

Annual Report

for 2024

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01

Introduction of the Západoslovenská energetika, a.s. Group

Foreword by the Chairman of the Board of Directors



Dear ladies and gentlemen,

the year 2024 was the first full year we were operating as new ZSE-group, i.e. fully integrating our business activities in Eastern Slovakia and Western Slovakia.

The focus of our common activities already in the first year showed visible results:



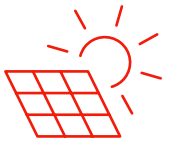
We increased our investments in our energy networks by 10 %, allocating 228 million EUR towards our distribution systems. We successfully used EU co-financing instruments.



We succeeded to directly procure liquefied natural gas (LNG), which is a significant diversification of natural gas supply of almost 30% of our customers' current consumption, increasing security of supply for clients across Slovakia.



We expanded our call centre and our digital customer channels to improve our customer service.



We enhanced the connection of rooftop photovoltaics by unlocking additional grid capacity as well as by further digitization and simplification of the connection process.



We have expanded the ZSE Drive charging network in Slovakia by 192 charging points.



We stayed on track achieving our ambitious sustainability goals.

» Energy 2.0: Advancing energy transition

Decarbonisation, mitigating climate change and, at the same time, maintaining the competitiveness of industry remains a priority and requires substantial investments in distribution systems. These systems must be prepared for a significant increase in renewable energy in the grid, growing distributed generation, and constantly increasing demand of electricity for heating and mobility. I am pleased that we are delivering in this area and that we are also succeeding in multi-sourcing and obtaining funds from European Projects of Common Interest. We have been implementing two such projects, ACON Smart Grids and Danube InGrid, for several years now. Within the Danube InGrid project, last year we completed an investment of over EUR 20 million in a new power station near Bratislava, which will cover the increasing demands for connecting new sources in the western Slovakia region. The most significant investments into the grid development in the eastern part went to the completion of high voltage power lines, by which we supply electricity to the strategic investor in the Valaliky Industrial Park - the VOLVO automotive plant. With this key activity, we managed to meet or complete individual implementation stages ahead of schedule. In 2024, we also technically completed the construction 38 kilometres of a new high voltage power line between Snina and Sobrance. Investments were also made to increase power capacity in the Tatras and in the region under the Tatras.

» Continuous interest in renewables

These investments are also necessary in order to expand the capacity needed for the integration of renewable energy producers with the distribution system. Our distribution companies ZSD and VSD are adapting the system and taking measures to connect as many applicants as possible while maintaining the stable and secure operation of our systems. The situation in the commerce part of the ZSE Group was similar, as we continue to offer exceptional service throughout the installation process and provide an industry-leading warranty for photovoltaic solutions. We deliver unique benefits to our customers, offering expert support in both decision-making and implementation, alongside exclusive warranty terms. One of our standout offerings is the Virtual Battery commercial product. Our customers' desire to use green electricity, the consumption of which is covered by electricity produced from renewable sources, continues. In 2024, nearly every fifth MWh delivered to customers was covered by guarantees of origin. To better assist our customers, we expanded our internal Call Centre last year. In new facilities in Kosice and in Nitra we recruited and trained 50 new advisors to serve our nearly 1.5 million customers. Our goal is to continuously improve the quality of our service and provide our customers with an even better experience, especially also by expanding digital customer contact channels. We are convinced a successful energy transition requires corporate social

responsibility. Through the grant programmes of our foundations, we help, for example, schools or social service homes to obtain photovoltaic solutions completely free of charge.

» New energy: non-commodity solutions

An important part of the energy transition is e-mobility, which is covered by ZSE Drive in our Group. ZSE Drive has been successful in bringing the latest technological solutions with a focus on ultra-fast charging, which it already provides not only for cars but also for trucks. Within the ZSE Drive network, more than 500 charging points at nearly 200 locations are operated. Last year, we opened an urban charging hub in Bratislava, which is the first of its kind not only in Slovakia but also in the Central European region due to its complexity and innovative technologies. The ZSE Drive network uses 100% certified renewable electricity produced by hydro-power plants in Slovakia. ZSE is also the lead partner of the international V4Grid project funded under the Interreg Central Europe programme, aiming to facilitate the integration of e-vehicles with the electricity grid, optimise charging times or reduce energy costs. Within the energy services portfolio, our priority is to provide comprehensive solutions that combine multiple technologies and are tailored to the specific customer. Our offer includes comprehensive renovation of building components, modern heating, cooling and heat recovery systems linked to a continuous dispatching system, photovoltaic panels, and battery storage.

» Our commitment to climate protection

As ZSE Group we see our key role driving the energy transition towards an electrified, less fossil-based and more decentralised energy world in Slovakia. We want to strengthen Slovakia's position in secure and stable energy supply, while facilitating the overall transition of the energy sector to decentralised generation and offering people more low-emission energy - both in terms of their increasing demand for electricity, and in their new role as prosumers. In addition, as from 2024, ZSE, as one of the first companies on the Slovak market, is subject to a legislative obligation to report information on sustainability. Through materiality assessment process based on European law, we identified 26 material topics that are critical to us in terms of the impact of our business on the environment and society and key to achieving our sustainability goals. You can find out more about these themes in the extensive sustainability chapter of this Report, where we outline our ambitious targets. For us, meeting these commitments is not just about compliance with legislation, but more importantly about sustainable social and technological progress, which is essential to the relevance, resilience, and stability of our business.

Markus Kaune

Chairman of the Board of Directors and CEO

Profile and Structure of the Západoslovenská energetika, a.s. Group

The Západoslovenská energetika, a.s. Group (hereinafter the “**ZSE Group**”) is a leading electricity group in Slovakia whose parent Company is Západoslovenská energetika, a.s. (hereinafter ZSE).

On 8 April 2022, E.ON SE („E.ON”) and the Slovak Republic, represented by the Ministry of Economy of the Slovak Republic („**State**”), have concluded the Future Consolidation Agreement, under which, in late 2023, ZSE companies and Východoslovenská energetika Holding a.s. („**VSEH**”) companies, in which they are direct or indirect exclusive shareholders („**FCA**”) (as amended by Addendum 1 of 4 May 2023) were consolidated as specified in the FCA. Under the FCA, 100% shares of VSEH were invested into ZSE, resulting in VSEH becoming a subsidiary of ZSE, and subsequently, VSEH subsidiaries, specifically Východoslovenská distribučná, a.s. and Východoslovenská energetika a.s. were sold to ZSE.

The ZSE Group comprises the parent Company Západoslovenská energetika, a.s. and its subsidiaries:

- › Západoslovenská distribučná, a.s. (ZSD)
- › ZSE Energia, a.s. (ZSE Energia)
- › ZSE Elektrárne, s.r.o. (ZSE Elektrárne)
- › Východoslovenská energetika Holding a.s.
- › Východoslovenská energetika a.s. (VSE)
- › Východoslovenská distribučná, a.s. (VSD)
- › ZSE Energy Solutions, s.r.o.
- › ZSE MVE, s. r. o.
- › ZSE Business Services, s. r. o.
- › ZSE Energetické služby, s.r.o.
- › VSE Solutions, s.r.o.
- › VSE Call centrum, s.r.o.
- › VSE Ekoenergia, s.r.o.
- › EKOTERM, s.r.o.

Západoslovenská energetika, a.s. is also the sole founder of the ZSE Foundation. VSEH is also the sole founder of the VSE Foundation.

ZSE Energia, a.s. has an organizational unit in the Czech Republic. Západoslovenská energetika, a.s. does not have any other organisational units abroad.

ZSE Group owns a 74% business share in EKOTERM, s.r.o., and 66.6% of shares in BK, a.s. and also owns a 66.6% stake in SPX, s.r.o. The ZSE Group also owns shares (less than 50%) in Energotel, a.s., Bioplyn Rozhanovce,

s.r.o., TRANSELEKTRO spoločnosť s ručením obmedzeným Košice, or People2People, s.r.o.

The parent Company ZSE, Company ID: 35 823 551, with its seat at Čulenova 6, 816 47 Bratislava was established on 15 October 2001 and incorporated in the Commercial Register on 1 November 2001. The Company is registered with the Commercial Register of the Bratislava III Municipal Court, Section: Sa, File No.: 2852/B.

The mission of the ZSE Group is to carry out electricity and gas supplies and electricity distribution and to provide comprehensive energy-related services to all categories of customers – households, SMEs and strategic enterprises in the Slovak economy. Services are provided in the long-term and reliably, at affordable prices, in an environmentally-friendly manner and in accordance with the EU regulations. The ZSE Group provides services related to electricity distribution in the region of western and eastern Slovakia and electricity and gas supplies all over Slovakia. In addition to two small hydropower plants and a minority stake in a biogas plant, the ZSE Group also has a steam-gas power

plant near Malženice in western Slovakia with an installed capacity of 430 MW. Západoslovenská energetika, a.s. is also active in the field of electromobility.

Certain aspects of the relationship between the ZSE Group and its customers with respect to electricity distribution, and electricity and gas supplies, including the pricing of services provided to certain groups of customers, are regulated by the Regulatory Office for Network Industries (RONI). Electricity distribution is subject to regulation, price or factual, to the largest extent.

The Company did not acquire any own shares, temporary certificates, any business shares or ownership interest, temporary certificates or business shares of the parent entity.

Company Bodies

The structure of statutory and supervisory bodies of the Company during the year 2024 was as follows:

Statutory Body

Predstavenstvo	
As at 31 December 2024	
Chairman	Markus Kaune (start of office on 1 September 2020 and end of the office on 1 September 2024) Markus Kaune (start of office on 1 September 2024)
Vice-Chairman	Ing. Erik Döme (start of the office on 13 March 2023 and end of the office on 31 August 2024) MSc. Alfréd Paulovič (start of office on 1 September 2024)
Members	Ing. Luboš Majdán (start of the office on 1 September 2020 and end of the office on 31 August 2024) Mgr. Peter Ikrényi (start of office on 1 September 2024) Ing. Tomáš Turek, PhD. (start of the office on 15 March 2023) Mgr. Juraj Krajcár (start of office on 6 December 2021)

Supervisory Body

Supervisory Board	
As at 31 December 2024	
Chairman	Mgr. Tomáš Galbavý (start of office as a Member on 20 November 2020 and as the Chairman on 14 December 2020 and end of the office on 31 August 2024) Ing. Ivan Šajban (start of office as a Member on 1 September 2024 and as the Chairman on 26 September 2024)
Vice-Chairman	Attila Kiss (start of the office as member and vice-chairman on 12 December 2023)
Members	Silvia Šmátralová (start of the office on 23 September 2022) Ing. Martin Mislovič (start of the office on 23 September 2022) Ing. Juraj Nyulassy (start of the office on 23 September 2022) Mgr. Tomáš Galbavý (start of office on 1 September 2024) Mgr. Tomáš Popovič (start of office on 20 November 2020 and end of the office on 31 August 2024) Mgr. Marian Greksa (start of office on 1 September 2024) Mgr. Lenka Jakubčová (start of office on 20 November 2020 and end of the office on 31 August 2024) Mgr. Tomáš Rusiňák, LL.M. (start of office on 1 September 2024) Mgr. Daniel Kravec (start of office on 20 November 2020 and end of the office on 31 August 2024) Ing. Roman Gejdoš (start of office on 1 September 2024)

AuditCOmmittee

The AuditCOmmittee was established by a decision of the Company's General Meeting dated 12 December 2014. The AuditCOmmittee has three members elected and dismissed by the Company's General Meeting.

In 2024, the AuditCOmmittee of the Company had the following structure:

AuditCOmmittee
As at 31 December 2024
Ing. Michal Kubinský (from 6 December 2021 till 25 November 2024)
Ing. Boris Németh (from 24 September 2021)
Ing. Ivan Šajban (from 25 November 2024)
Mgr. Tomáš Galbavý (from 25 November 2024)

Shareholders' Structure

The shareholders' structure in Západoslovenská energetika, a.s. as at 31 December 2024 was as follows:

Shareholders' Structure			
As at 31 December 2024	Absolute amount in € thousand	Equity share in the share capital in %	Voting rights
Slovak Republic represented by the Ministry of Economy of the Slovak Republic	144,058	51%	51%
E.ON Slovensko, a.s.	68,272	24.17%	24.17%
E.ON Beteiligungen GmbH	28,247	10%	10%
E.ON International Participations N.V	41,890	14.83%	14.83%

» Corporate Governance Declaration

The methods and principles of corporate governance are comprised in the Articles of Association of the Company. The Articles of Association are available in the Collection of Documents of the relevant Court – Municipal Court Bratislava III.

The Organisational Manual of the Company sets out the principles of the Company's organisation and internal management of the Company and is the basic and supreme organisational and managing document on the top level in the Company except for the Articles of Association of the Company.

The corporate governance model of the Company includes also internal managing documents which contains orders of the Board of Directors, orders of a member of the Board of Directors, orders of the Chief Executive Officer, orders of a director of a division, directives, manuals and procedures.

» Description of Key Internal Control and Risk Management Systems in relation Financial Statements

The Company has internal control and risk management system in place, relating financial statements. This system consists of various instruments, processes and activities which have been used in accounting and preparing the separate and consolidated

financial statements (hereinafter jointly "financial statements") of the Company.

The activities within accounting and preparing financial statements are divided in individual functional steps. Automatic and manual controls are a part of every of these steps. The defined procedures ensure that all accounting transactions and preparation of the Company's financial statements are recorded and processed in line with the accrual principle and documented in a complete, timely and precise manner.

The Company has introduced and has been using internal managing documentation which includes several directives and procedures. These documents focus mainly on the way of accounting in the Company, accounting procedures, signature rules, chart of accounts, account classification, inventory of assets and liabilities, activation and disposal of assets, impairment provisions, creation and use of reserves, preparation of financial statements, consolidation and calculation of direct and indirect taxes. Internal managing documentation is a binding document for all employees and represents the application of main accounting principles and accounting methods applied by the Company. In practice the Company follows the amendments to laws, new and amended accounting standards and other relevant documents that have impact on the accounting and financial statements and, if needed, updates internal managing documentation in a relevant way.

The Company has been using an accounting

information system which contains pre-set automatic control mechanisms. Efficiency of these automatic controls within the accounting information system and other key applications is strengthened by other manual checks. Access rights and their extent are limited depending on the need and only for a specified group of employees.

The preparation of the Company's financial statements require for further qualitative and quantitative indicators and other information. Furthermore, in order to assess the correctness of this information, procedures for the relevant organisational units to assess completeness of this information on a regular basis.

The elementary elements of the internal control and risk management system in relation to the financial statements are: approving, review procedures, segregation of duties, four-eye principle, master data and access rights management, and specific requirements for risk management in many key areas and processes such as accounting, financial reporting, communication, planning and controlling and risk management.

Internal controls are an integral part of the Company's accounting procedures. Internal managing documentation defines uniform requirements for reporting and accounting procedures for the entire ZSE Group. Adhering to these rules give sufficient certainty to prevent errors or fraud which may cause material misstatement in the Company's financial statements.

The Company's organisational unit in charge of accounting and taxes carries out, among other things, implementation, administration and setting of accounting information systems and ensures compliance of accounting, financial statements and tax calculations with the Slovak and European laws. Within this unit, individual accounting transactions and financial statements of the Company are subject to review by managers.

The Company's organisation structure includes Controlling. Unit Controlling processes create a part of internal control mechanism and risk management of the Company. Controlling ensures continuous control of accounting and financial statements.

The role and competences of Internal Audit, Audit Committee, Board of Directors, Supervisory Board and General Meeting of the Company in relation to internal control environment and risk management and to financial statements are presented below.

The organisational structure of the Company also includes the Compliance team and Department of Internal Audit whose roles are:

- » assessment of adequacy and effectiveness of the system of internal supervision, financial, operational and information systems, corporate governance processes and the quality of tasks assigned and performed;
- » identification and assessment of operational risks of the Company by using the adequate methodology;

- › responsibility for planning and conducting audit of IT systems, their functionalities and equipment including diverse and global environment of information technologies, operation systems and applications;
- › performance of audit of information systems and IT infrastructure safety;
- › assessment of risk assessment and the conducting of investigations based on risk assessment;
- › investigation of crucial suspicions of embezzlement and fraud within companies of the Group;
- › responsibility for making and updating of the documentation with the Compliance Programme; as well as for monitoring and supervising compliance,
- › updating of the Company Code of Conduct;
- › performance of the activities relating to verification of the breach of the Company Code of Conduct;
- › Implementation of methodological and training activities in the field of Compliance.

Results of their activities have been regularly assessed and proposals for improvements applied to individual areas of the governance of the Company. Efficiency of internal control and risk management systems in the Company have been also monitored by the Audit Committee of the Company.

