO-14	Programmes and initiatives supporting the local communities	yes/no	yes	yes	yes	-	yes	yes	yes	SDG - 11
G-RCO-15	Donations (net)	HUF m	1,966	1,807	1,754	-3%	-	-	-	SDG - 11
G-RCO-16	Community investments (net)	HUF m	3,961	3,907	5,366	37%	-	-	-	SDG - 11
G-RCO-17	Non-financial donations (net)	HUF m	487	465	1,562	236%	-	-	-	SDG - 11

ESG indicator identifier	Description of ESG indicator	Unit	2021	2022	2023	Change (2023/2022)	2025 goal	2030 goal	2035 goal	Sustainable Development Goal (SDG)
G-RCO-20	Proportion of cooperation with local communities in relation to all sites	%	n/a	70.4	73.1	4%	-	-	-	-
G-RCO-21	Number of operational sites (municipalities) where a negative impact on the local community may potentially occur	pcs	n/a	22	22	0%	-	-	-	-
G-RCO-21	Number of operational sites (municipalities) where the negative impact on the local community is significant	pcs	n/a	0	0	0%	-	-	-	-
G-RCO-22a	Number of customers whose service has been suspended because of non-payment	pcs	n/a	natural gas: 9,161 electricity: 28,973	natural gas: 9,919 electricity: 17,245	-	-	-	-	-
G-RCO-22b	Rate of customers within the total number of customers for whom a suspension of service for non-payment occurred	%	n/a	natural gas: 0.3 electricity: 0.4	natural gas: 0.319 electricity: 0.361	-	-	-	-	-

6.10 ESG KPI definitions and calculation methodologies

ESG indicator identifier	Description of ESG indicator	Definition / Calculation method
E-GHG-05	Scope 1 + 2 (emissions) total	Scope 1: CO ₂ , CH ₄ , N ₂ O, HFC, PFC, SF ₆ and NF ₃ emissions directly related to the operation of the company in CO ₂ equivalent. Scope 2 (location based): amount of CO ₂ emitted into the atmosphere during the generation of purchased electricity and heat.
E-GHG-06	GHG intensity, CO ₂ -equivalent	Ratio of Scope 1+2 emissions to the electricity and heat output
E-GHG-18	GHG emissions (Scope 1+2) / Total sales revenue	Ratio of the Scope 1+2 value to the total sales revenue
E-GHG-09	EU-taxonomy aligned sales revenue	Ratio of sales revenue related to environmentally sustainable economic activities, according to the alignment methodology
E-GHG-10	EU-taxonomy aligned CAPEX	Ratio of EU Taxonomy-aligned CAPEX to total CAPEX, including projects, carbon quota (allowance) purchases and goodwill costs. Ratio of capital expenditure (CAPEX) related to environmentally sustainable economic activities, according to the alignment methodology
E-GHG-11	Network developments (CAPEX) enabling renewable integration / Total CAPEX	Ratio of the CAPEX of projects aimed at the integration of renewable energy sources into the distribution system network to the total CAPEX
E-GHG-12	EU-taxonomy aligned OPEX	Ratio of operating costs (OPEX) related to environmentally sustainable economic activities, according to the alignment methodology
E-GHG-13	Coal-based installed own electrical capacities	It includes the capacities of the coal-fired capacities of member companies. In this case, it applies only to the Mátra Power Plant. The electrical capacity of the built-in turbo generator machine groups as stated in the operating manual.
E-GHG-14	Sales revenue generated from coal-related activities / Total sales revenue	Ratio of sales revenue from coal to total sales revenue. The sales revenue from coal-based activities is the IFRS sales revenue of MVM Mátra Energy Ltd. and its three subsidiaries in relation to the consolidated sales revenue of the MVM Group.
E-GHG-15	Ratio of the carbon neutral installed own electrical capacity and the total installed electrical capacity	Machine units that do not emit GHGs directly during electricity generation are considered carbon neutral electricity generators (nuclear, solar, wind, hydro and geothermal). Ratio of the installed carbon neutral electrical capacity (nuclear, solar, wind and hydro) and the total installed electrical capacity.
E-GHG-16	Carbon neutral electricity generation as a share of the total electricity generation	The quantity of electricity generated from carbon neutral fuel or with carbon neutral technology (nuclear, solar, wind, hydro, geothermal and biomass). RDF/SRF is not carbon neutral.

E-INO-19	Annual CO ₂ emissions from vehicles	CO ₂ emissions of all (light) motor vehicles of the MVM Group (passenger cars and commercial vehicles under 3.5 tonnes) in the reference year.
E-REM-01	SO ₂ emissions	Data provided according to the annual air quality control declaration
E-REM-02	NO _x emissions	
E-REM-03	Dust emissions	
E-REM-04	Water consumption (Total water consumption (use)) with hydropower plant	The data provided are based on consumption meters.
E-REM-04	Water consumption (Total water consumption (use)) without hydropower plant	
E-REM-32	Water emissions with hydropower plant	Total water discharge in the reference year in thousand cubic meters (m ³).
E-REM-32	Water emissions without hydropower plant	
E-REM-05	Water consumption intensity with hydropower plant: water consumed / electricity and heat energy produced	Total water used / (electricity + heat generated)
E-REM-05	Water consumption intensity without hydropower plant: water consumed / electricity and heat energy produced	
E-REM-06	Non-compliance with (breaches of) laws and regulations in the topic of water	The value of the disclosure consists of the number of non-compliance with laws and regulations and the number of infringements based on the decisions issued by the authorities, including every decision related to water in some way (water pollution fine, sewer fine, heat load, notice, etc.).
E-REM-10	Fuels and raw materials consumed: Nuclear fuel	In the case of energy uses for generation purposes, the energy content specified on the basis of settlement with service providers. In the case of a nuclear energy source, the specification of how the energy content is determined. In the case of use for non-generation purposes, data originated based on the calibrated consumption meters. Indication if, under a rental contract, consumption data are available in proportion to floor area (m ²).
E-REM-11	Fuels and raw materials consumed: Coal	In the case of energy uses for generation purposes, the energy content specified on the basis of settlement with service providers. In the case of a nuclear energy source, the specification of how the energy content is determined. In the case of use for non-generation purposes, data originated based on the
E-REM-12	Fuels and raw materials consumed: Fuel oil	
E-REM-13	Fuels and raw materials consumed: Natural gas	
E-REM-14	Fuels and raw materials consumed: Biomass	
E-REM-15	Fuels and raw materials consumed: RDF/SRF	