Governance Methods and Bodies of the Company

The shareholders exercise their rights

by means of the General Meeting in accordance with the regulation contained in the Commercial Code and the Articles of Association of the Company as follows:

General Meeting

1. The General Meeting is the supreme body of the Company. It shall take decisions on the issues relating to the activities of the Company which the Articles of Association, Commercial Code or a specific act place within its authority.
2. A shareholder may exercise its rights in the General Meeting in person or in representation under the written power of attorney.
3. The General Meeting shall be convened by the Board of Directors unless the Articles of Association or Commercial Code provide otherwise. The Board of Directors shall be obliged to convene an ordinary General Meeting within 12 months from the end of the financial year. The invitation to the Annual General Meeting or its annex must contain the main data from the annual accounts.
4. The Board of Directors shall be obliged to convene an extraordinary General Meeting especially due to reasons under Article XIII(3) of the Articles of Association. The Supervisory Board shall convene an extraordinary General Meeting due to reasons under Article XX(2) of the Articles of Association. The Board of Directors shall convene the General

Meeting by an invitation to the General Meeting that must be delivered to all shareholders in the form of a registered mail directly to the address specified in the list of shareholders at least 30 days prior the General Meeting. The invitation to the General Meeting must contain all formalities laid down by applicable laws including information that documents which will be discussed at the General Meeting will be available to shareholders for viewing in the seat of the Company no later than 3 calendar days prior to the meeting of the General Meeting. The invitation to the General Meeting with documents which will be discussed at the meeting shall be sent by the Board of Directors no later than 30 days prior to the General Meeting also to every member of the Supervisory Board to the address specified by him/her.

5. The General Meeting is usually held in the Company's seat, however, it may be organised in a different place too. The General Meeting is attended by the members of the Board of Directors, the Supervisory Board and/or other persons.
6. If the Company has a single shareholder, this shareholder shall exercise the powers of the General Meeting by a written resolution which he/she must sign. In the cases provided for by law, this resolution shall take the form of a notarial deed.
7. The number of votes of a shareholder is determined by the nominal value of their shares. One vote for every whole EUR 1 (in

words: one euro)

8. The General Meeting is present if shareholders whose shares correspond to at least two-thirds of the votes of all shareholders are present. The General Meeting shall take decisions with the two-thirds majority of votes of all the shareholders. Any decision made by the General Meeting on any alterations of the rights associated with a certain type of the shares shall require the approval of two-thirds votes of shareholders. For this reason, the shareholders, being the owners of such shares, simultaneously, at first, shall vote for changes in the rights and then it is the General Meeting of all the shareholders.
9. The General Meeting shall make decisions on the following corporate affairs:
 - a) Any amendment of the Articles of Association of the Company (including changing the business name of the Company) and adopting or amending the Articles of Association, Deed of Partnership, Deed of Incorporation, Association Agreement, Statutes or any similar document of any Subsidiary (excluding ZSD, ZSD subsidiaries, ZSE Energia, ZSE Energia subsidiaries, ZSE Elektrárne, VSD, VSE, and VSE subsidiaries, which are subject to a special regime under Sub-clauses z) through ee) of this Clause below);
 - b) Resolutions on increasing and decreasing the registered capital, on authorising the Board of Directors to increase the registered capital pursuant

- to the provisions of the Commercial Code and on issuing bonds of ZSE or its subsidiary (excluding ZSD, ZSD subsidiaries, ZSE Energia, ZSE Energia subsidiaries, ZSE Elektrárne, VSD, VSE, and VSE subsidiaries, which are subject to a special regime under Sub-clauses z) through ee) of this Clause below);
- c) Resolutions on winding up the Company by splitting, merging or transformation to a different legal form of Company or cooperative;
- d) Sale of the Company or its part pursuant to the provisions of Section 476 et seq. of the Commercial Code;
- e) Approving the transfer of assets of the Company, the market value of which exceeds 20% of the Company's turnover in the previous accounting period, or the sale of which concerns more than 20% of the Company's employees;
- f) Resolutions on public offers (for the purposes of this Clause f), a "public offer" shall mean (a) any expression of the will of the Company, by which it approaches an unspecified group of entities to inform them on the conditions of the sale/transfer or acquisition of Company shares, convertible bonds or any other securities or financial instruments, which grant their holder rights connected or related to Company shares or rights specified in the conditions governing Company shares, or (b) placing, admitting or allowing the trading with Company shares, convertible bonds or any other securities or financial instruments,
- which grant their holder rights connected or related to Company shares or rights specified in the conditions governing Company shares on the public market;
- g) Resolutions on approving dividends and other amounts to be distributed among the Company shareholders;
- h) Resolutions on issuing options or any other securities or instruments, which result in rights to shares or other equity participation in the Company or any of its Subsidiaries (excluding ZSD, ZSD subsidiaries, ZSE Energia, ZSE Energia subsidiaries, ZSE Elektrárne, VSD, VSE, and VSE subsidiaries, which are subject to a special regime under Sub-clauses z) through ee) of this Clause below) or the right to subscribe them, and the resolution that the Company or any of its Subsidiaries (excluding ZSD, ZSD subsidiaries, ZSE Energia, ZSE Energia subsidiaries, ZSE Elektrárne, VSD, VSE, and VSE subsidiaries, which are subject to a special regime under Sub-clauses z) through ee) of this Clause below) shall grant any rights for acquiring shares or other equity participation in the Company or any of its Subsidiaries (excluding ZSD, ZSD subsidiaries, ZSE Energia, ZSE Energia subsidiaries, ZSE Elektrárne, VSD, VSE, and VSE subsidiaries, which are subject to a special regime under Sub-clauses z) through ee) of this Clause below);
- i) Resolutions on changing the legal form of the Company;
- j) Electing and recalling members of the Supervisory Board, except for the members of the Supervisory Board elected and recalled by employees;
- k) Electing and recalling members of the Board of Directors and appointing the Chairman and Vice-Chairman of the Board of Directors;
- l) Resolutions on liquidating the Company, appointing the liquidator and determining the liquidator's remuneration;
- m) Approving the ordinary and extraordinary individual financial statements, ordinary and extraordinary consolidated financial statements of the Company, deciding on the distribution of dividends or any other profit of the Company or any of its Subsidiaries (excluding ZSD, ZSD subsidiaries, ZSE Energia, ZSE Energia subsidiaries, ZSE Elektrárne, VSD, VSE, and VSE subsidiaries) or covering the losses, including determining the amount of royalties in the Company or any of its Subsidiaries (excluding ZSD, ZSD subsidiaries, ZSE Energia, ZSE Energia subsidiaries, ZSE Elektrárne, VSD, VSE, and VSE subsidiaries) and approving the annual report;
- n) Appointing and recalling the auditor of the Company upon proposal of the Board of Directors and following the statement of the auditCOmmittee;
- o) Substantial change of the character or scope of business of the Company;
- p) Approving or amending the office agreements of members of the Board of Directors and their remuneration upon proposal of the Board of Directors and approving or amending
- the office agreements of members of the Supervisory Board and their remuneration;
- q) Approving any agreements on any of the matters under Sub-clauses (a) through (p) above of this Clause;
- r) Approving the rules of procedures of the Company's Supervisory Board;
- s) Resolutions on changing the rights attributed to individual types of the Company or any of its Subsidiaries (excluding ZSD, ZSD subsidiaries, ZSE Energia, ZSE Energia subsidiaries, ZSE Elektrárne, VSD, VSE, and VSE subsidiaries);
- t) Resolutions on commencing or terminating the trading of Company shares on the stock market;
- u) Approving the transfer of shares pursuant to the provisions of Article VII;
- v) Appointing or recalling the Decision-making person;
- w) Approving drafts rejected by the Supervisory Board pursuant to the provisions of Article XXI., Clause 8 of these Articles of Association;
- x) Electing and recalling members of the AuditCOmmittee of the Company, approving the office agreements of individual members of the AuditCOmmittee and their remuneration and approving the rules of procedures of the AuditCOmmittee of the Company;
- y) Deciding on any other matters that are reserved for the General Meeting by either applicable laws or the Articles of Association;
- z) Pre-approving any changes/

amendments/supplements in the Novation Agreement concluded between the Company and ZSD on 7 August 2014, the unabridged version of which was approved by the General Meeting on 30 May 2014; and
 aa) Pre-approving matters related to ZSD, ZSE Energia, ZSE Elektrárne, VSEH, VSE and VSD and their subsidiaries specified in the Articles of Association of the Company.

Rights and Duties of Shareholders

1. A Company shareholder may be Slovak or foreign legal or natural person.
2. By making the entry of the Company or of an increase in the share capital in the Companies Register a share underwriter shall obtain the rights of a shareholder as a partner of the joint stock company corresponding to the shares underwritten.
3. Fundamental rights of a shareholder shall include the right to participate in Company's management activities, in profit sharing and liquidation balance following the dissolution of the Company with liquidation. The right to participate in corporate governance shall be exercised by shareholders through their participation and voting at the General Meeting.
4. The rights and obligations of the shareholders are defined in detail in the Articles of Association and the Commercial Code.

The Board of Directors

1. The Board of Directors is a statutory body of the Company. It shall act on behalf of the Company in relation to the third persons. The Board shall control the corporate activities and take decisions in all the matters associated with the Company unless applicable laws or the Articles of Association place them within the authority of other bodies of the Company.
2. The Board of the Company consists of five (5) members. The members of the Board of Directors are elected and removed by the General Meeting, with Chairman and Vice-Chairman of the Board of Directors being appointed. The term of office of the members of the Board of Directors shall be four (4) years; the term of office is renewable. Any member of the Board of Directors shall have the right to give up his/her position. A member of the Board of Directors of the Company mustn't be a member of the Board of Directors of the subsidiary ZSD and VSD. The performance of the office of the member of the Board of Directors may not be delegated.
3. If the number of members of the Board of Directors is not less than half, the Board of Directors shall have the right to appoint alternates until the time of the nearest General Meeting of the Company. The Board of Directors has a quorum if the absolute majority of its members are present at the meeting. The Board of Directors shall adopt resolutions by

absolute majority of votes of the members present at the meeting. With the exception of decisions on certain matters for which a higher majority of votes is required under the articles of association or the relevant legislation in force at the time. Neither Chairman nor Vice-Chairman shall have the casting vote in case of a tie. Members of the Board of Directors may participate in a meeting of the Board of Directors by means of conference telephone calls, videoconferences or other technical means that permit (i) all other members of the Board of Directors participating in the meeting to hear and (ii) address all other members of the Board of Directors participating in the meeting, in which case they shall be deemed to be present at the meeting of the Board of Directors. Members of the Board of Directors may vote by such form of communication or by written statement if they are not physically present at the place where the greatest number of members are assembled, in which case such place shall be deemed to be the place of the meeting.

4. The resolutions of the Board of Directors may be adopted, in addition to meetings of the Board of Directors, by members of the Board of Directors, out of the meeting of the Board of Directors ("per rollam decision").
5. E.ON, a shareholder of the Company, shall be obliged to exercise all its rights in order to make sure that the Board of Directors of the Company will not adopt any resolution if not a single member

nominated by the Ministry of Economy of the Slovak Republic (only the "Ministry") as a shareholder of the Company is present at the relevant meeting. If a member nominated by the Ministry is absent from two consecutive, regularly convened meetings of the Board of Directors, the above stated shall not apply to the second of these meetings.

Structure and activities of the Board of Directors

In 2024, the Board of Directors of the Company had the following structure:

Chairman of the Board of Directors:

Markus Kaune

Vice-chairman of the Board of Directors:

Ing. Erik Döme (till 31 August 2023)

MSc. Alfréd Paulovič (from 1 September 2024)

Members of the Board of Directors:

Ing. Ľuboš Majdán (till 31 August 2024)

Mgr. Juraj Krajčár (from 6 December 2021)

Ing. Tomáš Turek, PhD. (from 15 March 2023)

Mgr. Peter Ikrényi (from 1 September 2024)

The activities of the Board of Directors were performed in line with the Articles of Association and Commercial Code; in 2024 the Board of Directors held meetings regularly and in line with Articles of Association, and in line with Articles of Association the Board of Directors adopted several resolutions, out of the meeting of the Board of Directors ("per rollam decisions") in 2024.

Supervisory Board

1. The Supervisory Board is the supervisory body of the Company which oversees the activities of the Board of Directors and business activities of the Company. Resolutions and duties charged with the Board of Directors by the Supervisory Board were performed, and regularly reviewed and assessed at the meetings of the Supervisory Board. The activities of the Supervisory Board are explained in detail in Articles of Association.
2. The Supervisory Board of the Company has nine (9) members. Two thirds of members of the Supervisory Board shall be elected and removed by the General Meeting of the Company and one third by the Company's employees. The term of office of the members of the Supervisory Board shall be four (4) years. The term of office is renewable. The Chairman and Vice-chairman of the Supervisory Board of the Company shall be elected and removed by the members of the Supervisory Board; the persons concerned shall also vote. The office of the Chairman and Vice-chairman of the Supervisory Board shall commence on the day of their election and end upon their removal by the Supervisory Board. Neither Chairman nor Vice-Chairman shall have the casting vote in case of a tie. Performance of the office of the member of the Supervisory Board of the Company may not be delegated.
3. The meeting of the Supervisory Board of the Company shall be convened by a

written invitation sent to every member of the Supervisory Board to the address (including e-mail address) specified by him/her or to the address of the seat of the Company no later than 15 days prior to every meeting. The invitation must include date, time, venue and the agenda of the meeting.

4. The Supervisory Board has a quorum if the absolute majority of its members are present at the meeting. The Supervisory Board shall adopt resolutions by absolute majority of votes of all members of the Supervisory Board. The members of the Supervisory Board may participate in the meetings of the Supervisory Board in any form of communication during which all participants hear one another. The members of the Supervisory Board may vote by this form of communication or by a written declaration if they are not present in person at a venue where the majority of members are gathered, whereas such venue shall be considered as a venue of the meeting.
5. The resolutions of the Supervisory Board may be adopted, in addition to meetings of the Supervisory Board, by members of the Supervisory Board out of the meeting of the Supervisory Board ("per rollam decision").
6. The Slovak Republic, a shareholder of the Company, shall be obliged to exercise all its rights in order to make sure that the Supervisory Board of the Company will not adopt any resolution if not a single

member nominated by E.ON is present at the relevant meeting. If a member of the Supervisory Board of the Company nominated by E.ON Slovensko, a.s. is absent from two consecutive, regularly convened meetings of the Supervisory Board, the above stated shall not apply to the second of these meetings.

In 2024, the Supervisory Board of the Company held regular meetings in line with the Articles of Association. The Supervisory Board of the Company in accordance with Article XXII. Point 8 of the Articles of Association, adopted in 2024 a decision out of the meeting ("per rollam decision").

Audit Committee

1. Without prejudice to responsibilities of the members of the Board of Directors and the Supervisory Board of the Company, the Audit Committee is a body of the Company in charge of activities: pursuant to Act No. 423/2015 Coll. on Statutory Audit and on Amendments and Supplements to Act No. 431/2002 Coll. on Accounting, as amended, in particular but not limited to the following activities:
 - a) monitors the drawing-up of the financial statements (separate and consolidated) and compliance with special regulations and makes recommendations and proposals to ensure the integrity of the process;
 - b) monitors the efficiency of internal audits and risk management systems in the Company;
 - c) monitors the progress and results of

- the audit of the individual financial statements and the audit of the consolidated financial statements;
- d) verifies and oversees the independence of the auditor, in particular services provided by the auditor under the special regulation;
 - e) is responsible for the auditor selection process and recommends the appointment or removal of the auditor to perform the Company's audit;
 - f) sets him/her deadlines for presenting a declaration on honour on his/her independence.
 - g) informs the Supervisory Board of the outcome of the audit of the financial statements and explains how the audit contributed to the integrity of the financial statements and what role the audit committee had in that process; and
 - h) performs all activities of the Audit Committee also for Subsidiaries that meet the conditions pursuant to Section 34(5)(a) of Act No. 423/2015 Coll. on Statutory Audit and on Amendments and Additions to Act No. 431/2002 Coll. on Accounting, as amended.

The Audit Committee has three (3) members elected and removed by the General Meeting on a proposal from the Board of Directors or shareholders of the Company.

Information pursuant to Section 20(7) of the Act No 431/2002 Z. z. on Accounting as amended:

- a) The share capital of the Company of

EUR 282,466,533.86 EUR is composed of 5,934,594 pieces of booked ordinary shares of the nominal value of EUR 33.19 per share and 85,497,359 ordinary registered book-entry shares with a nominal value of EUR 1 per share. Shares are not publicly traded. The whole amount of share capital of the Company was issued and paid in full. The Company has no subscribed share capital which would not be listed in the Companies Register. The transferability of the Company's shares is limited to pre-emptive rights of shareholders in cases that do not fall under the permitted transfers.

- b) The Company's bonds are freely transferrable.
- c) The following companies own qualified share in the share capital: (at least 10 % share):
 - Slovak Republic represented by the Ministry of Economy of the Slovak Republic - 51% share in the share capital of the Company;
 - E.ON Slovensko, a.s. - 24.17% share in the share capital of the Company;
 - E.ON Beteiligungen GmbH - 10% share in the share capital of the Company.
 - E.ON International Participations N.V. - 14.83% share in the share capital of the Company.
- d) There are no persons exercising special control rights among the owners of the bonds.
- e) The Articles of Association do not contain any provisions on restrictions of voting rights.
- f) The Company is not familiar with any agreements among the owners of

the bonds of the Company that might lead to any restrictions regarding the transferability of the bonds or restriction of voting rights.

- g) The rules governing the appointment and removal of the members of the Board of Directors as a statutory body of the Company and changes to the Articles of Association:

Members of the Board of Directors as a statutory body of the Company shall be elected and removed by the General Meeting of the Company. The General Meeting may anytime remove any member of the Board of Directors of the Company. The General Meeting shall also appoint the Chairman or Vice-Chairman of the Board of Directors of the Company. The term of office of the members of the Board of Directors of the Company shall be four (4) years.

The General Meeting shall make decisions concerning the amendment of the Articles of Association by two thirds majority of votes of all shareholders. The full wording of the proposed amendments of the Articles of Association shall be available to shareholders for viewing at the Company's seat within a period of time required for the convocation of the General Meeting, as stated in the Articles of Association. A Notarial Deed must be established about the resolution of the General Meeting to amend the Articles of Association. If the General Meeting adopts a resolution the consequence of which will be the amendment of the Articles of Association such resolution

shall be considered the amendment of the Articles of Association provided that it was adopted in a manner which is by law or the Articles of Association required for the adoption of the resolution about the amendment of the Articles of Association. Following such amendment the Board of Directors shall be obliged to make without undue delay the full wording of the Articles of Association for the completeness and correctness shall be fully responsible.

- h) Powers of the statutory body - the Board of Directors - are presented in the Commercial Code and the Articles of Association.

The Company's Board of Directors shall exercise the right to act on behalf of the Company, represent the Company in relation to the third persons. The Board shall govern the activities performed by the Company and take decisions in all the relevant matters unless applicable laws or Articles of Association place them within the authority of other bodies of the Company.

The Company's Board of Directors is mainly in charge of the following:

 - (i) Performing the business management of the Company and ensuring all its operational and organisational matters;
 - (ii) Exercising the employment rights and duties;
 - (iii) Convening the General Meeting;
 - (iv) Outlining the Strategy Plan of the Company and submitting the plan for approval to the Supervisory Board of the Company;

- (v) Implementing the resolutions of the General Meeting;
- (vi) Ensuring the prescribed accounting and other records, accounting books and other documents relevant for the Company;
- (vii) Submitting for approval of the General Meeting:
 - Proposals for amendments of the Articles of Association;
 - Proposals for increasing and decreasing the share capital and issue of bonds;
 - Ordinary, extraordinary and consolidated financial statements, proposal for profit distribution, including the setting of the size and manner of the paying out of the bonuses, in case of the loss recognised, proposal for its settlement;
 - Proposal for dissolving the Company or alteration of its legal form;
 - Proposal of the remuneration for performing the function of a board member;
 - proposals related to the decisions concerning the matters of ZSD, ZSE Energia, VSD, VSE, VSEH a ZSE Elektrárne, where the relevant decision taken by the General Meeting of ZSD, ZSE Energia, VSD, VSE, VSEH a ZSE Elektrárne shall require the prior approval of the General Meeting of the Company to be made in accordance with relevant provisions of the applicable Articles of Association of

the Company.

The Company's Board shall have no right to make decision on the issue of shares or share re-acquisition.

- i) The Company has no agreements concluded that are binding to amend its conditions in relation to a potential offer for takeover.
- j) There are no agreements on reimbursement concluded between the Company and the body members, once their service term comes to an end. Reimbursement to Company's employees whose employment contract is terminated is subject to the Labour Code, collective agreement and in-house employment directives.

Compliance Programme

The Company paid special attention to the development and implementation of Compliance Programme, i.e. a set of processes focused on compliance with law and ethical conduct of employees of ZSE Group in all areas of the working life. The Compliance Programme has been gradually implemented in all subsidiaries of the ZSE Group, including Západoslovenská energetika, a.s.

The main objective of Compliance Programme is to prevent, reveal and respond to conduct which could be considered in conflict with internal and applicable laws, with the possible result in the personal responsibility of the persons involved, the management of the Company or the Company as such (criminal liability of legal

persons).

Code of Conduct

The essential document of the Compliance Programme is the Code of Conduct which defines responsible business principles to which companies of the ZSE Group are committed. At the same time, it is a binding guideline on the conduct of employees and all who cooperate with the companies of the ZSE Group.

The Code of Conduct is amended with supplementary binding internal regulations providing a deeper insight into the areas of compliance (e.g. AML, conflict of interests, criminal liability of legal persons, whistleblowing).

In order to increase ethical awareness of employees, the ZSE Group companies organise many educational activities, scope of which was defined depending on the tasks and responsibilities of individual participants.

In 2024, ZSE Group companies continued to offer new e-learning courses to employees within the Group. As of 2020, all employees must go through the Code of Conduct e-learning module at regular yearly intervals. In 2024, the training focused on corporate social responsibility and compliance (including whistleblowing and internal reporting systems).

This educational activity of the ZSE Group was one way of our continued support of the so-called speak-up culture aiming to

encourage the employees to openly deal with and escalate their concerns related to compliance with the rules. The training module concluded by testing employees' acquired knowledge through hypothetical practical situations that employees may be confronted with.

Integrity and whistleblowing training was made available to leaders in the ZSE Group.

Selected employees also received e-learning training on competition rules in 2024.

Compliance and notifications

Transparent and sustainable business relationships, a good working atmosphere and responsible business conduct are of paramount importance to the ZSE Group, its

managers, employees and shareholders. The ZSE Group has established reporting channel through which whistleblowers (employees as well as other persons within the meaning of whistleblowing legislation) may report for anti-social activities, the breach of internal or applicable laws. ZSE Group has implemented in 2023 a new whistleblowing channel in 2023, namely a web form available on the ZSE Group's website for both ZSE Group employees and other parties.

Whistleblowers are instructed in detail on the methods of notification, on their position in the investigation process, and if they are interested, they can also make the notification anonymous using notification channels. For the sake of completeness, as per the internal rules of the ZSE Group.

Number of compliance-related claims in the ZSE Group in 2024

For the sake of transparency and clarity, we divide the claims to following categories

Claims regarding business integrity, potential illegal activity, violation of legal regulations, corruption, antitrust rules, compliance with KYC rules and integrity of business partners, insider trading	2
Frauds against ZSE Group companies, such as theft, embezzlement, other fraudulent behaviour	4
HR-related concerns claims, such conflict of interests, mobbing, bossing, sexual harassment, discrimination, etc.	7
Any other topics related to the Code of Conduct	0
TOTAL	13*

* Compliance notifications are understood as notifications directed to the responsible persons of the Compliance Team via the relevant communication channels. The number of notifications does not include customer complaints and claims that do not reflect anti-social activity or do not contain specific information necessary to verify the notification, as well as repeated notifications that have been received through internal reporting channels.

Zero Tolerance for Corruption

In line with ten principles of the Global Compact under which the companies and firms seek to prevent Corruption in all its forms, the ZSE Group engages in the fight of corruption and this commitment is expressed in the Zero Tolerance Plan for Corruption. This Plan is a part of the Code of Conduct and was developed based on the analysis of activities which are exposed to risks of corruption and unfair practices the most. The obligation is also reflected between the ZSE Group and its suppliers, as this is incorporated into the ZSE Group's Code of Conduct for Suppliers.

Giving and accepting gifts

Procedures for giving and accepting gifts are a part of anti-corruption measures included in the Code of Conduct. All gifts to be given, except for gifts within defined limits, must be approved and documented according to the defined procedures in the central register of gifts.

The topic of anti-corruption behaviour, giving and accepting gifts or refreshments is regularly communicated through internal communication channels. The area of gifts and refreshments is also a topic of regular trainings, of both the new employees and as part of regular annual compliance and Code of Conduct trainings.

Contributions to political parties, charity and sponsorship gifts

Programmes for gifts and sponsorship are transparent. As a sponsor, the ZSE Group supports specific projects and initiatives in the areas such as education, environment protection, innovation and community

development, if they meet the following criteria:

- objectives are linked to the objectives and mission of the Company,
- the funds have clearly defined purposes, and their use is properly and transparently documented and verifiable anytime.

The ZSE Group does not finance political parties, their candidates or representatives, either in Slovakia or abroad, nor does sponsor meetings or assemblies whose the only or main purpose is political promotion.

Fight against money laundering and terrorist financing

In the fight on money laundering and terrorist financing, the ZSE Group proceeds in line with Slovak and European laws. The ZSE Group never excuses, facilitates or supports money laundering and terrorist financing which means that:

- respects laws concerning money laundering and terrorist financing,
- never engages in risk activities which could be focused on financing or support of criminal terrorist activities,
- adopts measures and mechanisms of assessment of potential and current business partners.

Competition and anti-competitive practices

We, in the ZSE Group, are convinced that we can win and retain customers and build stable relationships with the stakeholders only if we act responsibly and fairly.

The ZSE Group is governed by the Rules on Competition and by no means tolerates

prohibited agreements restricting competition (cartel agreements) or abuse of the dominant status. All employees of the ZSE Group Companies are under an obligation to act in compliance with the Competition Protection Rules, further detailed in the Code of Conduct.

Under internal rules of the ZSE Group, special attention is paid to observing the competition protection rules in contact with competitors. In contact with competitors, employees must ensure that they would not receive or provide any information which would lead to conclusions on the current or future behaviour of the ZSE Group or its competitors on the market.

Observance of national and internal laws is also immensely important for the ZSE Group. ZSE Group companies require the same from their business partners.

Know your counterpart Control (KYC)

The ZSE Group selects its business partners on the basis of professional and economic criteria. However, the Group also pays close attention to the aspect of environmental protection, respect for human rights, labour and other generally standards or anti-discrimination and anti-corruption policies. When selecting business partners, also international sanctions, as well as regulatory, legal or reputational risks capable of causing serious effects on the ZSE Group, are strictly reflected.

Internal control mechanism:

It is a continuous process which is performed

by the Board of Directors through managers and experts of the Company, so that all stakeholders are provided with reasonable guarantees to achieve strategic objectives of the Company. For this purpose, the Company has established:

1. Internal Control Mechanisms have been implemented at the level of individual processes with the aim of identifying and preventing risks of fraud, corruption and unfair practices. The aim of the system of internal controls is prevention and timely identification of errors and incorrections which may occur as a result of intentional fraud and unintentional action or omission.

2. Internal audit is a set of independent, objective, assurance and consulting activities aimed at improving management and control processes, taking into account the internationally accepted auditing standards "International Standards for Professional Practice in Internal Auditing". The ZSE Group has established Internal Audit unit which permanently controls the system of implemented control mechanisms, identifies shortcomings and proposes action plans to improve internal control system and make them more efficient. The Chief Audit Officer is responsible for developing and implementing the Internal Audit Plan, which is based on a risk assessment, taking into account the Company's risk management framework as well as the level of risk management response to the various activities.

3. Part of the organisational structure of the ZSE Group is also the **Compliance team**, whose role includes not only the responsibility for drafting and updating documentation related to the Business Compliance Programme, elaboration and updating of the Code of Ethics of the ZSE Group and carrying out activities related to the investigation of violation of the Code of Ethics.

Expectations 2025

2025 will be characterised by the transition processes launched in 2021, therefore we expect that it will be an extraordinary year in many areas. In the period of supply, we have to cope with higher credit risk of business counterparties caused by the market situation and extremely material weather risk - especially for suppliers to regulated segments.

Risks and Uncertainties

ZSE Group will continue to be in charge of developing new projects and innovative solutions that will reflect the strategic direction of the ZSE Group facing the challenges resulting from the macro-economic and market changes.

ZSE Energia, a.s. and VSE, a.s.

The core business activity of ZSE Energia, a.s. and VSE, a.s., is electricity and gas supply to end consumers. In relation to energy supply business, companies are exposed to several risks - especially credit and price

commodity risk. Credit risk is related to the liquidity risk of the Companies' business partners, in particular the electricity and gas consumers. The Companies have an internal credit risk assessment process, which involves assigning an individual credit rating to its customers based on a combination of independent financial information and their payment discipline. ZSE Energia, a.s. actively uses insurance of receivables, as an additional risk management tool.

Market risk is caused by changes of market variables as a result of commodity market supply and demand development. It takes a form of energy price fluctuations and economic environment dynamics. Price fluctuations can have impact on the closing price of the open position of the company. The companies applies a conservative approach to managing commodity business by maintaining a limited open position and through back-to-back commodity buying (at the moment of the sales volume contracting).

Západoslovenská distribučná, a.s., and Východoslovenská distribučná, a.s.

The core business activity of both companies is electricity distribution. The companies are exposed to operational risks, which are related to the distribution system operation and management. It includes failures, unplanned supply disruptions and compliance with applicable laws. The main tool for eliminating these risks is ensuring of the continuous distribution network renewal as well as insurance of unplanned circumstances.

During the normal course of business, various claims against the companies may be received. Certain customers or their representatives contest fairness and appropriateness of decisions of the network industry regulator.

The companies is exposed also to credit risk. Due to the monopoly position of the company, the contractual relationship with the customer is strictly regulated. The company actively uses insurance of receivables, as an additional risk management tool.

ZSE Elektrárne, s. r. o.

The main area of operation of ZSE Elektrárne, s.r.o. is the production of electricity.

The biggest risk for the power plant and its economic stability is unplanned short-term power plant outages due to possible failures at the power plant equipment, which means large costs for the deviation caused in the system Slovak elektrizačná prenosová sústava, a.s. However, these risks are minimised by regular planned and preventive maintenance of all power plant equipment. The power plant is commercially insured against a long-term outage.

The principle of preventive maintenance of power plant equipment continues to apply, where the main tool is diagnostics and early detection of possible machine failure.

On the basis of the Memorandum of Understanding between the companies E.ON

and the Slovak Republic represented by the Ministry of Economy of the Slovak Republic, in 2023 the Slovak Republic confirmed its right to the option to acquire a 100% business share in the company ZSE Elektrárne, s.r.o.

Significant events that occurred after the end of 2024 and require disclosure in the annual report

The armed conflict between Russian Federation and Ukraine and related events has increased the perceived risks of doing business in the energy sector. The economic sanctions imposed on Russian individuals and legal entities by the European Union, the United States of America, Japan, Canada, Australia and others has resulted in increased economic uncertainty on the markets and increased the volatility of energy prices. The long-term effects of recently implemented sanctions, as well as the threat of additional future sanctions, are difficult to assess at this moment.

As at the date these financial statements were authorised for issue, the war continues. The final resolution and the effects of the conflict are difficult to predict but may have negative effects on the Slovak economy. Potential escalation of the conflict and sanctions could negatively affect the Group's results and financial position but currently it is not possible to determine if this risk will materialise and to what extent.

After 31 December 2024, no other significant events have occurred that would require recognition or disclosure in this annual report.

02

Economy

Selected Data from the Separate Financial Statements

In 2024, the parent Company Západoslovenská energetika, a.s. generated a profit of EUR 317,458 thousand and incurred costs totaling EUR 689,455 thousand.

The Company's key figures according to the International Financial Reporting Standards as adopted by the European Union:

Distribution of the 2024 Profit

The General Meeting of Západoslovenská energetika, a.s. held on 6th June 2024 approved the proposal for the distribution of the 2023 profit of EUR 110,892 thousand. In October 2024 the Company's shareholders were paid dividends from the 2023 profit in the total amount of EUR 105,561 thousand. Also, the amount of EUR 331 thousand from the 2023 profit was designated as a contribution to the social fund from profit and EUR 5 000 thousand was designated as a contribution to Retained earnings. In 2024, the dividend per share with a nominal value of EUR 33.19 amounted to EUR 12.40 and EUR 0.37 per share with a nominal value of EUR 1 (2023: dividends of EUR 72,727 thousand or EUR 12,25 per share).

Key Figures as at 31 December

EUR thousand	2024	2023
Non-current assets	1,881,355	2,593,275
Current assets	630,672	284,709
- of which: assets held for sale and discontinued operations	8,486	8,486
Total assets	2,512,027	2,877,984
Equity	1,371,857	1,161,088
Non-current liabilities	645,493	641,589
Current liabilities	494,677	1,075,307
- of which liabilities directly related to assets held for sale and discontinued operations	71,356	22,418
Total equity and liabilities	2,512,027	2,877,984
Revenues from sale	26,976	19,656
Compensation	40	432
EBIT (profit from operations)	315,557	110,829
EBITDA	319,067	113,998
Total income	1,006,913	167,298
Total expenses	688,177	54,361
Profit before tax	318,736	112,937
Profit for the year	317,458	110,892
Total other comprehensive income for the year	(1,128)	152
Total comprehensive income for the year	316,330	111,044
Capital expenditures	12,317	6,807
Average number of employees	225	182

Decision on the 2024 Profit Distribution

Proposal for Distribution of ZSE's 2024 Profit

Submitted to the Board of Directors of ZSE on 27 March 2025	EUR thousand
Result for the year	317,458
Contribution to the social fund	2
Contribution to Retained earnings	0
Dividends	317,456
Total distribution of profit	317,458

Selected Data from the Consolidated Financial Statements

In 2024, the ZSE Group generated a profit of EUR 182,034 thousand and incurred costs totaling EUR 2,562,750 thousand.