		calibrated consumption meters. Indication if, under a rental contract, consumption data are available in proportion to floor area (m ²).
E-REM-20	Total volume of conventional (non-radioactive) waste produced in the reference year	The data are based on the basis of the annual waste declaration and/or on the invoices issued by the service providers.
E-REM-18	Quantity of hazardous waste generated in the reference year (conventional)	
E-REM-19	Amount of liquid radioactive waste generated in the reference year	
E-REM-22	Volume of solid radioactive waste: low- and medium-level	The volume of compressed solid radioactive waste classified according to the Hungarian standard as low and intermediate level radioactive waste (i.e. the volume after processing) .
E-REM-24	Number of environmental cases resulting in a fine \geq 10 000 EUR	Data provided on the basis of fine decisions issued by authorities, representing individual cases above the GRI standard value determined in the name of the KPI.
E-REM-26	Amount of hazardous waste recycled in the reference year (conventional)	The data are based on the basis of the annual waste declaration and/or on the invoices issued by the service providers.
E-REM-27	Total amount of conventional (non-radioactive) waste recycled in the reference year	
E-REM-28	Quantity of hazardous waste disposed of during the reference year (conventional)	
E-REM-29	Total amount of conventional (non-radioactive) waste disposed of in the reference year	
E-REM-30a	Mass or volume of materials used: Materials used for water operations	
E-REM-30b	Mass or volume of materials used: Limestone (flue gas desulphurisation)	The data are based on the basis of the material balance kept for hazardous materials and products and, in the case of fuel, on the basis of the settlement invoices.
E-REM-31a	Rate of recycled raw materials: Materials used for water operations	
E-REM-31b	Rate of recycled raw materials: Limestone (flue gas desulphurisation)	
E-INO-01	No. of customers (electricity)	
E-INO-02	No. of customers (natural gas)	Number of customers determined on the basis of PODs (measurement

		point identifiers). Number of customers determined on the basis of PODs, consolidated with the number of MVM Next and DSO customers.
E-INO-03	No. of customers (district heating)	Number of people and entities qualifying as customers pursuant to Section 3 of Act XVIII of 2005 on district heating supply. Number of customers registered in the ATHOS invoicing program.
E-INO-04	No. of integrated customers (customers using multiple services)	Number of retail customers using natural gas and electricity services. Number of natural gas consumption points of retail users, where the user also uses electricity service.
E-INO-06a	Customer satisfaction universal service - customer service - natural gas	User Satisfaction Survey conducted among retail users on the natural gas and electricity service activity, in accordance with the obligation imposed by the Hungarian Energy and Public Utility Regulatory Authority and specific regulations, with TAPI methodology. A survey conducted in cooperation with the service providers among retail users of natural gas service in even years and of electricity service in odd years.
E-INO-06b	Customer satisfaction universal service - customer service - electricity	
E-INO-06c	Customer satisfaction (Net Promoter Score, NPS) - Retail trade (electricity and natural gas)	The KPI indicates the weighted average of the 0-10 point (0=not at all, 10=fully) answers of the customers to the question "How much are you overall satisfied with MVM Next, your electricity/natural gas trading company?" in a form corrected to %
E-INO-06d	Customer satisfaction (Net Promoter Score, NPS) - Wholesale trade - natural gas	NPS (Net Promoter Score)
E-INO-06e	Customer satisfaction - natural gas storage	Web-based questionnaire survey; the average of the results of the individual topics on a scale of 1 to 6
E-INO-07	No. of registered users of online customer channels	Number of customers who had the correct registration for consumption on the digital administration interface at the given time and were able to carry out substantive administration through the online customer service and the mobile application.
E-INO-08	No. of customers with electronic invoices	Number of consumption points (invoices are issued per consumption point, and e-invoice can be issued per consumption point) in the entire customer base using universal electricity and gas services where the payment method set was e-invoice at the time of the survey
E-INO-09	Share of customers served through digital channels	The KPI is an indicator following customers belonging to the universal customer group, entered for partner type 1, having active contracts, at customer level, where, according to the contracted payment method, the sum of customers not

		receiving cheques and customers entered as ones paying with cheques, but using the online customer service channel or mobile application in the 12 months preceding the reference month (except for registration events) is divided by the total number of customers.
E-INO-10	No. of smart meters installed	Number of smart meters installed (electricity and gas), end-of-period closing value. Available in the SAP ISU system.
E-INO-12	Rate of alternative vehicles in the company (light) motor vehicle fleet	Pure electric + hybrid + CNG + hydrogen / Total motor vehicle (light) fleet
E-INO-15	No. of refuellings/chargings at alternative service stations	Total number of refuellings/rechargings minus the number of those refuellings/rechargings where the charging is under 2 minutes and 0.2 kWh
E-INO-27a	Number of electrical charging sockets (total)	Number of electric charging connectors on which MVM provides/invoices charging services to the customers.
E-INO-27b	Number of electrical charging sockets (<44 kW)	
E-INO-27c	Number of electrical charging sockets (44 kW =< x = <75 kW)	
E-INO-27d	Number of electrical charging sockets (75< kW)	
E-INO-28	Energy intensity	Ratio of the total energy consumption within the Group to the net sales revenue
E-INO-16	No. of R&D and innovation partnerships	All research, development and innovation (RDI) partners which qualify as legally independent entities (e.g. a research centre belonging to the Eötvös Loránd Research Network ("ELKH") is considered independent; a university faculty is not considered independent, only the university as a whole); there was a cooperation agreement in force in the given year between the entity and the MVM Group as a whole or one of its companies, which covered RDI activities, as well; or there was a joint project (initiative) in progress in the given year in which at least one company of the MVM Group participated, at least until the point when it recorded its funding requirement for the given project in writing.
E-INO-20	RDI partnerships with public organisations, foundations and research institutes that concern environmental issues (as well)	If the answer is yes, the RDI partnership in the MVM Group with public organisations, foundations, research institutions, which concern environmental issues, as well
E-INO-17	No. of employees involved in R&D and innovation activities	All employees employed full time at a company of the MVM Group who participated in an RDI related event organised by the research, development and innovation (RDI) function of MVM Ltd. or by a company commissioned by MVM Ltd. in a documented manner (e.g. as recorded on the attendance sheet) or who

		is a member of the MVM Innovation Community operating within the MVM Group should to be taken into account.
E-INO-21	Existence of the organisational unit responsible for environmental protection	Does MVM Ltd. have an organisational unit responsible for environmental protection?
E-INO-22	Existence of the energy efficiency regulations	A value valid for member companies that have the ISO 50001 Energy Efficiency Standard.
E-INO-24	Environmental R&D costs / Total sales revenue	The RDI, including R&D, activities carried out by the companies of the MVM Group, are aligned with the objectives set out in the Innovation Strategy of the MVM Group, so they all ultimately aim to contribute to the decarbonisation of the electricity system, although to a different extent. So in this respect, apart from occasional exceptions, almost all R&D activities have environmental relevance.
E-INO-18	Performance rate of the energy efficiency obligation system (EEOS)	Energy savings of the MVM Group performed in relation to the energy efficiency obligation system (EEOS) in TJs (terajoules) divided by the amount of the energy efficiency obligation of the Hungarian Energy and Public Utility Regulatory Authority issued in its decision for the reference year in TJs.
E-OTH-02	Total electricity and heat energy consumption (for the purposes of generation + self-consumption and purchased energy utilisation)	In the case of energy uses for generation purposes, the energy content given on the basis of settlement with service providers. In the case of a nuclear energy source, the specification of how the energy content is determined. In the case of use for non-generation purposes, the data based on calibrated meters. If consumption data are available based on a rental contract and relative to the floor area (m ²), the indication of this fact.
E-OTH-07	Length of underground transmission and distribution lines (line length)	Length of transmission and distribution lines in kilometres
E-OTH-08	The ratio of member companies certified according to the ISO 14001 standard and the number of consolidated member companies	Does the company have a management system certified by an external auditor in accordance with the ISO 14001 standard?
E-OTH-09	Ratio of the net revenue from sales from member companies with an ISO 14001 certification and the group level net sales revenue	Sales revenue to third parties by member companies certified according to the ISO 14001 standard / Consolidated net sales revenue in %
E-OTH-11	Total installed capacity (electricity)	Total installed electricity generation capacity, not only for power plants in Hungary
E-OTH-17	Total electricity generation	Quantity of electricity generated by the entire installed electricity generation portfolio, not only for power plants in Hungary

E-OTH-28	Ratio of carbon neutral energy (electricity and thermal) output compared to the total output	Ratio of the amount of the quantity of carbon-neutral energy output to the total quantity of the energy output. Carbon neutral energy forms are as follows: biomass, RDF/SRF, wind, hydro, solar, geothermal and nuclear.
E-OTH-41	Electrical transmission loss	Ratio of transmission network loss to the energy fed into the transmission network, given in percentage
E-OTH-42	Electrical distribution loss	The distribution network loss is the difference between the amount of energy available for distribution and the amount of energy distributed / the quantity of energy available for distribution.
E-OTH-45	Natural gas distribution network loss	Distribution network measurement difference: the difference between the natural gas quantities measured and aggregated at the network input and output points of the distribution network. Calculation of natural gas distribution network losses: distribution network measurement difference / the quantity of natural gas measured and aggregated at distribution network input points.
E-OTH-47	System Average Interruption Duration Index (SAIDI), 3 year average	The average duration of an unplanned interruption of electricity supply for more than 3 minutes, minutes/user. The Hungarian Energy and Public Utility Regulatory Authority measures and assesses a 3-year average.
E-OTH-48	System Average Interruption Frequency Index (SAIFI), 3 year average	Average frequency of unplanned interruptions of electricity supply for more than 3 minutes, number / user. The Hungarian Energy and Public Utility Regulatory Authority measures and examines a 3-year average.
E-OTH-49	Area of activity carried out in a nature reserve (nature conservation/protection) area	Any area subject to nature protection (national parks, nature protection areas, landscape protection areas, Natura 2000, IUCN areas, etc.)
E-OTH-50	Number of IUCN Red List species and nationally protected species per category in the area of the activity	Number of IUCN (International Union for Conservation of Nature) Red List species and national conservation list species the habitats of which are affected by the activities of our organisation, based on (by) the level of the extinction risk: critically endangered, endangered, vulnerable, near threatened and least concern.
S-HUC-01	Total no. of employees - MVM Group globally	A person who has employment relationship (labour relations) with the company in accordance with national legislation or practice.
S-HUC-05	Blue / white collar employee rate compared to the total number of employees	Proportion of blue-collar and white-collar employees, the data is based on estimation.
S-HUC-18	Number of employees: Europe (including Hungary)	A person who has an employment relationship (labour relations) with the company in Europe in accordance with national legislation or practice.
S-HUC-19	Number of employees: Hungary	A person who has an employment relationship (labour relations) with the company in Hungary in accordance with national legislation or practice.

S-HUC-21	Number of employees: Asia	A person who has an employment relationship (labour relations) with the company in Asia in accordance with national legislation or practice.
S-HUC-22	Rate of employees whose remuneration varies according to measurable objectives	Group of such employees who participate in any kind of measurable performance assessment
S-HUC-25	Employee turnover rate (fluctuation)	Total employee turnover, without intra-group (job) quittings (leavings), the data is based on estimation.
S-HUC-30	Rate of employees having followed a skills development action	Proportion of those participating in programmes supporting employee skills development and job change
S-HUC-32	Average hours of training and development per employee per year	Number of hours of programmes supporting the development of employee skills and job changes per FTE
S-HUC-34	Annual training cost per FTE	Group-level educational costs accounted in the general ledger (without incidental costs) per FTE
S-HUC-37	Rate of office days worked at home and the total number of days worked	Proportion of days worked at home (both home office and telework)
S-HUC-41	Annual basic salary (wage) of the CEO compared to the average annual basic salary of all employees	The annual basic salary (wage) of employees compared to the CEO's annual basic salary
S-HUC-42	Gender gap in basic salary (wage)	A percentage value, in the case of women compared to men
S-HUC-43	Average explicitly safety charactered training per worker	It is based on averaged value.
S-HES-02	Number of lost-time injuries (LTIs)	Summary of the following data provided on the basis of the work accident records kept by member companies: – fatal accident at work, – serious accident at work (without fatalities), – lost-time work accidents (injuries) (not classified as serious).
S-HES-03	Number of hours worked	Number of hours worked
S-HES-05	Lost-time injury frequency (LTIF)	Number of lost-time work accidents per million working hours
S-HES-06	Fatal work accidents	Data provided on the basis of the work accident records kept by member companies. Data provided and summarised by member companies.
S-HES-07	High consequence work-related accidents (without fatalities)	
S-HES-08	Rate of employees trained in health and safety	Number of employees who have received occupational health and safety training
S-HES-09	Nuclear safety: Number of significant or above (level 1 or higher) events on the INES scale	The INES event scale is used to classify events occurring in nuclear power plants and during the transport, storage and use of radioactive materials. The events are

		rated on a scale of seven levels: INES 1 to 3 levels are called incidents, while INES 4 to 7 levels are called accidents. Events that do not have safety significance are rated at an out-of-scale or below-the-scale level (INES 0).
S-HES-10	Opportunity for flexible (unrestricted) working hours	Value valid in the case of member companies applying a flexible work schedule
S-HES-11	Existence of an organizational unit responsible for the safety and health of employees	Does MVM Ltd. operate an organisational unit dealing with this area?
S-GED-01	Number of female employees	Number of female employees in the MVM Group
S-GED-02	Rate of women in the total number of employees	Ratio of women to the total number of employees at MVM Group level
S-GED-05	"Women at MVM" programme participants	Number of participants in the events of the "Women at MVM" programme; number of mentors and mentees participating in the mentoring programme and the number of employees participating in the events. Total number of employees participating in the programme (stream, in-person event, mentoring programme, etc.)
S-GED-08	No. of managers	Employee responsible for managing an organisation or a group of employees (oversees minimum 1 employee), e.g. supervisor, head of department, director, CEO, managing director
S-GED-10	No. of female managers	Employee responsible for managing an organisation or a group of employees (oversees minimum 1 employee), e.g. supervisor, head of department, director, CEO, managing director, etc. Active FTE headcount according to the definition of the Central Statistical Office (mothers with small children in the staff under labour law, patients with long-term illness, etc. are excluded). The years 2020 and 2021 are not FTE yet, but HC.
S-GED-12	Rate of women managers (number of female managers / number of managers)	Number of female executives and managers / Number of executives and managers. Active FTE headcount according to the definition of the Central Statistical Office (mothers with small children on staff, patients with long-term illness, etc. are excluded).
S-GED-13	Number of senior managers	Senior manager: CEO and the Chief Officers (the deputy CEOs) in the case of MVM Ltd. as well as the Chief Executives of the consolidated companies of the MVM Group (employment / agency relationship (work contract)).
S-GED-14	No. of female senior managers	
S-GED-15	Proportion of female senior managers	Number of female senior managers / Number of senior managers
S-GED-17	No. of employees with disabilities (Hungary)	Number of employees with disabilities among all employees working in Hungary, non-group-level data