The ZSE Group's key figures according to the International Financial Reporting Standards as adopted by the European Union:

Key figures about the ZSE Group as at 31 December

EUR thousand	2024	2023
Non-current assets	2,543,829	2,426,345
Current assets	632,138	775,080
- of which: assets held for sale and discontinued operations	75,048	83,805
Total assets	3,175,967	3,201,425
Equity	1,348,679	1,285,619
Non-current liabilities	1,133,588	1,105,845
Current liabilities	693,700	809,961
- of which liabilities directly related to assets held for sale and discontinued operations	72,097	44,504
Total equity and liabilities	3,175,967	3,201,425
Continuing operations:		
Revenues from sales	2,246,318	1,857,696
EBIT (profit from operations)	246,746	345,300
EBITDA	397,862	423,664
Total income	2,540,489	2,372,964
Total expenses	2,312,956	2,042,307
Profit before tax	227,533	330,657
Profit for the year from continuing operations	149,614	248,469
Profit per year from discontinued operations	32,420	4,629
Profit for the year	182,034	253,098
Other comprehensive income for the year	(11,597)	1,764
Total comprehensive income for the year	170,437	254,862
Average number of employees	3,840	2,316

Structure of Electricity Sources and Use of electricity

Structure of Electricity Distribution				
In GWh	As at 31 December 2024	Share (%)	As at 31 December 2023	Share (%)
Wholesale	7,434	55	5,679	58
Retail - businesses	1,900	14	1,312	13
Retail - households	4,178	31	2,843	29

Structure of Electricity Supplies				
In GWh	As at 31 December 2024	Share (%)	As at 31 December 2023	Share (%)
Volume of electricity supplied including losses (GWh)	9,166	100	6,716	100
Of which: supplies to households (GWh)	3,664	40	2,425	36
Of which: supplies excluding households (GWh)	5,502	60	4,291	64

Useful electricity supply (GWh)	
Year	Total
2024	9,166
2023	6,716

Distributed electricity (GWh)			
Rok	Total	Of which: wholesale	Of which: retail
2024	13,512	7,434	6,078
2023	9,834	5,679	4,155

Information on sales in monetary and GWh terms from electricity distribution:

Indicators of companies		
As at 31 December	2024	2023
Volume of electricity distributed (GWh)	13,512	9,834
Income from electricity distribution (EUR thousand)*	812,378	640,025
Number of supply points	1,911,480	1,893,822

Information on sales in monetary and GWh terms from electricity supply to customers:

Indicators of companies		
As at 31 December	2024	2023
Volume of electricity sold (GWh)	9,166	6,716
Income from the sale of electricity (EUR thousand)*	1,673,409	1,765,299
Volume of electricity purchased (GWh)	9,166	6,716
Number of supply points	1,646,518	1,591,101

Information on sales in monetary terms for the ZSE Group:

Indicators of the ZSE Group		
As at 31 December	2024	2023
Volume of electricity sold (GWh)	9,166	6,716
Volume of electricity distributed (GWh)	13,512	9,834
Income from the sale and distribution of electricity (EUR thousand)	1,985,501	1,989,527
Volume of electricity purchased (GWh)	7,980	5,779
Volume of electricity generated (GWh)	1,189	937

Information on sales in monetary terms from gas supply to customers:

Ukazovatele za spoločnosti		
As at 31 December	2024	2023
Income from the sale of gas (EUR thousand)*	477,576	406,036
Volume of gas supplied (GWh)	5,147	2,717
Number of supply points	253,237	241,522

* Revenues include intra-company revenues in the ZSE Group.

03

Corporate Social Responsibility

The ZSE Group is among the corporate social responsibility leaders in Slovakia and its principles are in the middle of our daily business decisions and strategy. The main areas of the support within the ZSE Group are environmental protection, education support and community-oriented public service activities.

Education

We see education support as a key investment in the future of our company, energy industry and Slovakia. We have been systematically supporting education at several levels, working with schools at all levels, supporting the modernisation of teaching process. Dual education is key for ensuring the vocational training of the younger generation, which and the ZSE Group's Companies have been using it for long time.

Distribution companies have been systematically cooperating with vocational schools and supporting the modernisation of pupils' learning, for example by installing training polygons and other training components in school premises.

The schools are in contact with both foundations which have been operating within the ZSE Group. For example, the VSE Foundation offered EUR 26,210.30 for improvement of the educational process of nine 13 schools.

The ZSE Foundation annually announced its own grant scheme Exceptional Schools.

Supporting active teachers with innovative approach and courage to grow both in terms of profession and personality, positive communication and teacher empowerment are aims of the scheme. In 2024, the sixth edition of the scheme was announced, in which 77 projects were supported with a total amount of EUR 150,000.

In 2024, the ZSE Foundation has established a new partnership with 4 organisations that have an actual overview of what is happening in education. The ZSE Foundation has allocated € 75 000 for the implementation of partnership activities.

An exceptional project is the Elektrárňa Piešťany, a former municipal power plant and reconstructed industrial monument from the beginning of the 20th century. Since autumn 2016, this power plant building has provided its premises to the project "Elektrárňa Piešťany - Centre of Creative Energy and Art" aimed at offering services of the unique centre for experience education in the area of science, technology and art. Education for schools consists of interactive exhibitions and workshops focusing on promoting learning and acquiring new knowledge in the fields of physics, ecology, sustainable development and natural sciences. In 2024, a number of investment projects and repairs have been carried out at the Elektárňa Piešťany, which allow to increase the quality and comfort of the events and activities carried out.



Environmental protection

Environmental responsibility has long been a priority of the ZSE Group. This is proven by many projects and measures that we implement with the aim of ensuring sustainable business and helping nature.

We also seek to mitigate the negative impact of the energy sector on climate change partially through the activities of foundations too. The grant scheme Switching to Green, announced by the ZSE Foundation, supports projects that focus on environmental education, the use of renewable resources, protection of landscape features and ecotypes, circular economy and reduction of the carbon footprint. In the third edition of the scheme, the ZSE Foundation supported

49 projects by the total amount of EUR 70,000.

The ZSE Foundation, motivated by the urgent climate crisis, opened another scheme through which the ZSE Foundation meets its commitment in the area of environment in region where it is active. The Sunny Roofs scheme is designed for schools and educational facilities, social service facilities, sheltered workshops and registered social enterprises, which can apply for free installation of photovoltaic solutions. In 2024, ZSE Energia offered the ZSE Foundation the sum of EUR 100,000 to implement the scheme.

In 2024, the VSE Foundation announced the scheme called Healthy and Clean Region. Fifteen unique projects benefitted from the total amount of EUR 39,922.05.

Through the funds collected from customers, the Company supported projects with a total value of more than EUR 48,000. In cooperation with civic association SOSNA, 10 climate gardens were created in regional primary schools.

The cooperation with the Story of the Bee civil association continued in the construction of a lavender and blueberry grove suitable for honey bees colonies near the village of Rudník. We helped to buy out 17 hectares of the Halov swamp. This can be preserved in the future for the birds and other rare animals that live there. And we have supported the discovery of young scientists who have managed to identify unique bacteria that break down PCBs with high efficiency into less toxic intermediates.

In cooperation with the E.ON Foundation, which donated EUR 100,000 to mitigate climate change, the VSE Foundation has announced new grant programme. 12 projects were supported, covering a wide range of initiatives across the energy, building, mobile, food and industrial sectors.

Community development

The goal of our corporate social responsibility activities is common - a fair and responsible approach to all communities with which our Company comes into contact.

Community benefit topics and projects have long been the focus of the ZSE Group's employees. Employees again helped mow

the precious Kopanecké meadows, twice a year they participated in a joint blood donation and twice they recorded fairy tale audio books for blind children in the Matej Hrebenda library in Levoča. Employees took part in the #Giving Tuesday collection and contributed to a nicer Christmas holiday for seniors in charity homes in Michalovce and Trebišov.

Through its Employee Grant Scheme, ZSE has been supporting the implementation of volunteer activities for those employees who, in addition to their day-to-day work and duties, are interested in getting involved in their community. In 2024, the seventh edition of the scheme was announced, supporting 131 projects by the total amount of EUR 100,000.

The VSE Foundation supported employee engagement in improving the communities in which they live and work through the Companius employee grant scheme - Helping Together III. In 2024, it contributed EUR 34,000 to community development.

The Making Regions Move grant scheme is key in supporting the projects of active and inspiring people who are making a difference in their immediate surroundings. The ZSE Foundation support particularly the original projects for communities, but also those which highlight the exceptionality of a specific region or its traditional customs or sights. In 2024, 105 projects were supported by the total amount of EUR 120,000.

Mutual aid connects us

The companies actively helped and responded to current issues in 2024 too.

After the rocket attack on the children's hospital in Kiev, the VSE Foundation donated EUR 8,142.23 to buy a 9-seater car to help transport severely disabled children to Svaliava for necessary rehabilitation.

The ZSE Foundation made a donation of EUR 10,000 to People in Peril association. The aim of the aid was to provide humanitarian and material assistance in the repair of the damage caused by the floods in autumn 2024.

The ZSE Foundation in cooperation with the Disabled Aid Association (APPA) has been long financially supporting the implementation of charity events for the benefit of disadvantaged people in the region of Western Slovakia. In 2024, another edition of the scheme Energy for You was announced. Support from the scheme is intended for technical organisation of charity events, the proceeds of which are intended for the benefit of selected APPA club members. The connection of the scheme with APPka by APPA, a unique charitable mobile application, continued in 2024. In total, the scheme supported 10 charity events.

In 2024, the Košice City held a favourite sport and charity event VSE CITY RUN. Východoslovenská energetika a.s. earmarked for the event the sum of EUR 30,000, and, in

addition, together with the participants of the run, it raised the sum of EUR 12,206 which was dedicated to the Early Intervention Centre.

In 2024, the VSE Foundation supported other activities of Smile as a Gift, thus continuing the development of a long-standing partnership and helping those who are really in need.

04

Consolidated Sustainability Reporting



General Information

1. General disclosures (ESRS 2)

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1. General disclosures (ESRS 2)

1. Basis for preparation

» General basis for preparation of sustainability statement (BP-1)

The consolidated sustainability reporting (hereinafter referred to as “the sustainability statement”) has been prepared on a consolidated basis, and the scope of consolidation is the same as in the financial statements. Under Section 20g (2) of the Act No. 431/2002 Z.z. on Accounting, as amended, the obligation to report sustainability information on a consolidated basis for the year 2024 lies with the holding company ZSE a. s., which is required to prepare consolidated financial statements, and the sustainability statement pertains to the ZSE Group. The reporting period for the sustainability statement of ZSE corresponds to the reporting period of the consolidated financial statements of the ZSE Group. The list of entities that are part of the consolidation is provided in the section of the annual report titled “Profile and Composition of the ZSE Group”. The materiality assessment within the due diligence process was conducted across the entire value chain, and the sustainability statement includes significant information related to the company’s own activities as well as the upstream and downstream parts of the ZSE Group’s value chain. The exemption under Section 5, letters d) and e) was not applied in the Sustainability statement.

» Disclosures in relation to specific circumstances (BP-2)

For the preparation of the Sustainability statement, ZSE applies a short-term time horizon (reporting period), a medium-term time horizon (up to 5 years), and a long-term time horizon (over 5 years) when setting targets. In specific cases within strategic planning (MTP), a 3-year horizon (2025-2027) is used as the medium-term plan. When setting goals, the ZSE Group aligns with the time horizons of E.ON holding company, and the goals are set for 2030 and 2035.

The general basis for preparing the Sustainability statement is the management and performance of the ZSE Group in relation to material sustainability topics, including metrics that primarily include data from the company’s own activities, as well as the upstream and downstream parts of the value chain. In sections beyond the 2025 annual plan horizon, estimates were used based on indirect sources or other proxy values. For such metrics, the relevant disclosures always include information and an explanation of how the specific measurement was developed. These metrics relate to emissions, energy consumption, and the setting of baseline targets. Metrics related to climate change, pollution, resource use, waste, and certain biodiversity data are collected using the SAP system, Power BI, as well as various internal applications and systems, including environmental reports and annual

reporting to the state administration bodies. Metrics related to the health and safety of the company’s employees are collected through various internal systems, including the incident reporting system. Diversity and other metrics related to the company’s workforce are obtained from the SAP system and other internal databases. Data on consumers and end-users are based on customer satisfaction studies and other analytical tools. Data on contractor workers are collected in the SAP system, through the supplier portal, and via other internal systems for managing supplier relationships. All qualitative and quantitative data used in the statement were collected and managed using Excel spreadsheets and the ZSE Group’s ESG document library (SharePoint).

The Sustainability statement also contains appropriate assumptions and estimates, including scenario or sensitivity analysis, the use of which was described and explained. The data and assumptions used in the preparation of the Sustainability statement are consistent with the taxonomy and financial data in the financial statements. For disclosures and explanations of potential future events, such as expected financial impacts or the materiality and likelihood of impacts arising from potential events, as required in some ESRS standards, ZSE applies the phased-in provision in accordance with Appendix C to ESRS 1, allowing for the omission of this information during the first year of preparing the statement, and only disclose qualitative descriptions. This applies to ESRS 2 SBM-3 paragraph 48 letter e), E1-9, E2-6, E4-6, E5-6, S1-7. When disclosing forward-looking information, ZSE states

that these have been determined based on expected developments and, therefore, may be uncertain. In preparing disclosures related to the upstream and downstream parts of the value chain, ZSE made maximum efforts to obtain the necessary information that could be acquired within the framework of the internal systems and records setup. In the future, ZSE will implement the collection of the necessary data in its internal systems. For this reason, ZSE applies the transitional provision 10.2 in relation to the disclosures concerning Chapter 5, the Value Chain, as per ESRS 1. The disclosed information regarding the sustainability aspect of cybersecurity, which was identified as a material specific topic in the materiality process, is reported according to generally accepted standards issued by the Global Reporting Initiative (GRI) and is clearly identified with a reference to the relevant GRI standard. At the same time, it meets the requirements for the qualitative characteristics of information set out in Appendix B. The ZSE Group companies are certified according to several ISO standards (9001, 14001, 37001, 45001, 50001, 19011), which ensure a systemic approach to process management and improvement. Some information from the management systems was also used in reporting sustainability information.

2. Governance

» The role of the administrative, management and supervisory bodies (GOV-1)

The roles and responsibilities of the management and supervisory bodies of ZSE

in the area of sustainability are embedded within its governance structures and processes. Sustainability in the ZSE Group encompasses three main frameworks: climate and environmental protection, care for people, and good corporate governance (ESG). The main role of sustainability governance is to integrate ESG aspects into the company's strategy and activities by identifying sustainability aspects, strategic ESG goals, managing impacts, risks, and opportunities, as well as metrics and targets. Sustainability management is the responsibility of the ZSE Board of Directors, the Sustainability Committee, the Corporate Development & Public Affairs Division, and the Human Rights Officer in the area of human rights. The supreme supervisory body is the ZSE Supervisory Board, which supervises the performance of the Board of Directors and business of the Company. As part of sustainability management within the ZSE Group, all relevant bodies (corporate and non-corporate), functions, and organizational units have access to expertise and skills related to sustainability aspects.

The ZSE Board of Directors acts in managing sustainability within the competencies defined for the Board by legal regulations and the Articles of Association of ZSE. The Board of Directors is responsible for managing the Company's operations, including key sustainability-related topics, and makes decisions on all matters, including sustainability, unless they are defined by law or the Articles of Association as being in the competence of the General Meeting or the Supervisory Board. The Board of Directors

has overall responsibility for managing the sustainability agenda, adopting strategies, policies, and key decisions in the area of sustainability, ensuring their integration into the overall business strategy, and responsibility for establishing and monitoring management, inspection, and reporting mechanisms. It regularly monitors the achievement of ESG goals and the long-term sustainability of the Company. The composition and identity of the Board of Directors and the Supervisory Board are disclosed by ZSE in the section of the annual report titled "Company Bodies: Composition of Statutory and Supervisory Bodies". Other bodies of ZSE include the AuditCommittee and the Sustainability Committee. The AuditCommittee monitors the process of reporting sustainability information. The Sustainability Committee is a non-corporate coordinating and implementing body in the area of sustainability management within the ZSE Group. Its activities are described in the chapter on Sustainability Management Organisation in the subsection "Role of the administrative, management and supervisory bodies (GOV-1)"

ZSE does not apply a specific diversity policy in relation to the members of its corporate bodies because the Company is not subject to the requirement under Section 20(10) of the Accounting Act. Diversity in the Board of Directors and the Supervisory Board is indirectly ensured through the diversity in the shareholder composition – the state shareholder and the private shareholder, who propose candidates for the positions of Board members and some members of

the Supervisory Board. When proposing candidates for the positions of Board members and Supervisory Board members, particular attention is given to the education, expertise, experience, qualifications, and special abilities of each candidate.

The ZSE Board of Directors consists of 5 members, of which three members are nominated by the Company's shareholder – the E.ON Group, and two members are nominated by the Company's shareholder – the Slovak Republic, represented by the Ministry of Economy of the Slovak Republic (MoE SR).

The ZSE Supervisory Board consists of 9 members, five of whom are nominated by the Slovak Republic, one by the E.ON Group, and one-third of the members (three) are elected by the company's employees. ZSE does not apply the division between executive and non-executive members of the corporate bodies in the context of Act No.

300/2024 Z.z. on Certain Measures Related to the Management of Listed Companies, as amended.

The members of the Board of Directors and the Supervisory Board have relevant experience and knowledge that are aligned with the strategy and needs of ZSE. The Board of Directors of the Company has made an organizational decision, based on which it assigned three specific Board members to perform, oversee, and monitor the tasks, duties, and activities of the Company's organisational units, according to the division of competencies over these units and areas. These members of the Board of Directors are, based on the aforementioned, involved in the day-to-day management of the Company. ZSE therefore presents the competence matrix of these Board members with managing competences, which was created based on the division of competences according to the Organisational Manual of ZSE.