S-GED-20	Share of interns who stayed in the MVM Group after the internship programme	Number of university students performing internship and professional tasks in the MVM Group, who got a job within the MVM Group after the internship programme, as well.
S-GED-26	No. of family-centered dedicated programmes	Number of programmes supporting the balancing of parenting and working roles of employees raising children and working in the MVM Group
S-GED-27	No. of places available to the employees' children in MVM Group's nursery schools	Number of places available to the children of the employees in the crèches of the MVM Group
G-ETC-01	Employees subject to the Code of Conduct	Number of employees covered by a group level or company level Code of Ethics
G-ETC-02	Proportion of employees subject to the Code of Conduct	Rate of employees covered by a group level or company level Code of Ethics
G-ETC-03	No. of member companies about which an internal audit / ethics risk assessment has been carried out	Number of member companies in the case of which a compliance risk assessment has been carried out in a documented way
G-ETC-04	No. of ethical notifications and whistleblowings	Number of ethical and whistleblowing notifications received in the reference year, regardless of the channel through which they were received
G-ETC-05	No. of member companies certified according to the ISO:37001 standard	Number of those member companies which were certified according to the ISO 37001:2019 standard by a third party, that is an external auditor, in the reference year
G-ETC-06	Rate of managers trained in the anti-corruption programme	Rate of managers who participated in anti-corruption training to the total number of managers
G-ETC-07	Number of member companies that operate an internal whistleblowing system (events which offend integrity)	Number of member companies which operate a notification system to report incidents which violate integrity
G-ETC-11	Level of cyber hygiene based on the awareness and on the development of IT security	Level of cyber hygiene and security awareness within the Group. The value is based on the regularity of employee awareness development and/or IT security development: monthly = high, quarterly = medium, half-yearly = basic
G-ETC-12	Rate of managers trained in cyber security	Proportion of managers participating in cyber security training within the company in the reference year. Percentage of the number of corporate managers who completed cyber security training in the reference year compared to the total number of managers.
G-ETC-13	No. of users in the Data Loss Prevention (DLP) system	Number (number of pieces) of users in the DLP system. Data obtained from the DLP system, number of users.

G-CGO-01	No. of women in the Board of Directors	Number of female members on the Board of Directors of MVM Ltd. (non-group-level data)
G-CGO-02	Proportion of women in the Board of Directors	Number of female members on the Board of Directors divided by the total number of the Board of Directors members (non-group-level data)
G-CGO-03	Members of the Board of Directors: organisationally independent members	Number of the members of the Board of Directors who are not employed by MVM Ltd. or any other company belonging to the MVM Group (non-group level-data)
G-CGO-04	Solutions and committees supporting the flow of information between functions	Number of decision-supporting committees within MVM Ltd., which are listed in the annex of the Organisational and Operational Rules of MVM Ltd. and are not included in the relevant annex of the MVM Group Central Management Code
G-CGO-07	No. of women in Executive Officer and Supervisory Board positions	Number of women in Executive Officer and Supervisory Board positions of companies belonging to the MVM Group. Calculation method: Number of women in Executive Officer and Supervisory Board positions of companies under the majority influence of MVM Ltd. as defined in the Civil Code
G-CGO-08	Rate of women in Executive Officer and Supervisory Board positions	Number of Executive Officer and Supervisory Board positions held by women at the companies under the majority influence of MVM Ltd. divided by the total number of Executive Officer and Supervisory Board positions held at the companies under the majority influence of MVM Ltd. as defined in the Civil Code.
G-CGO-09	Executive officers: number of organisationally independent members	Number of senior executives not employed by MVM Zrt. or other MVM Group companies.
G-CGO-10	Compensation linked to ESG targets (goals) in the case of senior managers	The answer is 'yes', if the bonus target of senior managers includes group-level strategic KPIs and a payment is made depending on the performance.
G-CGO-13	The state's share (% of voting rights)	The extent of the voting right of the Hungarian state in MVM Ltd. based on the voting rate stated in its share register, non-group-level data
G-CGO-14	Statutory auditor fees	Statutory audit fees of the reports of the companies included in the consolidation to be published, audit and review fees related to the Hungarian and IFRS consolidated reports, and other IFRS statutory audit fees
G-CGO-15	The number of companies included in the governance system within the MVM Group	Number of companies within the MVM Group for which the governance clause is included in the Memorandum of Association
G-CGO-16	The proportion of companies included in the governance system within the MVM Group	The rate of companies included in the governance system in the MVM Group
G-CGO-17	No. of group-level (decision-supporting professional) committees	Number of group-level decision-supporting committees of MVM Ltd.

G-CGO-18	Rate of on-time implementation of central group-level regulations	The proportion in which companies (among those under the majority influence of MVM Ltd. as defined by the Civil Code and obliged to implement the central regulations) fully implemented the requirements set out in those central regulations that are applicable to them. Number of tasks completed by the deadline among the implementation tasks arising from new or amended central regulations divided by the total number of implementation tasks.
G-CGO-19	Proportion of central regulations revised annually (in relation to all central regulations)	Ratio of revised central regulations to all valid central regulations
G-CGO-20	No. of member companies covered by the ISO:9001 certification	Number of companies that have a certification according to the ISO 9001 international management system standard (among those under the majority influence of MVM Ltd. as defined by the Civil Code)
G-CGO-23	Time since the appointment of the members of the Board of Directors (average)	Time elapsed since the appointments of the members of the Board of Directors in months (average).
G-CGO-24	Existence of the reporting obligation from the organisational unit dealing with internal auditing to the Supervisory Board	Does any department / committee that is engaged in internal auditing report directly to the Supervisory Board? (yes/no)
G-RPU-01	Annual rate of procurement from local businesses in Hungary	Number of suppliers with Hungarian tax numbers not from within the MVM Group / Total number of suppliers not within the MVM Group (non-group-level data)
G-RPU-02	No. of (supplier) risk screenings	Number (of pieces) of pre-qualifications and updates performed in the given year
G-RPU-03	Availability of the Supplier Code of Conduct (CoC)	Supplier code of conduct: available/unavailable
G-RCO-01	Rate of R&D&I investments to all of the investments	Value of R&D&I investments (so including the innovation CAPEX, as well) divided by the group annual project CAPEX (without acquisition, goodwill and CO2 quota)
G-RCO-04	Incidents affecting the IT infrastructure	Unplanned service quality degradation or loss affecting administration and business IT services that users may have noticed. Calculation method: Number of incidents in the given year
G-RCO-05	Energy consumption of IT assets	Total consumption of central administration IT tools serving the IT infrastructure. Calculation method: Total electricity consumption of the server rooms
G-RCO-07	Effective Tax Rate (ETR)	It is the ratio of the Income tax expense/benefit and the Profit before tax in the Consolidated statement of comprehensive income of the MVM Group
G-RCO-09	Tax liability	The amount equal to the Income tax expense/benefit in the Consolidated statement of comprehensive income of the MVM Group

G-RCO-10	Rate of employees who have participated in an internal engagement survey	Organisational culture survey; "Heart rate" measurement; Commitment survey made proportional to the current group headcount (according to the definition of the Central Statistical Office)
G-RCO-14	Programmes and initiatives supporting the local communities	Programmes that support the following: individuals or smaller-larger groups of individuals who live or work in a small area (max. 600 km ²) where the operation of the MVM Group has or may have a positive or negative impact.
G-RCO-15	Donations (net)	All cash benefits provided under a donation or grant agreement; tangible/service grants and sponsorships don't belong here, only those where we provided funds without compensation. Donations: cash benefits provided under a donation or grant agreement; financial/service grants are excluded, except those to which MVM provided cash or cash equivalent assets
G-RCO-16	Community investments (net)	The cost of any own project that creates and returns value to society, where the target group is a larger segment of society, e.g. school children or residents of a given city/area, or the whole of society; its essence is not sales, but improving the life and operation of stakeholders; e.g. educational campaign, environmental campaign, MVM Zenergy, Creative Energy, Edison Junior, SmartSchool, power plant visitor centres, museums, running competitions, etc. It is important that projects which are not our own, e.g. sponsoring an external event, are not included here.
G-RCO-17	Non-financial donations (net)	Market value of transferred tangible assets, services, etc., e.g. properties (real estate) transferred free of charge, IT tools (and devices), cars, free energy audits. Net amount of the market value of tangible assets, services, etc. transferred free of charge. Non-financial donations: The transferred tangible assets, services, e.g. free property, IT tools, cars, free energy audits, etc.
G-RCO-20	Proportion of cooperation with local communities in relation to all sites	Presentation of programmes (social impact assessment, environmental impact assessment and monitoring, publication of assessments, local community development programme based on local needs, stakeholder engagement programme, community consultation committees representing vulnerable groups, as well, works councils, occupational health and safety committees dealing with impacts, formal community complaint handling mechanisms).
G-RCO-21	Number of operational sites (municipalities) where a negative impact on the local community may potentially occur	The geographical location of operational sites and the description of potential impacts.

G-RCO-21	Number of operational sites (municipalities) where the negative impact on the local community is significant	The geographical location of operational sites and the description of significant current impacts.
G-RCO-22a	Number of customers whose service has been suspended because of non-payment	The number of customers for whom the service was suspended in 2022 / the total number of customers.
G-RCO-22b	Rate of customers within the total number of customers for whom a suspension of service for non-payment occurred	The proportion of customers for whom the service was suspended in 2022.

7. GRI CONTENT INDEX

Statement of use		MVM Ltd. has reported in accordance with the GRI Standards for the period from 1 January 2023 to 31 December 2023.			
GRI 1 Standard used		GRI 1: Foundation 2021			
GRI Sector Standard(s) used		GRI 11: Oil and Gas Sector 2021 GRI 12: Coal Sector 2022			
Indicator number	GRI / MVM disclosure description	Page number / link	Note / Reason for omission	GRI Sector Standard reference number	SDG goal
GRI: GRI Standards and GRI G4 indicators MVM: own indicators					
GRI: GRI2: General Disclosures 2021					
2-1	Organisational details	Cover sheet, 7 and 182–184			
2-2	Entities included in the organisation’s sustainability reporting	7 and 182–184			
2-3	Reporting period, frequency and contact point	182			
2-4	Restatements of information	13, 50, 53, 67, 98, 101, 102, 103, 113, 114, 117 and 232			
2-5	External assurance	182 and 268–270			
2-6	Activities, value chain and other business relationships	7–12, 90, 185–186			
2-7	Employees	144			
2-8	Workers who are not employees	145			
2-9	Governance structure and composition	31–35			
2-10	Nomination and selection of the highest governance body	35-36	2-10-b-iii: No information is available, reported from 2024		
2-11	Chair of the highest governance body	34-35			
2-12	Role of the highest governance body in overseeing the management of impacts	37-38			

Indicator number	GRI / MVM disclosure description	Page number / link	Note / Reason for omission	GRI Sector Standard reference number	SDG goal
2-13	Delegation of responsibility for managing impacts	37-38			
2-14	Role of the highest governance body in sustainability reporting	182			
2-15	Conflicts of interest	7, 33–35, 36, 83-84			16 (16.5)
2-16	Communication of critical concerns	39-40			
2-17	Collective knowledge of the highest governance body	GRI Content Index	We do not currently take development measures.		
2-18	Evaluation of the performance of the highest governance body	GRI Content Index	We do not currently use performance assessment.		
2-19	Remuneration policies	148-149			
2-20	Process to determine remuneration	149-150			
2-21	Annual total compensation ratio	150			
2-22	Statement on sustainable development strategy	4–6			
2-23	Policy commitments	38-39			5 (5.1) and 16 (16.3)
2-24	Embedding policy commitments	37–39 and 87–90			
2-25	Processes to remediate negative impacts	39-40, 124-126, 169 and 170-171			
2-26	Mechanisms for seeking advice and raising concerns	39- 40			5.1 and 16 (16.3)
2-27	Compliance with laws and regulations	41-42			
2-28	Membership in associations	187-188			
2-29	Approach to stakeholder engagement	28–30 and 150			
2-30	Collective bargaining agreements	156–157			16 (16.7) and 8.8
EU1	Installed capacity, broken down by primary energy source	53			
EU2	Net energy output broken down by primary energy source	53–55			
EU3	Number of retail, industrial, institutional and commercial customer accounts	76			
EU4	Length of underground transmission and distribution lines	51-52			9 (9.4)
EU5	Allocation of CO ₂ emissions allowances or equivalent, broken down by carbon trading framework	55 and 232-242			
GRI 3: Material Topics 2021					
3-1	Process to determine material topics	30-31			

Indicator number	GRI / MVM disclosure description	Page number / link	Note / Reason for omission	GRI Sector Standard reference number	SDG goal
3-2	List of material topics	30-31			
Economic impact (performance) – GRI 11.14 and 12.8					
GT3-3	Management of material topics	48-49 and 90-91		11.14.1 and 12.8.1	
201-1	Direct economic value generated and distributed	49-51 and 197-201		11.14.2, 11.21.2, 12.8.2 and 12.21.2	
202-2	Proportion of senior management hired from the local community at significant/main locations of operation	148		11.11.2, 11.14.3, 12.8.3 and 12.19.3	
203-1	Infrastructure investments and services supported	59-61, 64 166-169 and 171-173		11.14.4 and 12.8.4	
203-2	Significant indirect economic impacts, including the extent of impacts	91	Partially reported indicator We cannot relate the significance of the impact to an external benchmark, we will report it from 2026 after the development of information collection.	11.14.5 and 12.8.5	
204-1	Proportion of spending on local suppliers (at significant locations of operation)	91		11.14.6 and 12.8.6	
System efficiency – GRI EU					
RH3-3	Management of material topics	55-57			
EU11	Average generation efficiency of power plants, broken down by primary energy source	55-57			
EU12	Transmission and distribution network losses (per system length)	57			
GRI 205: Anti-corruption 2016 – GRI 11.20 and 12.20					
KORR3-3	Management of material topics	43-45		11.20.1 and 12.20.1	16 (16.5)
205-1	Operations assessed for risks related to corruption	43-45		11.20.2 and 12.20.2	
205-2	Communication and training about anti-corruption policies and procedures	43-46	Partially reported. We cannot provide a regional breakdown	11.20.2 and 12.20.3	