Purview of ZSE Board members with managing competences	Markus Kaune, Chairman	Tomáš Turek, member	Juraj Krajcár, member
Sales and customer solutions			x
Electricity distribution		x	
Generation (PPC Malženice)		x	
Generation (small hydropower plants)			x
Communication and public relations	x		
Energy solutions and e-mobility			x
Company strategy and development	x		
Marketing			x
IT services and digitalisation		x	
New business models, innovations			x
Facility management		x	
Finances and risk management	x		
Legal affairs and compliance	x		
Data protection	x		
Internal audit	x		
Human resources	x		
Sustainability	x		
Logistics		x	
Health and safety	x		
Environment		x	
Security and cybersecurity		x	

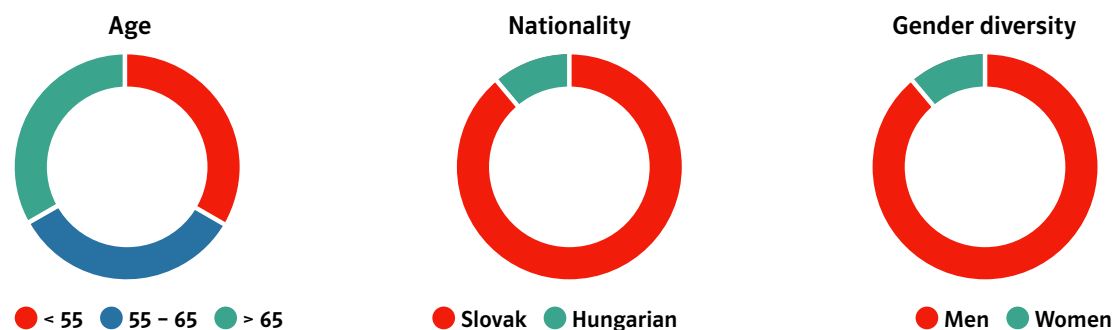
The members of the Supervisory Board possess competences and experience in accordance with the requirements of the applicable legislation and the Shareholder Agreement of ZSE (relevant for members elected by the General Meeting of the Company). In the case of employee representatives, ZSE discloses information about their expertise in accordance with their internal roles and responsibilities within ZSE and its Group.

9 members of the ZSE Supervisory Board	Shareholder representative	Employee representative	Expertise
Ivan Šajban	x		
Attila Kiss	x		
Marian Greksa	x		
Tomáš Galbavý	x		
Tomáš Rusiňák	x		
Roman Gejdoš	x		
Silvia Šmátralová		x	Labor law and collective bargaining
Martin Mislovič		x	Customer rights
Juraj Nyulassy		x	Financial planning and analyses

Diversity aspects in the Board of Directors:



Aspekty rozmanitosti v dozornej rade:



Beyond the provisions of the Commercial Code, ZSE upholds values such as integrity, honesty, and loyalty. The company strives to promote these attributes both externally and internally within the ZSE Group, considering adherence to them to be essential for conducting its business activities. In light of the above, ZSE has established principles to prevent conflicts of interest between the members of its corporate bodies and ZSE while performing activities for the Company. Members of the corporate bodies are obligated to prevent any conflicts of interest, thereby protecting the objectivity and integrity of ZSE's business activities. In the ZSE Group, we have established a procedure for identifying, reporting, and resolving conflicts of interest, as well as the rights and responsibilities of individuals affected by even a potential conflict of interest with ZSE.

According to the corporate documents of ZSE, members of the Board of Directors and the Supervisory Board may not:

- enter into transactions related to the business activities of ZSE in their own name or for their own account,
- act as intermediaries for other parties in transactions involving ZSE,
- participate in the business of another company as a partner with unlimited liability,
- perform activities as a statutory body or a member of the statutory body of a legal entity with a similar business focus, unless it is a commercial company in whose business activities ZSE participates.

Sustainability Management Organisation

The responsibilities of the Board of Directors, the Supervisory Board, and the Sustainability Committee, as well as the sustainability management organisation, are governed by the Order of the Board of Directors, which established the Sustainability Committee and sustainability management within the ZSE Group. The responsibilities of the bodies and the tasks of the management are as follows:

- The Board of Directors and the Supervisory Board manage sustainability within the competencies defined by the Shareholders' Agreement and are responsible for steering and overseeing key sustainability issues.
- The person responsible for sustainability is the Chairman of the Board of Directors of ZSE, who is also the Chairman of the Sustainability Committee. He is responsible for the operational management of the sustainability agenda and its implementation within ZSE, in accordance with the Board of Directors, as well as other aspects delegated by the Board. He informs the Board of Directors and the Supervisory Board about key initiatives, events, and indicators in the field of sustainability. He submits materials in the field of sustainability for approval by the Board of Directors, or other corporate bodies of ZSE, in accordance with the law and the ZSE Articles of Association.
- The Sustainability Committee is a non-corporate body of the company established by a decision of the Board of Directors as an official platform, whose tasks focus on oversight, implementation, operational management, and the integration of sustainability into the activities of ZSE

and the companies within the ZSE Group. It coordinates sustainability requirements, proposes and oversees the implementation of the sustainability strategy and strategic goals within the aspects of sustainability.

- The Corporate Development & Public Affairs Division and the Sustainability & Development Department are responsible for the conceptual management of the sustainability agenda and ensuring operational activities in the management of sustainability. For the area of sustainability, they are the contact organisational units for the executive management of ZSE.
- The Human Rights Officer is the Director of the Legal, Compliance & Data Protection Division, and they are also a member of the Sustainability Committee. Their appointment demonstrates ZSE's commitment to the protection of human rights, not only in relation to the workforce, but also in relation to suppliers/contractors and external partners.
- The Audit Committee fulfils tasks in the process of reporting sustainability information.

The Sustainability Committee is composed of permanent members and members nominated according to the agenda and the relevance of the discussed topic. Permanent members of the Sustainability Committee in 2024:

- Sustainability Officer and Chairman of the Committee - Markus Kaune (Chairman of the Board of Directors and CEO of ZSE)
- Director of Corporate Development & Public Affairs Division - Lívia Vašáková

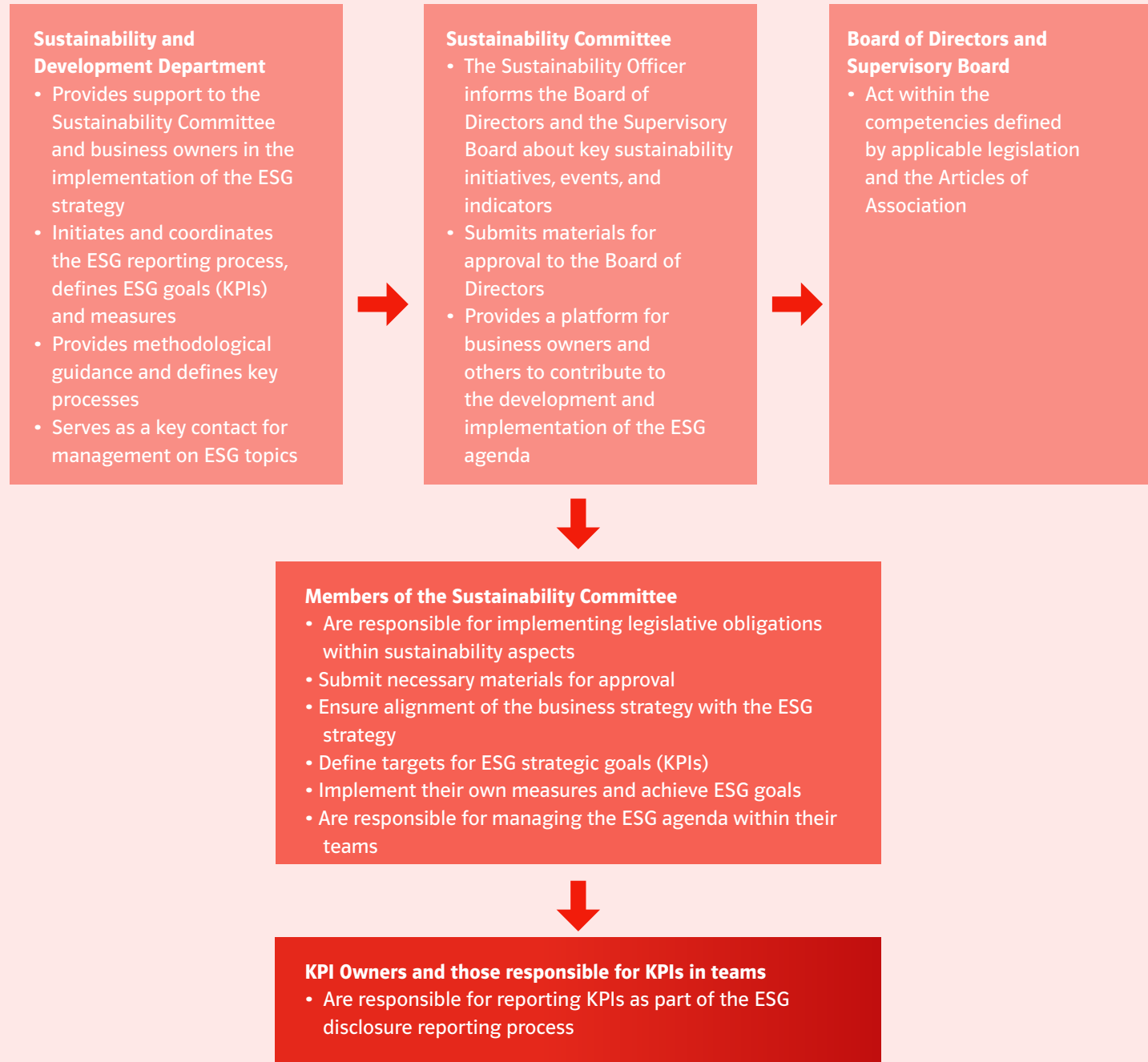
- Sustainability Manager and Head of Sustainability & Development - Stanislav Kovalík

The Human Rights Officer is a non-permanent member of the Sustainability Committee.

Organisational units of ZSE as per the organisational structure (such as Internal Audit, Compliance, Risk Management, etc.) participate, within the scope of their responsibilities and tasks, in the oversight and control of selected activities related to sustainability aspects.

The collaboration between the functions (departments) of development and sustainability, risk management, and internal audit, which are represented in the Sustainability Committee, ensures that ESG risks are continuously monitored, controlled, and reported. ESG risk management is carried out in accordance with the internal procedures for risk management within the ZSE Group. The integrated approach to risk management (ERM - Enterprise Risk Management) includes business risks, including ESG risks. The effectiveness and efficiency of the established internal checks are regularly monitored and evaluated. In the case of identified deficiencies, measures and action plans are implemented to continuously improve the internal inspection environment.

Management model



Key performance indicators (KPIs) related to significant impacts, risks, and opportunities are defined by the executive management (responsible functions). They are part of the ESG strategy, which is prepared by the Sustainability & Development Department, presented to the Sustainability Committee for feedback, and then submitted to the Board of Directors of ZSE for approval. The Sustainability and Development Department submits information on progress in achieving goals and actions taken to the Sustainability Officer, who, along with recommendations from the Sustainability Committee, informs the Board of Directors and, if necessary, the Supervisory Board of ZSE.

Effective oversight of sustainability requires the continuous strengthening of expertise and skills, which ZSE ensures through collaboration with external experts, the establishment of specialised committees, and ongoing trainings. Corporate sustainability and key ESG topics are an integral part of the ZSE Group’s business and form a part of the decision-making process for the members of the Board of Directors and the Supervisory Board. Their education in this area is not part of specialised training. In 2024, the top management of the ZSE Group had the opportunity to attend training on inclusive leadership and change implementation, organised by the Training & Development Team of the Human Resources Division. They also collaborated with external experts and consultants to provide up-to-date knowledge, trends, and recommendations for implementing procedures and strategies related to the management and oversight of sustainability aspects.

In the following matrix, ZSE presents an overview of the knowledge and skills of the Board members with managing competences in relation to material topics. The matrix was created based on the distribution of competences as per the ZSE’s Organizational Manual.

Expert knowledge and skills of executive ZSE Board members with regard to sustainability	Markus Kaune, Chairman	Tomáš Turek, member	Juraj Krajčár, member
Climate change and energy	x	x	x
Pollution of air, water and soil		x	
Biodiversity and ecosystems		x	
Resource use and circular economy		x	
Working conditions of own employees	x	x	x
Equal treatment and opportunities for all	x	x	x
Health and safety of value chain workers	x	x	x
Consumers and end-users			x
Corporate culture	x		
Protection of whistle-blowers	x		
Management of relationships with suppliers including payment practices		x	
Corruption and bribery	x	x	x
Cybersecurity	x	x	x

Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies (GOV-2)

In 2024, the Board of Directors met 12 times and the Supervisory Board met 6 times. During this period, both the Board of Directors and the Supervisory Board also addressed topics that were identified as material during the materiality assessment process. These were primarily topics related to energy infrastructure and the distribution

system, issues concerning the workforce and working conditions, compliance topics, and cybersecurity. In order to better inform the Board of Directors and the Supervisory Board and ensure the integration of sustainability into strategic decisions, the Sustainability Committee was established at ZSE in 2024. In 2024, the Sustainability & Development Department presented information to the senior management of ZSE and later to the Sustainability Committee (after it was established) regarding new legislative requirements for sustainability reporting in accordance with the European CSRD Directive, the processes and results of the double materiality assessment, the

assignment of data points and the scope of reporting, the 2023 Sustainability Report, strategic documents related to transition and resilience, the ESG strategy, and internal sustainability-related documentation.

Listed below are the topics that were identified as material during the materiality assessment process and that were addressed by the Board of Directors and the Supervisory Board during their sessions in 2024:

- Adaptation to climate change and Climate change mitigation: topics related to the distribution system, the ZSE Group’s 2023 Sustainability Report, the Strategic Plan for the Transition of Business Activities, the Action Plan for Climate Change Adaptation, and the establishment of the Sustainability Committee and sustainability management within the ZSE Group were discussed at the sessions of the ZSE Board of Directors;
- Environment: topics related to the main environmental impacts, events, and environmental management were discussed at the sessions of the ZSE Board of Directors;
- Own employees: topics related to working conditions, wages, remote work, occupational health and safety information, development and training were discussed at the session of the ZSE Board of Directors and the Supervisory Board;
- Business conduct: topics related to compliance, whistleblower reports, anti-corruption and anti-bribery efforts, and the revision of the Code of Conduct were discussed at the sessions of the ZSE Board of Directors, and the compliance report for

the reporting period was also discussed at the sessions of the Supervisory Board;

- Cybersecurity: topics related to security were discussed at the sessions of the ZSE Board of Directors and the Supervisory Board.

Integration of sustainability-related performance in incentive schemes (GOV-3)

The system of short-term incentives (STI) based on annual variable remuneration is composed of company performance and individual performance. The central objective for managers, including members of the Board of Directors, for individual performance in 2024 included, alongside personal performance targets in the operational area, a target for health and safety (OHS) with a weight of at least 15%, and an ESG target with a weight of at least 10%. The OHS target was mandatory down to the level of team leaders. The ESG target for 2024 was mandatory for board members at all companies within the ZSE Group and for senior management directly subordinate to a board member. The ESG target for 2024 was generally set as support for positive impact on the environment and employees, and for improving performance in sustainability through completing specific educational activities and implementing specific goals tailored to the area of responsibility. Since 2025, the STI system, in the part focused on Company performance, has also been enhanced with the NPS (Net Promoter Score) element, which measures customer satisfaction. The ESG targets will remain a

focus for all ZSE Group companies also in 2025. They are determined centrally. The ESG targets related to the occupational health and safety part are defined uniformly for all management levels, while for other areas of ESG, the targets are cascaded according to their relevance for the respective managers within their functional areas. Performance metrics related to sustainability in STI incentives are included in the remuneration policy. The conditions of the incentive system for managers within the ZSE Group are approved and updated by the senior executive management of the Company with the support of the Human Resources Division.

Statement on due diligence (GOV-4)

Due diligence regarding sustainability is an ongoing process of identifying, assessing, and preventing negative impacts on human rights and the environment in own operations and business relationships, including the ZSE Group’s value chain. As part of this process, measures are taken to stop, prevent, or mitigate these impacts and ensure corrective action. Sustainability is an integral part of the ZSE Group’s business and business model and, therefore, is integrated into its management. The internal management directive for sustainability defines the responsibilities and due diligence procedures, as well as collaboration with other business functions (organisational units). Based on the results of the materiality process, the Sustainability & Development Department prepares and submits relevant information and documents to the Sustainability Committee, and

proposes steps and measures that need to be taken to address negative impacts on the environment, human rights, and the society. This includes policies, processes, training, and control mechanisms, as well as regular communication and collaboration with key stakeholders. Part of due diligence also includes measures to verify whether negative

impacts are being addressed effectively, such as ESG targets and key performance indicators (KPIs) or internal and external feedback from affected stakeholders. The effectiveness of the implemented measures and progress evaluation are monitored, and the results are communicated transparently. The ZSE Group has been communicating

its impact on the environment and human rights since 2021 in the form of sustainability reports (<https://www.skupinazse.sk/Uvod/Udrzatelnost/Reporty-udrzatelnosti> <https://www.vseholding.sk/vseh/domov/udrzatelnost/reporty-udrzatelnosti>).

Integration of due diligence into governance, strategy, and business model	Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies (GOV-2), Integration of sustainability-related performance in incentive schemes (GOV-3), Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)
Involvement of affected stakeholders	Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies (GOV-2), Interests and views of stakeholders (SBM-2), Description of the processes to identify and assess material impacts, risks and opportunities (IRO-1), Stakeholder engagement within Description of the processes to identify and assess material impacts, risks and opportunities (IRO-1)
Identification and assessment of negative impacts	Description of the processes to identify and assess material impacts, risks and opportunities (IRO-1), Description of the processes to identify and assess material impacts, risks and opportunities (ESRS 2 IRO-1), Description of the processes to identify and assess material pollution-related impacts, risks and opportunities (ESRS 2 IRO-1), Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities (ESRS 2 IRO-1), Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities (ESRS 2 IRO-1), Description of the processes to identify and assess material impacts, risks and opportunities (ESRS 2 IRO-1)
Adoption of measures to address negative impacts	Transition plan for climate change mitigation (E1-1), Policies related to climate change mitigation and adaptation (E1-2), Material impacts, risks and opportunities and their interaction with strategy and business model (ESRS 2 SBM-3), Actions and resources in relation to climate change policies (E1-3), Actions and resources related to pollution (E2-2), Actions and resources related to biodiversity and ecosystems (E4-3), Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions (S1-4), Taking action on material impacts on value chain workers (S2-4), Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions (S4-4), Prevention and detection of corruption and bribery (G1-3), Measures taken to manage the related impacts (entity specific)
Monitoring the effectiveness of efforts and providing information	Targets related to climate change mitigation and adaptation (E1-4), Targets related to pollution (E2-3), Pollution of air, water and soil (E2-4), Targets related to biodiversity and ecosystems (E4-4), Impact metrics related to biodiversity and ecosystems change (E4-5), Targets related to resource use and circular economy (E5-3), Resource outflows (E5-5), Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S1-5), Characteristics of the undertaking’s employees (S1-6), Characteristics of non-employee workers in the undertaking’s own workforce (S1-7), Adequate wages (S1-10), Social protection (S1-11), Training and skills development metrics (S1-13), Health and safety metrics (S1-14), Work-life balance metrics (S1-15) Incidents, complaints and severe human rights impacts (S1-17), Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S2-5) Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S4-5), Confirmed incidents of corruption and bribery (G1-4), Payment practices (G1-6), Targets and indicators of progress (Cybersecurity -entity specific)

Risk management and internal controls over sustainability reporting (GOV-5)

The aim of risk management within the ZSE Group is to support effective management of the companies and initiate countermeasures to minimize the negative financial impact of individual risks on the Group's financial performance. The effective functioning of the risk management system and related processes is ensured by the Risk Management Department. The risks the Group faces have a diverse typology and are primarily determined by the nature of the activities of the individual subsidiaries. These mainly include risks and opportunities related to the supply of electricity and gas, electricity distribution, as well as other business activities of ZSE companies, such as electricity generation or the energy solutions offered. The controlling and risk management departments regularly monitor, update, and report on business risks and opportunities, including potential impacts of climate change and extreme natural and environmental events, within the medium-term planning horizon (3 years). The integrated approach to risk management (ERM - Enterprise Risk Management) includes business risks, including ESG risks. This means that the impacts and effects of climate and environmental risks are incorporated in the identification and quantification of key business risks, such as volume risks, market risks, interrupted distribution, etc. These risks are marked with the ESG label within the standardized reporting framework of the E.ON Group. The

findings resulting from the monitoring and reassessment of risks and opportunities within the ZSE Group, including ESG risks, are submitted to the Risk Management Committee (RMC), which approves the risk report, on a quarterly basis.

The effectiveness and efficiency of the established internal checks are monitored and evaluated in accordance with internal processes and depending on the nature of specific control mechanisms and the given area. In the case of identified deficiencies, measures and action plans are implemented to continuously improve the internal inspection environment. The AuditCOmmittee performs specific tasks related to the process of reporting sustainability information, including the selection of the auditor for the Statement. The Internal Audit function assesses risks associated with various ESG aspects as part of its regular risk analysis and monitors operational risks with an impact on sustainability. As part of individual audits, which are carried out based on the updated risk analysis, ESG aspects have been included as a focus starting from 2024. In the case of identified deficiencies, they are reported within the internal audit report to the Company's management. Risk analysis is conducted based on interviews with process owners. Each audit finding is accompanied by a corrective action proposal, which has a clear owner and an implementation date. Action plan implementation is monitored on a regular basis. Significant findings from individual audits are submitted to the Company's Board of Directors. The involvement of the Board of Directors

and the Supervisory Board in reporting findings arising from risk assessments and internal controls, regarding the sustainability reporting process, is described in chapter "Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies (GOV 2)".

3. Strategy

Strategy, business model(s) and value chain (SBM-1)

The ZSE Group is an energy company with approximately 3,900 employees and is one of the leading partners in the field of electricity and energy infrastructure in Slovakia. The business activities of the ZSE Group are fully focused on the modern energy world and are divided into three main areas of operation - energy networks, customer solutions, and electricity generation. The business strategy of the ZSE Group is built on three pillars - growth, sustainability, and digitalisation. The rapid growth of renewable energy sources and the accelerating electrification of the transport and heat production sectors are making the energy system much more decentralised and complex. The ZSE Group aims to become a fully digital energy company that transforms its products, processes, and services into data-driven and highly interconnected solutions. It places an emphasis on climate protection and the reliable, accessible, and secure supply of electricity. At the same time, it brings sustainable energy solutions to the market,

enabling customers to decarbonise their homes or businesses.

The energy networks business area brings together the distribution systems of Západoslovenská distribučná, a.s. (ZSD) and Východoslovenská distribučná, a.s. (VSD) and related activities. The main tasks in this business area include the safe operation of the distribution system, the implementation of necessary maintenance and service measures, as well as the expansion of the electricity network, often in connection with the implementation of customer connections and connections of renewable energy generation systems. The ZSE Group energy networks integrate renewable sources, connect producers and consumers, and efficiently manage the complex flows of energy.

The Customer Solutions business area is a platform for actively shaping the energy transition together with ZSE Group's customers. It includes energy retail and energy infrastructure services. The activities of the ZSE Group are focused on the individual needs of private customers, small and medium-sized businesses, as well as large corporate clients, business partners, and public sector customers. It includes electricity, gas and heat supply to customers.

The ZSE Group energy solutions offer decentralised, sustainable and efficient options to support cities, businesses and households on their path to climate neutrality. They help all types of customers use energy more efficiently, produce their

own renewable energy, become energy self-sufficient, and reduce their carbon footprint. Since 2024, the ZSE Group has been developing its non-commodity solutions as a separate business stream. All activities not related to the supply of electricity and gas to non-household customers are divided into three separate units:

- e-mobility,
- decarbonisation and energy efficiency,
- decentralised energy infrastructure.

The goal is to focus on the development of new solutions and actively design emerging markets that support decarbonisation and energy efficiency.

The ZSE Group's portfolio includes, in addition to two small hydropower plants and a minority stake in a biogas plant, a combined-cycle gas turbine power plant (CCP Malženice) with an installed capacity of 430 MW, located near the village of Malženice in western Slovakia.

Certain aspects of the relationships between the ZSE Group and its customers regarding the electricity distribution, electricity supply and gas supply, including the pricing of services provided to specific customer groups, are governed by price and subject regulation under the authority of the Regulatory Office for Network Industries (Úrad pre reguláciu sieťových odvetví, ÚRSO). The most regulated areas, in terms of price or subject regulation, are the distribution of electricity and the supply of commodities (electricity, gas) to household customers. The main business relationships within the value chain involve suppliers responsible

for the supply of essential commodities used in the core business activities of the ZSE Group, suppliers of logistics and procurement processes, and customers from the household and business segments. More information about the strategy in specific areas of the ZSE Group's activities is provided in chapter Climate change (ESRS E1), Own workforce (ESRS S1), Value chain workers (ESRS S2), and Consumers and end-users (ESRS S4). Detailed disclosures about the number of employees in the ZSE Group are provided in chapter "Characteristics of the undertaking's employees (S1-6)".

For the materiality process, the following business segments have been mapped according to the ESRS SEC 1 standard for sector classification:

- Electricity distribution (D.35.13)
- Electricity supply (D.35.14)
- Gas supply (D.35.23)
- Electricity generation (D.35.11)
- E-mobility services (H.52.21)
- Non-commodity solutions (F.43.39)
- Administrative services (N.82.20)
- Support of communities (P.85.59)
- Telecommunication services (J.61.20, J.61.10)

Electricity distribution, electricity and gas supply, and electricity generation were identified as material sectors. They represent more than 10% of the ZSE Group's revenues and are associated with significant actual impacts, particularly with regard to reducing greenhouse gas emissions, energy consumption, the resilience of energy infrastructure, pollution, the generation of hazardous waste, and the creation of a safe working environment.

Revenue breakdown by material sectors:

Material activities	
EUR thousand	2024 revenues
Electricity distribution (D.35.13)	612,321
Electricity supply (D.35.14)	2,265,464
Gas supply (D.35.23)	398,668
Electricity generation (D.35.11)	194,290

Electricity distribution

Electricity distribution is carried out by ZSD and VSD, each of them being the natural monopoly distribution system operator in its geographical area of western and eastern Slovakia respectively. Both companies account for approximately 70% of the total electricity volume distributed in Slovakia. The revenue from distribution in 2024 amounted to EUR 612.3 million (of which EUR 350.0 million related to intra-group supplies) out of the total consolidated revenue of the Group of EUR 2.7 billion.

Electricity and gas supply

We monitor these material activities in the financial statements as the commodity supply segment. Both activities are operated through two sales companies, ZSE Energia and VSE. The 2024 revenue in the commodity supply segment amounted to EUR 2.265 billion. A significant part of the supply in the commodity segment is of an intra-group nature (up to EUR 136.1 million).

Electricity generation

In 2024, the ZSE Group operated the combined-cycle power plant Malženice (ZSE Elektrárne), which, along with other smaller

sources (small hydroelectric power plants, biogas station), belongs to the generation segment. The total 2024 revenue for this segment reached EUR 194.3 million, with nearly 97% being subject to intra-group settlement. This is because of the combined-cycle power plant's access to the electricity commodity market, which is secured through a sister company within the Group.

In addition to the aforementioned material segments, the ZSE Group also provides non-commodity solutions – energy services tailored to customer needs. This primarily involves district heating, air conditioning solutions, turnkey energy equipment supply, as well as providing solutions and services in the field of facility management and maintenance. The ZSE Group also provides intra-group shared services (supporting administrative services, IT, rentals, etc.), which serve as auxiliary activities and are primarily delivered through ZSE and VSE Holding. Non-commodity solutions and services within the group generated revenues of around EUR 92.6 million in 2024, of which EUR 49.7 million was intra-group supplies (mainly SLAs and rentals).

The ZSE Group operates in the fossil fuel industry and generates revenue from the supply (sale) of gas. Economic activities related to fossil gas are not included in the taxonomy. Material business activities and income related to fossil gas:

- Retail and wholesale gas sales: EUR 398.7 million
- Electricity generation in CCP Malženice: EUR 194.3 million

Sustainability goals

The ZSE Group's strategy is fully focused on current and future environmental, social, and economic challenges, such as a fair energy transition, including decarbonisation and the shift to renewable energy sources, energy efficiency and optimisation of the distribution network, energy solutions for customers, and support of sustainable consumption, environmental protection, and mitigating and adapting to climate change.

The ZSE Group is committed to achieving sustainability goals to support a fair energy transition and the United Nations' Sustainable Development Goals (SDGs). In line with the Paris Agreement and the European Union's climate goals, we aim to contribute to slowing down global warming and mitigating climate change. All strategic sustainability goals take into account the ZSE Group's material activities, as well as affected parties and stakeholders. They are part of the ESG strategy, which ZSE publishes on its website.

Overview of strategic sustainability goals:

Overview of strategic sustainability goals	
Climate goals (reducing emissions)	Ratio of women in the management
Increasing the share of renewable energy sales (guarantees of origin)	Management training in DEI topics
Increasing smart meter installations	Satisfaction and employee engagement surveys
Support of small and local renewable energy sources installation	LTIF employee accidents
Increasing the number of public charging points	TRIF employee accidents
Reliable energy supply	Working conditions of contractor employees
Monitoring of air and water pollution	Customer satisfaction
Ecological management of corridors under power lines	Trainings in ethical conduct and legal rules
Protection of birds against collision with power lines	Preventing corruption
Reducing landfill waste disposals	Trainings in cybersecurity

Business activities of the ZSE Group in the segments of electricity supply, gas supply, electricity distribution, non-commodity solutions, telecommunications services, and electricity generation from renewable sources contribute to the set sustainability goals. The ZSE Group provides services in the field of renewable energy sources, supporting the transition to low-carbon energy sources and decarbonisation. It supports the sale of electricity covered by guarantees of origin from renewable sources. It offers solutions for increasing energy efficiency, such as smart meters and optimisation technologies, which help customers reduce energy consumption. This supports the sustainable use of resources, customers' energy self-sufficiency, and reduces environmental impacts. For households, it provides affordable, sustainable, and low-emission energy solutions that enable them

to generate their own renewable energy and reduce costs. For large customers, services that reduce their carbon footprint and optimise energy costs are essential. The ZSE Group builds secure and reliable energy networks that integrate renewable sources, connect producers and consumers, and efficiently manage the complex flows of energy. Collaboration with municipalities and local institutions on renewable energy and energy efficiency projects contributes to regional development and strengthens the local economy in line with sustainability goals. The ZSE Group supports e-mobility and is developing charging infrastructure in the passenger and freight transport sector. It is also involved in the implementation of the Slovak broadband plan and enabling access to ultrafast internet for households. The products and services provided by the ZSE Group take into account sustainability

principles, have a positive social and environmental impact, and include current and expected benefits for various stakeholders – especially customers, investors, and the wider community.

Value chain

The complete range of resources and relationships related to the ZSE Group's business model includes activities used in the creation of its products and services, from concept to delivery. Relevant activities include our own operational activities carried out by our human resources, as well as activities that are part of supplier, customer, marketing, and distribution channels. The ZSE Group's value chain, with material activities within its business segments constituting electricity distribution, electricity and gas supply, electricity generation, and provision of non-commodity services, includes key processes from resource acquisition to the delivery of products or services to customers. Each of these activities makes its specific contribution to the value chain, creating a synergic effect that supports efficient and sustainable business practices.

Strategic suppliers and partners represent the main business relationships with key stakeholders. The stakeholders in the upstream part of the value chain (upward) are suppliers of commodities, goods, work, and services that the ZSE Group uses in the development and production of its own products or services. These are primarily suppliers involved in the ZSE Group's logistical and procurement processes. Key suppliers responsible for the delivery of

essential commodities used in the main business operations of the ZSE Group are business partners with whom the ZSE Group signs specific business contracts as part of its electricity sales and gas sales activities - framework contracts for the supply and takeover of electricity and gas for members of the European Federation of Energy Traders (EFET) - for the provision of input commodities. Stakeholders in the downstream part of the value chain (downward) are customers, distributors, and marketing suppliers who receive products or services from the ZSE Group and support the sale of its services. The business segments of electricity distribution and electricity generation are positioned in the upstream part of the value chain, while electricity and gas supply and non-commodity solutions are positioned in the downstream part of the value chain. Customer groups are divided into business-to-consumer (B2C) group, which is the household segment, and business-to-business (B2B) group, which is the business segment. Electricity generation is the input process at the beginning of the value chain. It focuses on acquiring energy through hydroelectric power plants or by combustion of gas. Electricity distribution ensures the reliable supply of energy to the customer and is part of the infrastructure and logistics phase. Electricity and gas sourcing is an input process, and their subsequent sale is customer service supported by marketing at the end of the value chain. The same applies to the provision of energy solutions. The resources required by the ZSE Group to operate its business are electricity and gas commodities, energy, labour, technology, and

capital. These resources are obtained through contracts with suppliers and generation, and they are influenced by the financial, regulatory, and labour environment in which the ZSE Group operates. Risks associated with supply interruptions or input shortages are the main business risks for the ZSE Group. During the reporting period, not all the necessary information regarding the upstream and downstream parts of the value chain was available. The obtained information is disclosed in chapters S1, S2, S4, and G1. Over the next three years, the ZSE Group plans to improve the acquisition of the necessary information, as due to the large scale and complexity of gathering information from stakeholders, including small and medium-sized enterprises, it was not possible to obtain some information in the first year of reporting.

Interests and views of stakeholders (SBM-2)

Stakeholder engagement is the interaction and dialogue between the ZSE Group and its stakeholders, which allows it to listen to their interests and concerns, understand them, and respond accordingly. Taking their interests and views into account allows the ZSE Group to shape its strategy and business model, reflecting current market needs and predicting future challenges. By considering the stakeholders' needs, ZSE ensures that all its decisions and procedures are in line with societal expectations, legislation, and market requirements. Their feedback and expectations not only improve market position but also support long-term growth,

minimise risks, and enable the fulfilment of sustainability commitments. Dialogue with stakeholders is an important goal of the daily work of the ZSE Group at the local, national, and European levels. Engagement formats range from informational campaigns and discussion forums with business associations and non-governmental organisations to in-person meetings. Various channels are used for this, such as media interviews with managers or their appearances as public speakers. The main purposes of stakeholder engagement include knowledge management, sharing information, gathering feedback, gaining insights into the perspectives and needs of stakeholders, and building trust. These interactions help the ZSE Group not only better understand stakeholder expectations but also more effectively manage risks and strengthen its long-term competitiveness and resilience to changes in the external environment. The identification of key issues important to stakeholders is reflected in strategic decisions, allowing the ZSE Group to adapt its business activities to meet current market demands, regulatory changes, and societal expectations.