Indicator number	GRI / MVM disclosure description	Page number / link	Note / Reason for omission	GRI Sector Standard reference number	SDG goal
			of the number of business partners, we will report it after the development of data collection.		
205-3	Confirmed incidents of corruption and actions taken	45		11.20.4 and 12.20.4	16 (16.5)
	Transparency of contracts	45-46		11.20.5 and 12.20.5	
	List of beneficial owners of the organisation	31-32 and 44-46		11.20.6 and 12.20.6	
GRI 206: Anti-competitive Behaviour 2016 – GRI 11.19					
VE3-3	Management of material topics	47		11.19.1	
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	47		11.19.2	
Payments to the state – GRI 11.21 and 12.21					
AD3-3	Management of material topics	82-83		11.21.1 and 12.21.1	
201-4	Financial assistance received from the state	7 and 84-87		11.21.3 and 12.21.3	
207-1	Approach to tax	82-83		11.21.4 and 12.21.4	
207-2	Tax governance, control and risk management	82-83		11.21.5 and 12.21.5	
207-3	Stakeholder engagement and management of concerns related to tax	82-83		11.21.6 and 12.21.6	
207-4	Country-by-country reporting	83-84 and 185-186		11.21.7 and 12.21.7	
Availability and reliability – GRI EU					
RA3-3	Management of material topics	72-75			7 (7.1)
EU6	Management approach to availability and reliability and its components	72-75			
EU10	Capacity increase planned and expected increase in demand in the long term	17-21 and 58-59			7 (7.1) and 9 (9.4)
Demand side management – GRI EU					
FO3-3	Management of material topics	81-82			
EU7	Practice of demand side management	81-82			
Research and development – GRI EU					
KF3-3	Management of material topics	61-64			8 (8.3) and

Indicator number	GRI / MVM disclosure description	Page number / link	Note / Reason for omission	GRI Sector Standard reference number	SDG goal
					9 (9.5)
EU8	Research and development for reliable electricity supply and sustainable development	49-51 and 61-64			
Decommissioning of nuclear power plant – GRI EU					
NU3-3	Management of material topics	117-122 and 193-196			
EU9	Regulations for the decommissioning of nuclear power plant	193-196			
GRI 303: Water and Effluents 2018 – GRI 11.6 and 12.7					
Viz3-3	Management of material topics	107-112		11.6.1 and 12.7.1	
303-1	Interactions with water as a shared resource	107-112		11.6.2 and 12.7.2	
303-2	Management of water discharge-related impacts	107-112		11.6.3 and 12.7.3	
303-3	Water withdrawal (water use)	112-113		11.6.4 and 12.7.4	6 (6.3)
303-4	Water discharge	113-114	(d) partially reported, we will report it after the development of data collection	11.6.5 and 12.7.5	
303-5	Water consumption	113-114		11.6.6 and 12.7.6	
GRI 304: Biodiversity 2016 – GRI 11.4 and 12.5					
Bio3-3	Management of material topics	107-112 and 126-134		11.4.1 and 12.5.1	
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	126-134	The information presented is more accurate than in the previous year, but complete information is still not available on (iii) location relative to protected areas, (v) operating area in km ² and (vi) biodiversity value based on the characteristics of the protected area. Following the development of data collection, the aim is to expand the information.	11.4.2 and 12.5.2	
304-2	Significant impacts of activities, products and services on biodiversity	126-134		11.4.3 and 12.5.3	15 (15.1 and 15.5)

Indicator number	GRI / MVM disclosure description	Page number / link	Note / Reason for omission	GRI Sector Standard reference number	SDG goal
304-3	Habitats protected or restored	126–134		11.4.4 and 12.5.4	
304-4	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations	134		11.4.5 and 12.5.5	
GRI 305: Air Emissions 2016 – GRI 12.3 and 12.4					
Lég3-3	Management of material topics	104–106		11.3.1 and 12.4.1	
305-6	Emissions of ozone-depleting substances (ODS)	106			
305-7	Nitrogen oxides (NO _x), sulphur oxides (SO _x) and other significant air emissions	104–106		11.3.2 and 12.4.2	
416-1	Assessment of the health and safety impacts of product and service categories	136		11.3.3	
GHG emissions – GRI 11.1 and 12.1					
ÜHG3-3	Management of material topics	21-23 and 94–104		11.1.1 and 12.1.1	
302-1	Energy consumption within the organisation	97–99		11.1.2 and 12.1.2	7 (7.2), 8 (8.4), 12 (12.2) and 13 (13.3)
302-2	Energy consumption outside of the organisation	97–99		11.1.3 and 12.1.3	
302-3	Energy intensity	99-100		11.1.4 and 12.1.4	
305-1	Direct (Scope 1) GHG emissions	100–104	The consolidation approach is operational management.	11.1.5 and 12.1.5	
305-2	Energy indirect (Scope 2) GHG emissions	102	The consolidation approach is operational management.	11.1.6 and 12.1.6	
305-3	Other indirect (Scope 3) GHG emissions	103		11.1.7 and 12.1.7	
305-4	GHG emissions intensity	102-103		11.1.8 and 12.1.8	
Climate adaptation, resilience and transition – GRI 11.2 and 12.2					
KIİ3-3	Management of material topics	21–23 and 94–104		11.2.1 and 12.2.1	

Indicator number	GRI / MVM disclosure description	Page number / link	Note / Reason for omission	GRI Sector Standard reference number	SDG goal
201-2	Financial implications and other risks and opportunities due to climate change, total investment in renewable energy and generated renewable energy by source	21–28 and 95–97	An estimate of the monetary value of potential risks will be made by 2026, at the latest.	11.2.2 and 12.2.2	
305-5	Initiatives aimed at reducing greenhouse gas emissions and achieved emission reductions	103 and 104		11.2.3 and 12.2.3	
	Public policy development on climate change	40-41		11.2.4 and 12.2.4	
GRI 306: Waste 2020 – GRI 11.5 and 12.6					
Hull3-3	Management of material topics	114–117		11.5.1 and 12.6.1	
306-1	Waste generation and significant waste-related impacts	114–117		11.5.2 and 12.6.2	
306-2	Management of significant waste-related impacts	114–117		11.5.3 and 12.6.3	6 (6.3)
306-3 (2020)	Quantity of waste generated in the reference year by type	114-115		11.5.4, 11.8.2, 12.6.4 and 12.13.2	3 (3.9) and 12 (12.4)
306-4	Waste diverted from disposal	115	(b) and (c) partially reported, we will report it after the development of data collection	11.5.5 and 12.6.5	
306-5	Waste directed to disposal	115-116	(b) and (c) partially reported, we will report it after the development of data collection	11.5.6 and 12.6.6	
Employment practices – GRI 11.10 and 12.15					
F3-3	Management of material topics	143–150		11.10.1 and 12.15.1	8 (8.8)
401-1	New employee hires and employee turnover by age group and gender, in absolute value and percentages	145–148		11.10.2 and 12.15.2	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	150		11.10.3 and 12.15.3	
401-3	Return to work and retention rates	154-155		11.10.4, 11.11.3, 12.15.4 and 12.19.4	
EU14	Programmes and procedures to ensure the availability of skilled workforce	164–165			
402-1	Minimum notice periods regarding operational changes	157-158		11.7.2 and 12.3.2	

Indicator number	GRI / MVM disclosure description	Page number / link	Note / Reason for omission	GRI Sector Standard reference number	SDG goal
404-1	Average hours of training per year per employee by employee category	165-166		11.10.6, 11.11.4, 12.15.6 and 12.19.5	
404-2	Programmes for upgrading employee skills and transition assistance programmes	23-28, 165, and 166-169		11.7.3 and 12.3.3	
404-3	Percentage of employees receiving regular performance and career development reviews	169			
414-1	New suppliers that were screened using social criteria	GRI Content Index	There was no such supplier.	11.10.8 and 12.15.8	
414-2	Negative social impacts in the supply chain and actions taken	91		11.10.9 and 12.15.9	
GRI 403: Occupational health and safety 2018					
ME3-3	Management of material topics	158-162		11.9.1 and 12.14.1	
403-1	Occupational health and safety (management) system	159-160		11.9.2 and 12.14.2	
403-2	Hazard identification, risk assessment and incident investigation	160		11.9.3 and 12.14.3	8 (8.8)
403-3	Occupational health services	161		11.9.4 and 12.14.4	3 (3.8) and 8 (8.8)
403-4	Worker participation, consultation and communication on occupational health and safety	160-161		11.9.5 and 12.14.5	3 (3.8) and 8 (8.8)
403-5	Worker training on occupational health and safety	161		11.9.6 and 12.14.6	3 (3.4) and 8 (8.8)
403-6	Promotion of worker health	161-162		11.9.7 and 12.14.7	3 (3.4) and 8 (8.8)
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	164		11.9.8 and 12.14.8	
403-8	Workers covered by an occupational health and safety (management) system	159-160		11.9.9 and 12.14.9	
403-9	Work-related injuries	162-164		11.9.10 and 12.14.10	
403-10	Work-related ill health	164		11.9.11 and 12.14.11	
GRI 406: Non-discrimination 2016 (and equal opportunity) – GRI 11.11 and 12.19					

Indicator number	GRI / MVM disclosure description	Page number / link	Note / Reason for omission	GRI Sector Standard reference number	SDG goal
DM3-3	Management of material topics	47, 79-80 and 151-154		11.11.1 and 12.19.1	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	GRI Content Index	The indicator is only potentially relevant for the coal sector. Among the companies operating in this sector, Mátra Energy Ltd. is one of the significant locations of operation, and the wages of a significant proportion of employees and non-employee workers are not linked to the minimum wage.	12.19.2	
405-1	Presentation of the management body and employees by gender, age and minority	152-153		11.11.5 and 12.19.6	
405-2	Ratio of basic salary and remuneration of women to men	153		11.11.6 and 12.19.7	
406-1	Incidents of discrimination and corrective actions taken	47 and 151		11.11.7 and 12.19.8	
GRI 407: Freedom of Association and Collective Bargaining 2016 – GRI 11.13 and 12.18					
EK3-3	Management of material topics	156-158		11.13.1 and 12.18.1	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	92		11.13.2 and 12.18.2	
GRI 408: Child Labour 2016 – GRI 12.16					
GYM3-3	Management of material topics	92		12.16.1	
408-1	Operations and suppliers at significant risk for incidents of child labour	92		12.16.2	
GRI 409: Forced or Compulsory Labour 2016 – GRI 11.12 and 12.17					
KM3-3	Management of material topics	92		11.12.1 and 12.17.1	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	92		11.12.2 and 12.17.2	
GRI 413: Local Communities 2016 – GRI 11.15 and 12.9					
HK3-3	Management of material topics	169-181		11.15.1 and 12.9.1	
413-1	Percentage of operations with programmes assessing, managing and developing the impacts on local communities, including the impacts of mobilisation to the site, operation and demobilisation from the site, as well as their nature, extent and efficiency	169-171		11.15.2 and 12.9.2	

Indicator number	GRI / MVM disclosure description	Page number / link	Note / Reason for omission	GRI Sector Standard reference number	SDG goal
413-2	Operations with significant actual and potential negative impacts on local communities	170-171		11.15.3 and 12.9.3	
	Significant disputes with local communities and indigenous peoples	GRI Content Index	There was none.	11.15.4 and 12.9.4	
GRI 415: Public Policy 2016 – GRI 11.22 and 12.22					
KP3-3	Management of material topics	40-41		11.22.1 and 12.22.1	
415-1	Political contributions	40-41		11.22.2 and 12.22.2	
Disaster management / Emergency planning and response – GRI EU					
KV3-3	Management of material topics	135-143			
G4DMA (EU21)	Contingency planning measures, disaster/emergency management plans and training programmes, and recovery/restoration plans	135–143			6 (6.3)
Asset integrity and critical incident management (Process safety) – GRI 11.8 and 12.13					
EK13-3	Management of material topics	135-143		11.8.1 and 12.13.1	
306-3 (2016)	Significant spills	126		11.8.2 and 12.13.2	
	Number of process safety incidents (Tier 1 and Tier 2 separately) by business activity	143		11.8.3	
	Critical incidents and their impact	143		12.13.3	
	Description of ash pond sites	116-117 and 122–124		12.13.4	
GRI 418: Customer Privacy 2016					
SZAV3-3	Management of material topics	42			
418-1	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	42-43			
Access – GRI EU					
H3-3	Explanation of Access as material topic and its boundaries	80			
EU28	System Average Interruption Frequency Index (SAIFI)	80			
EU29	System Average Interruption Duration Index (SAIDI)	80			
Provision of information – GRI EU					
I3-3	Provision of information as material topic	78-79			
G4DMA (EU24)	Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services	79-80			
MVM indicators					

Indicator number	GRI / MVM disclosure description	Page number / link	Note / Reason for omission	GRI Sector Standard reference number	SDG goal
MVM-1	Nuclear safety and summary of nuclear oversight	188-192			
MVM-2	Consolidated balance sheet of the MVM Group for the reference year	197-198			
MVM-3	Consolidated profit and loss account of the MVM Group for the reference year	199			
MVM-4	Consolidated cash flow statement of the MVM Group for the reference year	200-201			
MVM-6	Brief description of the most important environmental projects in the reference year, including the related expenditure	68-71			9 (9.4)
MVM-7	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms	94			
MVM-8	Existence of an environmental management system (EMS)	93-94			
MVM-9	Description of MVM Group acquisitions	7			11 (11.6)
MVM-10	Grants and sponsorships provided by the MVM Group	173-177			
MVM-11	Alternative-powered vehicle fleet of the MVM Group	68			
MVM-12	Brief description of campaigns related to environmental protection, nature conservation and sustainability, presentation of results	177-181			

Topics in the applicable GRI Sector Standards determined as not material	
Topic	Explanation
GRI 11: Oil and Gas Sector 2021 GRI 12: Coal Sector 2022	
Topic 11.7: Closure and rehabilitation Topic 12.3: Closure and rehabilitation	The topic is relevant for the subsidiaries involved in the gas and coal sectors, but site closures do not have to be expected for years.
Topic 11.16: Land and resource rights Topic 12.10: Land and resource rights	No resettlement takes place as a result of the activities of the subsidiaries involved in the gas and coal sectors.
Topic 11.17: Rights of indigenous peoples Topic 12.11: Rights of indigenous peoples	Due to the activities of the MVM Group, there is no site where indigenous or aboriginal local communities would be adversely affected.
Topic 11.18: Conflict and security Topic 12.12: Conflict and security	The MVM Group does not currently have a site where the hazards of the topic arise.