Stakeholders are those who can influence the activities of the ZSE Group or be affected by them. There are two main stakeholder groups:

- Affected stakeholders: individuals or groups whose interests are impacted or could be positively or negatively impacted by the ZSE Group's activities and its direct and indirect business relationships within its value chain,

- Users of sustainability information: for example, individuals or groups whose decisions could be influenced when providing funding to the ZSE Group. Some stakeholders belong to both groups.

The ZSE Group has been reporting on sustainability since 2021, engaging stakeholders as users of the reports on an annual basis. The sustainability reports, which are approved by the ZSE Board of Directors, inform the Company's management about the views and interests of stakeholders and significant sustainability impacts. The materiality assessment for the previous financial periods was carried out solely based on the assessment of the relevance of the identified material topics of E.ON holding company and based on the needs for the ESG Risk Rating assessment of the ZSE Group by the independent Company Morningstar Sustainability. The executive management was informed about the findings regarding the interests of the stakeholders from the first materiality analysis of the ZSE Group conducted during the reporting period, in relation to the identified material topics of the ZSE Group within the meetings concerning the sustainability reporting process according to ESRS. The aim of engaging stakeholders during the materiality assessment process was to gather input from them and feedback to material sustainability aspects identified in the materiality assessment process (validation of the identified material topics). The ZSE Group engaged with the affected stakeholders, their representatives, and users of sustainability reports through a questionnaire to provide

input and feedback on the conclusions regarding material impacts, risks, and opportunities ("Description of procedures for identifying and assessing significant impacts, risks and opportunities (IRO-1)").

Overview of the key stakeholders, their level of influence, and their expectations and significance for the ZSE Group

Stakeholder	Category	Significance and expectations
Shareholders	users of sustainability report and affected stakeholder	ZSE Group's strategic and financial decisions, ZSE Group's impact on their profits
Company management	users of sustainability report and affected stakeholder	ZSE Group's strategic and financial decisions, ZSE Group's impact on business and workforce
Business partners	users of sustainability report and affected stakeholder	involvement in business interactions and interest in maintaining partnership with the ZSE Group
Banks and investors	users of sustainability report and affected stakeholder	interest in investment-related sustainability risks
Public sector	users of sustainability report	it sets standards and regulations affecting the Company's activity and reporting obligations
Non-governmental organisations	users of sustainability report	they monitor the ZSE Group's activity and influence public perception
Scientific and educational institutions	users of sustainability report	they conduct sustainability-related research and provide insights into how the ZSE Group impacts sustainability matters; they prepare the future workforce
Media	users of sustainability report	information disseminators, influencing public perception and regulatory oversight
Employees	affected stakeholder	interest in working conditions (such as safe employment, working hours, average wage, OHS)
Customers	affected stakeholder	end-users of the ZSE Group's products or services, with concerns regarding the quality, security and ethical practices
Contractors and suppliers	affected stakeholder	dependant on the ZSE Group's financial situation, supply management procedures, payment methods and contractor/supplier selection criteria
Local communities	affected stakeholder	living near the Company's operations and interested in the environmental, social, and economic impacts of the Company

Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)

Regarding the material impacts, risks, and opportunities arising from the materiality assessment, the most significant long-term negative impacts identified in the ZSE Group were:

- the environment, including greenhouse gas emissions, hazardous waste, and air and water pollution,
- employee health and safety,
- data protection,
- cybersecurity.

These negative impacts primarily affect the Company's own operations and supply chain.

Areas with positive impact

- ZSE Group's strategies for adapting to climate change and mitigating its effects,
- anti-corruption policy,
- responsible marketing,
- mental health support,
- workforce-focused activities.

The greatest concentration of positive impacts is within the Group's own operations, which means that the ZSE Group makes the greatest contribution to positive impacts through its internal processes and measures in the areas of climate change, employee care, and ethical business practices.

The main area of risk concentration is within the Group's own operations, where the ZSE Group faces long-term challenges in the areas of climate change mitigation, resource management, as well as short-term

risks related to corruption, cybersecurity, and potential supply chain disruptions. These risks may impact CO₂ emissions, regulatory obligations, and operational continuity. The ZSE Group has identified a range of opportunities that can support financial growth and operational resilience. These include areas such as climate change mitigation, workforce management, and cybersecurity. The main opportunities lie within the Group's own operations and distribution, where the most notable initiatives are in the areas of climate and workforce. More opportunities than risks have been identified, which is a positive factor for the ZSE Group's growth. The ZSE Group responds effectively to the identified impacts, risks, and opportunities, not only protecting its values but also supporting long-term growth and competitiveness. By adapting the business model and integrating sustainability aspects into daily operations and strategic goals, the ZSE Group enhances resilience, minimises risks, and improves its market position.

Negative environmental impacts increase pressure on the ZSE Group from regulators, customers, and investors, who expect transparency and actions to mitigate these impacts. The ZSE Group's business model reflects commitments to reducing emissions and environmentally friendly solutions that help minimise environmental impacts. Growing demands for safe working conditions require the implementation of strict safety standards and protective measures, and by implementing these, the ZSE Group ensures that the health and safety of employees are a priority in both

operations and distribution. With increasing threats in the field of cybersecurity, the ZSE Group strengthens the security of its IT infrastructure and data protection, adapting its business operations by investing in technology and employee training. Adherence to strict ethical and anti-corruption rules within the ZSE Group's value chain is embedded in its business strategy, ensuring the development of transparent business practices and compliance with laws and international standards. In the area of human resources, the ZSE Group invests in training, personal development, and mental health support programmes, thereby increasing employee engagement and the long-term retention of a skilled workforce. Workforce management enhances operational resilience and competitiveness, while ensuring a stable working environment. CO₂ emissions contribute to a more efficient value chain and creates the conditions for growth in distribution and operations.

The ZSE Group has incorporated adaptive measures into its business model as a response to climate change, such as investments in energy infrastructure. Similarly, the products and services offered to customers in the non-commodity services segment for decarbonisation and the transition to renewable energy sources contribute not only to the Company's long-term growth and stability but also to achieving European and national climate goals.

Material negative and positive impacts are influenced and shaped by the ZSE Group's

strategy and business model, and the strategic decisions of the Group contribute to the emergence of these impacts. Negative impacts arising from the strategy and business model include greenhouse gas emissions associated with gas sales and electricity generation at the Malženice power plant. The ZSE Group's approach to decarbonisation encompasses these business segments that rely on fossil fuels. This approach is described in the Transition Plan for Climate Change Mitigation (see chapter "Transition plan for climate change mitigation (E1-1)"). There are hazardous waste and pollution of air, water, and soil related to the technologies, processes, and materials incorporated into the ZSE Group's business model, and its approach involves monitoring and reducing these impacts. The ZSE Group's strategy and business model are focused on digital transition, and without sufficient investment in cybersecurity, data protection, and strengthening security measures, the risk of cyberattacks and the threat to confidential data increases. Positive impacts arising from the strategy and business model mainly include measures for mitigating and adapting to climate change, such as actively reducing greenhouse gas emissions within the Group's own operations, as well as upstream and downstream of the ZSE Group's value chain. The ZSE Group's strategy promotes transparency and responsible business conduct. The implementation of strict ethical standards and an anti-corruption policy have a positive impact on the business environment and relationships with external stakeholders. Positive measures in the area of the work environment, such

as programmes supporting employee health and well-being, have a beneficial impact on their satisfaction and productivity. This aspect stems from the ZSE Group's strategy, which views employees as a key element of its business.

The time horizons for actual and expected impacts vary depending on the nature of each impact. Most of the impacts are long-term, indicating that the ZSE Group's main challenges and opportunities are related to the impact of climate change and long-term environmental and social sustainability. Medium-term impacts relate to climate change, soil pollution, and health and safety within the value chain. Short-term impacts are predominantly actual positive impacts. They are mainly employee-related or concern business conduct, reflecting the current good management of the working environment. The ZSE Group is directly involved in mitigating the climate and social impacts of its operations, while also collaborating with its partners to uphold high standards of sustainability, health, and safety. These relationships and activities have a comprehensive impact on long-term sustainability and safety, both within the Group's own operations and through commitments to suppliers and business partners. Identified material risks and opportunities are regularly monitored and assessed within the business risk management framework. Currently, these risks and opportunities do not have a material impact on the ZSE Group's financial performance and cash flows. Similarly, in relation to these risks and opportunities, no

high risk of significant adjustments in the financial statements is anticipated in the upcoming reporting period.

The ZSE Group plans to direct the largest portion of its capital expenditures – around 90% of the total investment volume – towards distribution systems. The largest share of expenditures is directed towards the renewal, development, and modernisation of the energy network. Another significant portion consists of new connections, either on the consumer side or generation sources (including renewable energy sources). The ZSE Group's investment programme focuses on sustainability, with more than 86% of ZSE's investment activities in the reporting period falling under the EU taxonomy and meeting its strict sustainability criteria.

The ZSE Group's portfolio includes, in addition to two small hydropower plants and a minority stake in a biogas plant, a combined-cycle gas turbine power plant in Malženice with an installed capacity of 430 MW. Based on the Memorandum of Understanding between E.ON and the Slovak Republic, represented by the Ministry of Economy of the Slovak Republic, in 2023, the Slovak Republic exercised its right to the option to acquire a 100% business share in the combined cycle power plant in Malženice. Given the above, it is expected that, within the medium-term time horizon, the ZSE Group will divest ZSE Elektrárne, which is the owner and operator of the combined-cycle power plant in Malženice.

Looking ahead, the ZSE Group plans to invest

approximately EUR 1.3 billion by 2029 in the expansion and digitalisation of energy infrastructure and the development of decarbonisation solutions. It plans to invest around EUR 1.2 billion in energy networks and EUR 0.1 billion in the development of energy solutions. The ZSE Group is already investing significant funds in distribution infrastructure and plans to increase these investments by at least 10% year-on-year in the coming years. The Group leverages green financing, with a large portion of the funds for these investments to be raised through bond issuance, green loans, or European grant funds. The strategic, long-term financing sources of the Group are divided into internal resources from operational cash flows and external resources in the form of long-term financial instruments. During the reporting period, the ZSE Group utilised the following long-term financing instruments:

- issued bonds amounting to EUR 315 million, issued in 2018 and maturing in March 2028
- green bank loans also amounting to EUR 315 million, with a maturity in October 2026
- other long-term bank loans amounting to EUR 110 million, with a maturity in 2025/2026

In addition to the above, the Group had available uncommitted and other short-term credit lines amounting to more than EUR 330 million.

Looking ahead, the Group plans to refinance long-term debt according to its maturity, with a preference for green financial instruments (bonds and loans), as outlined in the ZSE Green Financing Strategy ([https://www.skupinazse.sk/Uvod/Investori/Zelene-](https://www.skupinazse.sk/Uvod/Investori/Zelene)

financovanie). The ZSE Group reserves the option and choice of debt instruments that will make the most economic sense at any given time.

The ZSE Group's strategy and business model enable it to address material impacts and risks while also capitalising on emerging opportunities. The resilience of the ZSE Group's strategy is ensured by an adaptable business model that, by integrating sustainability and digital technologies, effectively responds to environmental, regulatory, and technological changes. Adaptation measures that respond to climate change, technological advancements, and changing customer needs are systematically incorporated into the ZSE Group's business model. In line with European and national climate goals, the ZSE Group supports the transition to a low-carbon economy. The ZSE Group's transition into a data-driven company brings innovative energy solutions that improve efficiency and connectivity in energy distribution. Investments in cybersecurity and IT security address the increasing threats in the field of digital security, thereby strengthening resilience against potential risks. The ZSE Group seizes new opportunities by creating innovations in customer solutions and improving energy infrastructure.

In the short term, the ZSE Group continuously responds to the changing regulatory requirements concerning pricing and security standards, thus ensuring operational stability and protection of the value chain. It also provides solutions to support

the decarbonisation of households and businesses, responding to changing customer needs and market dynamics. In the medium term, investments in energy infrastructure, including the expansion of the electricity grid and the integration of renewable energy solutions, lay the foundation for sustainable energy solutions. In the long term, strategic investments in development of flexibility and digitisation of energy infrastructure, e-mobility and energy solutions contribute to the long-term resilience of the ZSE Group and the achievement of climate goals. The development in e-mobility and decentralised infrastructure is a significant source of growth. These segments enable the ZSE Group to actively enter emerging markets that support energy efficiency and contribute to the climate neutrality goals.

4. Impact, risks and opportunities management



Description of the processes to identify and assess material impacts, risks and opportunities (IRO-1)

The procedures and activities carried out for the purpose of assessing double materiality specified the information that ZSE Group must disclose regarding its material impacts, risks, and opportunities (IRO). The materiality assessment was the starting point for the preparation of consolidated sustainability reporting. Impacts are the effect of ZSE Group on people and the environment in the short term (the reporting period in the financial statements), medium term

(from the end of the short-term reporting period until 5 years after), and long term (over 5 years). They include both positive and negative impacts, as well as actual and potential future impacts. Risks and opportunities relate to financial risks and opportunities associated with sustainability, including those dependent on natural, human, and social resources. Risks and opportunities trigger, or are expected to trigger, material impacts on the financial position, financial performance, cash flows, and access to finance.

A 4-step process was followed to carry out the double materiality assessment:

1. Understanding	
i.	Understanding the business and the value chain
ii.	Assessment of the location and assets
iii.	Plan of stakeholder identification and engagement
iv.	Identification of relevant sustainability aspects
2. Identification	
i.	Identification of impacts
ii.	Identification of risks and opportunities
3. Assessment	
i.	Definition of assessment mechanisms and thresholds
ii.	Impact assessment
iii.	Financial assessment
4. Determination	
i.	List of material IROs
ii.	Stakeholder involvement

1. (i.) The first step was understanding the business segments of ZSE Group, which include key business activities, and a breakdown of information at the level of individual subsidiaries, locations, and assets. Business activities, direct and indirect business relationships, business partners, affected stakeholders, and resource dependencies are documented as needed throughout the entire value chain (upstream, own activities, downstream). During the materiality process, the assessment of material impacts and risks at the level of locations and assets was carried out, in accordance with the specifics related to the sites where the ZSE Group’s operations and assets are located. Material locations assessed included the distribution infrastructure, the Malženice power plant, and the charging infrastructure for e-mobility. Critical infrastructure was assessed as a material asset. The mapping of the value chain was carried out at the level of the identified business segments: electricity supply, gas supply, electricity distribution, non-commodity solutions, telecommunications services, electricity generation, community support, and administrative services. As part of the value chain mapping, key suppliers, all own operations (subsidiaries at the consolidation level), and customers such as businesses (B2B) and households (B2C) were taken into account. (ii.) When considering the breakdown of information, the specifics of the subsidiaries, the locations of the operations, and the owned assets were evaluated. The specifics were taken into account in the IRO identification. (iii.) Key stakeholder categories that

can influence or be influenced by the activities of the ZSE Group were identified. Their classification is stated in chapter “Interests and views of stakeholders (ESRS 2 SBM-2). As part of the preparation of the stakeholder engagement plan, individuals were identified for engagement within each stakeholder category. Specific criteria for selection were defined for key categories. For example, in the case of suppliers, it was the financial volume and dependence on the source. The population was represented by the relevant group, not its size. A random sampling method from the relevant group was used to select an appropriate number of individuals, and this approach reflected the organisational capabilities and capacity of the Company in the reported year. (iv.) The identification of relevant (applicable) sustainability matters was also based on external information sources and documentation related to the existing ESG reporting of the ZSE Group (e.g., Sustainalytics ESG ratings, sustainability reports, established ESG policies). The outcome of this step was a long (comprehensive) list of relevant sustainability matters. The identification was carried out using a scoring mechanism.

2. (i.) From the long list of sustainability aspects, impacts, risks, and opportunities (IRO) were subsequently identified. During this step, relevant impacts were identified and documented, taking into account their effects on the environment and society. Special attention was given to the impacts on employees, their working conditions, safety, and overall well-being, as well as to environmental aspects such

as emissions, resource consumption, pollution, and biodiversity protection. The identification of impact included operation-related effects and areas where impacts are likely to occur based on the nature of activities, business relationships, and other factors. It began with determining the impact on each identified aspect and included a comprehensive analysis of the business segments. Potential impacts associated with electricity distribution, electricity supply, gas supply, electricity generation, non-commodity solutions such as e-mobility services, energy efficiency services, and energy consultancy were examined. The impacts on the Company’s supply and downstream value chain were assessed, including relationships with suppliers, outsourcing contracts, and end-users. The identification included examination and use of energy sources, waste generation, and considerations regarding biodiversity, with the aim of providing a thorough understanding of the impacts. The assessment also examined the impacts on the community, health and safety risks, and the consequences of land use. (ii.) Subsequently, relevant risks and opportunities with regard to the sustainability-related financial situation of the ZSE Group were identified and documented. This included risks and opportunities arising from dependence on natural, human, and societal resources, and, where necessary, they were broken down by landscape, material location, or material asset. Following the same procedure as for impact identification, risks and opportunities were determined for each identified relevant sustainability

aspect. Risks and opportunities were identified from internal processes, policies, and control documentation, and the identification included a comprehensive analysis of the business segments. External information sources were also used during the assessment to assess regulatory changes, new trends in energy efficiency, and shifts in consumer preferences. This step resulted in a long list of 162 impacts, risks, and opportunities (IRO) for further assessment.