Deloitte Auditing and Consulting Ltd.
H-1068 Budapest,
Dózsa György út 84/C, Hungary
H-1438 Budapest,
P.O.Box 471, Hungary

Phone: +36 (1) 428-6800
Fax: +36 (1) 428-6801
www.deloitte.hu

Registered by the Capital Court of Registration
Company Registration Number: 01-09-071057

INDEPENDENT ASSURANCE REPORT

To the Management Board of MVM Zrt.
Szentendrei út 207-209.
1031 Budapest

Scope of work performed and applicable criteria

We have undertaken a limited assurance engagement on the EU Taxonomy indicators (the "EU Taxonomy KPIs") and the below specified selected GRI indicators (the "selected GRI indicators") presented in the Sustainability Report for the period from 1 January 2023 to 31 December 2023 (the "Sustainability Report"), developed by MVM Zrt. (the "Company").
The scope of our work covered the following:

EU Taxonomy KPIs:

- CAPEX
- OPEX
- Turnover

Five selected GRI indicators:

MATERIAL SPECIFIC DISCLOSURES

- 305-1: Direct (Scope 1) GHG emissions
- 305-2: Energy indirect (Scope 2) GHG emissions
- 403-9: Work-related injuries
- EU1: Installed capacity, broken down by primary energy source and by regulatory regime.
- G-ETC-04: Number of ethical and whistleblowing reports filed

The indicators included in the GRI index presented in the Sustainability Report have been reported in the manner defined in the GRI Standards 2021 (hereinafter "GRI Standards") - Sustainability Reporting Guidelines, issued by the Global Reporting Initiative (GRI). Our limited assurance engagement was limited to the indicators presented in the Sustainability Report listed above and did not address the other information included in this report or this report understood as a whole. Accordingly, our conclusion below applies only to the EU Taxonomy KPIs and the selected GRI indicators within the scope of our work and not all data presented, or any other information included in the Sustainability Report.

Responsibility of the Management Board of the Company

The Management Board of the Company is responsible for the preparation and presentation of the GRI indicators, presented in the Sustainability Report in accordance with GRI Standards, as issued by Global Reporting Initiative (GRI), and for the preparation and presentation of the EU Taxonomy KPIs with the principles set out in the 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, Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives, Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation, Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities (hereinafter referred as: EU Taxonomy). This responsibility includes establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived. The Management Board of the Company is also responsible for the provision of reliable, correct, and fair information, and for the correct preparation of the documentation provided to us.

Our Independence and Quality Control

In performing the service, we have complied with the independence and other ethical requirements set out in the International Code of Ethics for Professional Accountants (including International Standards of Independence) developed and approved by the International Ethics Standards Board for Accountants, which includes independence requirements and other requirements based on integrity, objectivity, professional competence and due care, confidentiality, and professional conduct.

In accordance with the International Auditing and Assurance Standards Board's (IAASB) International Standard on Quality Management (ISQM 1), we maintain and apply a comprehensive quality management system that operates continuously and iteratively and responds to changes in the nature and circumstances of the company and its recommendations.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the EU Taxonomy KPIs and the selected GRI indicators of the Sustainability Report based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standards on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the EU Taxonomy KPIs and the selected GRI indicators of the Sustainability Report are not inconsistent with the EU Taxonomy regulation and the GRI Standards Guidelines for Sustainability Reporting.

The procedures performed under the limited assurance engagement are different in nature and limited in scope both in terms of risk assessment procedures, including an understanding of internal control, and in terms of the procedures performed in response to the risks assessed compared to the reasonable assurance engagement. As a result, the level of assurance obtained through an assurance service providing limited assurance is significantly lower than the level of assurance that could be obtained through an assurance service providing reasonable assurance.

The procedures we performed were based on our professional judgement, our assessment of the risk of material misstatement of the indicators due to intentional actions or misstatements, and included interviews, observations of the processes performed, examination of documents, analytical procedures, assessments of the appropriateness of calculation methods and reporting policies and reconciling with underlying records.

In order to reach our conclusion on the EU Taxonomy KPIs and selected GRI indicators in the Sustainability Report, we undertook in the period 18 January 2024 – 3 May 2024 the following procedures:

- Through inquiries, obtained an understanding of the Company's control environment and information systems relevant to reporting the indicators under review, but did not evaluate the design of particular control activities, obtain evidence about their implementation, or test their operating effectiveness.
- Obtained through inquiries, analytical procedures, observation, and other applicable evidence gathering procedures on a sample basis, an understanding of the key structures, systems, processes, procedures.
- Compared the information contained in the Sustainability Report with the GRI Standards guidelines.
- Assessment of the alignment of the KPIs contained in the Sustainability Report to the EU Taxonomy.
- Evaluate the consistency of information included in the Sustainability Report to internal documentation of the Company.

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

Emphasis of matter

We draw attention to disclosures related to Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities, concerning activity 4.28 "Electricity generation from nuclear energy in existing installations" and with regards to additional criteria pertaining to substantial contribution to climate change mitigation as part of which the requirement for compliance with the aforementioned Technical Screening Criteria which stipulates the preparation of a life-cycle greenhouse gas emissions study that is to demonstrate that the life-cycle emissions of the nuclear power plant comply with the threshold of 100 g CO₂e/kWh and that this life-cycle assessment has been verified by an independent third party.

In the substantiating documentation underpinning its Sustainability Report, MVM Zrt. chooses to comply with the Technical Screening Criteria of activity 4.28 by referencing the EU Joint Research Committee's *Technical assessment of nuclear energy with respect to the 'do no significant harm' criteria of Regulation (EU) 2020/852 ('Taxonomy Regulation')* (hereinafter: Reference Study) in which the life-cycle emissions of electricity generation from nuclear energy is shown to have life-cycle emissions well below the threshold stipulated in the Technical Screening Criteria of 4.28, as per the JRC report: "for the existing French nuclear reactor fleet in 2010, at that time using the gaseous diffusion process supplied by nuclear energy, was assessed to be 5.29 gCO₂-eq/kWh".

Therefore, as per the EU Joint Research Committee's Reference Study's conclusion "According to the foregoing, lifecycle GHG emissions from nuclear electricity generation are comfortably within the 100 gCO₂-eq/kWh emissions intensity threshold proposed by the TEG for electricity generation, and will remain so for at least the next 50 years, thereby satisfying the TEG definition for a substantial contribution to climate change mitigation.", we have accepted reference to the aforementioned JRC Reference Study as substantiation of compliance with the Technical Screening Criteria of activity 4.28 related to life-cycle emissions. Our report is not modified in this matter.

Inherent limitations

The process which the Company adopts to define, gather, and report data on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, data of this nature is subject to variations in definitions, collection, and reporting methodology with no consistent, accepted standard. This may result in non-comparable information between organizations and from year to year within the organization as methodologies develop. The accuracy and completeness of the information disclosed in the Sustainability Report is subject to inherent limitations given its nature and the methods for determining, calculating, or estimating such information.

Conclusion

Based on the work we have done and the procedures we have performed, nothing has come to our attention that causes us to believe that the EU Taxonomy KPIs and the selected GRI indicators in the scope of our work, presented in the Sustainability Report for the period from 1 January 2023 to 31 December 2023 prepared by MVM Zrt., have not been prepared, or compiled, in all material respects, in accordance with the EU Taxonomy and the GRI Standards 2021 issued by the Global Reporting Initiative.

Other matters

The report has been prepared solely for the information of the Management Board of MVM Zrt.

Budapest, 14 May 2024



.....
Péter Pádár

Deloitte Auditing and Consulting Ltd.
Dózsa György út 84/C, Budapest, H-1068, Hungary
Registration number: 000083