3. (i.) The identified IROs were assessed based on impact materiality and financial materiality. The assessment of each factor was based on predefined scoring mechanisms and materiality thresholds. The assessment of impacts was carried out based on their characteristics (negative or positive), taking into account the following factors: scale, scope, irreversibility, and likelihood of impact. Qualitative criteria and quantitative scores were established for each factor. Each factor was assigned a score from 0 to 5, with each number corresponding to a qualitative definition. Based on the assessment mechanism, the assessment results were obtained by averaging the materiality, and in the case of potential impact, also the likelihood of each impact. The result of the assessment was considered material based on its comparison with a predefined materiality threshold. This quantitative threshold was set at a value of 3.5, and any impact with a final score below 3.5 was considered non-material, while an impact with a final score of 3.5 or higher was considered material.

The materiality of risks and opportunities was similarly assessed using the scoring mechanism. Their assessment was conducted with regard to the likelihood of occurrence and the potential scope of the financial effect. A score ranging from 0 to 5 was assigned to the likelihood of occurrence and potential financial effects, with each number corresponding to a qualitative definition. The result of the assessment was considered material when compared to a predefined threshold value of 3.5. For potential financial risks, this number represents materiality. The ZSE Group's materiality calculation was based on consolidated earnings before tax, as this metric is commonly used as the basis for assessing the company's performance. Materiality was set at 10% of consolidated earnings before tax, reduced by 25%. (ii.) Subsequently, the identified impacts were assessed using the defined assessment mechanisms. During this assessment process, all relevant facts and circumstances were taken into account, including information related to outcomes with low probability but high impact. Each impact was assigned a score and ranked according to the established thresholds for scale, scope, irreversibility, and likelihood. Impacts exceeding these thresholds in one or more criteria were considered material. (iii.) In the process of assessing identified risks and opportunities, all relevant facts and circumstances were taken into account, including information about low-probability, high-impact outcomes. Each assessment result was determined by averaging the potential range of financial

impacts and the probability of occurrence. Risks and opportunities that exceed the set threshold values in both criteria were considered material and were prioritised in further analysis and actions.

4. In this step, the identification of material sustainability aspects was carried out, including impacts, risks, opportunities, and their corresponding topics, sub-topics, and sub-sub-topics. (i.) Based on the impact assessment and financial evaluation, a list of identified material IROs and their corresponding sustainability matters was compiled. Based on the analysis results, it was decided that 98 IROs exceeded the quantitative threshold corresponding to 335 material sustainability aspects. (ii.) The material IROs resulting from the assessment were then validated by the relevant stakeholders, and based on their involvement, a final review of the material IROs was carried out. An electronic survey was distributed to gather quantitative insights into the perceptions and expectations of stakeholders. In the first step, each respondent was assigned to the relevant stakeholder group. Subsequently, respondents were asked to rate the materiality of each sustainability aspect identified as material on a scale from 1 to 5, where 5 represented the highest possible level of materiality. During the validation process, 29 individuals from various stakeholder groups were approached, resulting in 26 responses. The quantitative data from the survey were averaged and evaluated based on a pre-established threshold of 3.5. If the

weighted average score of a sustainability aspect did not exceed the threshold of 3.5, the sustainability aspect and its IRO were considered non-material. The weighted average was calculated taking into account the different levels of materiality for each stakeholder group. Stakeholders involved in the validation of material topics confirmed the materiality of 26 topics, while 8 topics were assessed as non-material for the ZSE Group. After a thorough internal review of the results, all provided inputs were considered and assessed as relevant for the next steps. Based on the results of stakeholder engagement, a final list was compiled, including a total of 26 material sustainability aspects and 83 material IROs.

The outputs from the double materiality assessment were approved at the Corporate Development & Public Affairs Division level, and the executive management, including the Internal Audit function, were subsequently informed about the double materiality assessment process, the resulting material topics, and the next steps in the sustainability reporting process. Given that the identified risks and opportunities did not reach the threshold values within the business risk management framework, they will be monitored within the individual business segments. The conclusions of the first materiality assessment from April 2024 cover and are relevant for the entire financial year 2024. No major internal or external events have occurred that could potentially impact its conclusions. The assessment is based on current data and strategic priorities, which have remained

stable throughout the entire financial year. This approach is in line with the ZSE Group's internal processes and is appropriate to ensure relevance for the financial period. For the next reporting period, the materiality assessment from 2024 will be reviewed, and if no significant changes occur and the materiality assessment remains relevant, the material topics will remain unchanged. The review of the materiality process is expected to take place in 2026.

» Disclosure requirements in ESRS covered by the undertaking's sustainability statement (IRO-2)

Based on the materiality assessment, all disclosure requirements related to the identified material sustainability aspects of ZSE Group were identified. The identified aspects formed the basis for determining the relevant ESRS topical standards. These standards were carefully selected based on their alignment with the identified material topics, sub-topics, and sub-sub-topics outlined in the ESRS. All mandatory reporting requirements set out in the topical standards have been incorporated into the table to ensure comprehensive coverage of disclosure obligations. Through this systematic approach, a consolidated list of disclosure requirements has been created. After identifying all 642 disclosure requirements, the relevance of each disclosure requirement was verified considering the Company's specifics. After filtering out irrelevant disclosure requirements, 583 relevant data points were identified, to which ZSE Group

made disclosures in the sustainability statement.



List of 26 material aspects of ZSE Group with the corresponding standard and the name of the sub-topic and sub-sub-topic:

Topical ESRS	Topic	Sub-topic	Sub-sub-topic
1. ESRS E1	CLIMATE CHANGE	Climate change adaptation	
2. ESRS E1	CLIMATE CHANGE	Climate change mitigation	
3. ESRS E1	CLIMATE CHANGE	Energy	
4. ESRS E2	POLLUTION	Air pollution	
5. ESRS E2	POLLUTION	Soil pollution	
6. ESRS E2	POLLUTION	Water pollution	
7. ESRS E4	BIODIVERSITY AND ECOSYSTEM	Direct factors influencing biodiversity loss	Direct use of ecosystems
8. ESRS E5	CIRCULAR ECONOMY	Waste	
9. ESRS S1	OWN WORKFORCE	Working conditions	Secure employment
10. ESRS S1	OWN WORKFORCE	Working conditions	Working time
11. ESRS S1	OWN WORKFORCE	Working conditions	Adequate wages
12. ESRS S1	OWN WORKFORCE	Working conditions	Work-life balance
13. ESRS S1	OWN WORKFORCE	Working conditions	Health and safety
14. ESRS S1	OWN WORKFORCE	Equal treatment and opportunities for all	Training and skills development
15. ESRS S1	OWN WORKFORCE	Equal treatment and opportunities for all	Measures against violence and harassment in the workplace
16. ESRS S2	VALUE CHAIN WORKERS	Working conditions	Health and safety
17. ESRS S4	CONSUMERS AND END-USERS	Information-related impacts for consumers and/or end-users	Privacy
18. ESRS S4	CONSUMERS AND END-USERS	Information-related impacts for consumers and/or end-users	Access to (quality) information
19. ESRS S4	CONSUMERS AND END-USERS	Personal safety of consumers and/or end-users	Health and safety
20. ESRS S4	CONSUMERS AND END-USERS	Social inclusion of consumers and/or end-users	Responsible marketing practices
21. ESRS G1	BUSINESS CONDUCT	Corporate culture	
22. ESRS G1	BUSINESS CONDUCT	Protection of whistle-blowers	
23. ESRS G1	BUSINESS CONDUCT	Management of relationships with suppliers including payment practices	
24. ESRS G1	BUSINESS CONDUCT	Corruption and bribery	Prevention and detection including training
25. ESRS G1	BUSINESS CONDUCT	Corruption and bribery	Incidents
26. specific	Cybersecurity		

In the process of impact assessment and financial evaluation, and based on the results of the materiality analysis, the disclosure requirements from the topical standard on Water and Marine Resources (ESRS E3) were not assessed as material. The validation of the materiality assessment results by stakeholders did not confirm the materiality of topics as sustainability aspects from the topical standard on Affected Communities (ESRS S3). Therefore, in line with the materiality principles outlined in the ESRS, all disclosure requirements associated with these standards were excluded.

Minimum disclosure requirements regarding policies, actions, metrics and targets

No new policies were adopted in the ZSE

Group during the reporting year for the purpose of managing specific significant sustainability aspects. The main key policies and the highest level of management in the ZSE Group are outlined in the orders of the Board of Directors within managing documentation. These are binding managing documents applicable throughout the entire Group. They address the fundamental principles of management, the rights and duties of employees, and key issues related to organisational changes. Based on these documents, regulations and manuals are issued that describe and document the established management systems. The creation of important human resources policies with binding effect within the ZSE Group is approved by orders of the CEO.

Orders of the division directors concern operational, organisational, or labour activities at the division level. This managing documentation also covers material aspects of sustainability, which we include as part of the disclosure requirements. The list of key measures aimed at achieving alignment with the ZSE Group's strategy, policies, and goals, and their relevance to material sustainability aspects, is provided in the disclosure requirements. Said measures are linked to various strategic objectives of the Company, performance indicators, or external ISO certification, thereby contributing to the fulfilment of various business or legislative frameworks. In its disclosures, the ZSE Group focused on measures that were implemented during the relevant year. Information about

future activities is part of internal planning documents and strategic materials, which are updated based on the development of the regulation, the market, and the Company's internal priorities. In order to maintain competitiveness and protect strategic information, disclosures primarily focus on the measures that have been implemented. Information about metrics for the reporting period is provided in the disclosures prescribed by the ESRS. Targets are derived from the ESG strategy of the ZSE Group and were set for the reporting period at the level of material topics and subtopics, ensuring their relevance to the context and nature of the ZSE Group's business. Targets for specific topics regulated by legislation were not set for the reporting period.

Below is the list of all disclosure requirements that represent mandatory disclosure requirements for the cross-cutting ESRS 2 standard and the eight ESRS topical standards, in accordance with the identified material sustainability matters, including page numbers where the corresponding disclosures can be found in the sustainability statement:

List of fulfilled disclosure requirements (ESRS 2 IRO-2, par. 56)		Page
ESRS 2	General disclosures	28–51
BP-1	General basis for preparation of sustainability statement	28
BP-2	Disclosures in relation to specific circumstances	28
GOV-1	The role of the administrative, management and supervisory bodies	29
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	33
GOV-3	Integration of sustainability-related performance in incentive schemes	33
GOV-4	Statement on due diligence	34
GOV-5	Risk management and internal controls over sustainability reporting	35
SBM-1	Strategy, business model(s) and value chain	35
SBM-2	Interests and views of stakeholders	38
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	39
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	41
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	44

List of fulfilled disclosure requirements (ESRS 2 IRO-2, par. 56)		Page
ESRS E1	Climate change	53 – 83
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	53
E1-1	Transition plan for climate change mitigation (includes EU taxonomy)	53
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	65
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	67
E1-2	Policies related to climate change mitigation and adaptation	69
E1-3	Actions and resources in relation to climate change policies	69
E1-4	Targets related to climate change mitigation and adaptation	71
E1-5	Energy consumption and mix	75
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	75
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	82
E1-8	Internal carbon pricing	83
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	83
ESRS E2	Pollution	83 – 87
ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	83
E2-1	Policies related to pollution	84
E2-2	Actions and resources related to pollution	84
E2-3	Targets related to pollution	85
E2-4	Pollution of air, water and soil	87
E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	87
ESRS E4	Biodiversity and ecosystems	87 – 94
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	87
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	88
ESRS 2 IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	89
E4-2	Policies related to biodiversity and ecosystems	90
E4-3	Actions and resources related to biodiversity and ecosystems	90
E4-4	Targets related to biodiversity and ecosystems	92
E4-5	Impact metrics related to biodiversity and ecosystems change	93
E4-6	Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	94

List of fulfilled disclosure requirements (ESRS 2 IRO-2, par. 56)		Page
ESRS E5	Resource use and circular economy	94 – 98
ESRS 2 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	94
E5-1	Policies related to resource use and circular economy	94
E5-3	Targets related to resource use and circular economy	95
E5-5	Resource outflows	96
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	98
ESRS S1	Own workforce	100 – 112
ESRS 2 SBM-2	Interests and views of stakeholders	100
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	100
S1-1	Policies related to own workforce	102
S1-2	Processes for engaging with own workers and workers' representatives about impacts	104
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	104
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	105
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	107
S1-6	Characteristics of the undertaking's employees	110
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	111
S1-10	Adequate wages	111
S1-11	Social protection	111
S1-13	Training and skills development metrics	111
S1-14	Health and safety metrics	111
S1-15	Work-life balance metrics	112
S1-17	Incidents, complaints and severe human rights impacts	112

List of fulfilled disclosure requirements (ESRS 2 IRO-2, par. 56)		Page
ESRS S2	Value chain workers	112 – 118
ESRS 2 SBM-2	Interests and views of stakeholders	112
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	112
S2-1	Policies related to value chain workers	114
S2-2	Processes for engaging with value chain workers about impacts	115
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	116
S2-4	Taking action on material impacts on value chain workers	116
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	117
ESRS S4	Consumers and end-users	118 – 126
ESRS 2 SBM-2	Interests and views of stakeholders	118
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	118
S4-1	Policies related to consumers and end-users	120
S4-2	Processes for engaging with consumers and end-users	122
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	122
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	123
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	125
ESRS G1	Business conduct	128 – 134
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	128
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	128
G1-1	Corporate culture and business conduct policies and corporate culture	129
G1-2	Management of relationships with suppliers	130
G1-3	Prevention and detection of corruption and bribery	131
G1-4	Confirmed incidents of corruption and bribery	133
G1-6	Payment practices	133
Entity specific	Cybersecurity	134 – 137
	Strategy and management of impacts, risks and opportunities	134
	Policies, principles, or commitments related to cybersecurity	135
	Measures taken to manage the related impacts	135
	Processes for monitoring the effectiveness of implemented measures	136
	Targets and indicators of progress	136

Below is a table of all data points arising from other EU regulations listed in Appendix B to the ESRS 2 standard, with page numbers indicating where they can be found in the sustainability statement, and their materiality in accordance with ESRS 1, par. 35:

Standard	Disclosure requirement	§	Materiality	Page
ESRS 2	GOV-1	21 (d)	material	30
ESRS 2	GOV-1	21 (e)	material	31
ESRS 2	GOV-4	30	material	34
ESRS 2	SBM-1	40 (d) i.	material	37
ESRS 2	SBM-1	40 (d) ii.	non-relevant	n/a
ESRS 2	SBM-1	40 (d) iii.	non-relevant	n/a
ESRS 2	SBM-1	40 (d) iv.	non-relevant	n/a
ESRS E1	E1-1	16 (a)	material	53
ESRS E1	E1-1	16 (b)	material	53
ESRS E1	E1-1	16 (c)	material	53
ESRS E1	E1-1	16 (d)	material	54
ESRS E1	E1-1	16 (e)	material	54 - 64
ESRS E1	E1-1	16 (f)	material	54
ESRS E1	E1-1	16 (g)	material	54
ESRS E1	E1-1	16 (h)	material	53
ESRS E1	E1-1	16 (i)	material	53
ESRS E1	E1-1	16 (j)	material	53
ESRS E1	E1-4	34 (b)	material	71
ESRS E1	E1-4	34 (c)	material	72
ESRS E1	E1-4	34 (d)	material	72
ESRS E1	E1-4	34 (e)	material	72
ESRS E1	E1-4	34 (f)	material	72
ESRS E1	E1-4	AR 24	material	71 - 72
ESRS E1	E1-4	AR 25 (a)	material	71 - 72
ESRS E1	E1-4	AR 25 (b)	material	71 - 72

Standard	Disclosure requirement	§	Materiality	Page
ESRS E1	E1-4	AR 25 (c)	material	71 - 72
ESRS E1	E1-4	AR 25 (d)	material	71 - 72
ESRS E1	E1-4	AR 26	material	72, 75 - 82
ESRS E1	E1-4	AR 29	material	72, 75 - 82
ESRS E1	E1-4	AR 30 (a)	material	69 - 71
ESRS E1	E1-4	AR 30 (b)	material	69 - 71
ESRS E1	E1-4	AR 30 (c)	material	65, 69 - 71
ESRS E1	E1-5	37 (a)	material	75
ESRS E1	E1-5	37 (b)	material	75
ESRS E1	E1-5	37 (c) i.	material	75
ESRS E1	E1-5	37 (c) ii.	material	75
ESRS E1	E1-5	37 (c) iii.	material	75
ESRS E1	E1-5	38 (a)	material	75
ESRS E1	E1-5	38 (b)	material	75
ESRS E1	E1-5	38 (c)	material	75
ESRS E1	E1-5	38 (d)	material	75
ESRS E1	E1-5	38 (e)	material	75
ESRS E1	E1-5	40	material	75
ESRS E1	E1-5	42	material	75
ESRS E1	E1-5	43	material	75
ESRS E1	E1-6	48 (a)	material	75 - 77, 82
ESRS E1	E1-6	48 (b)	material	75 - 77, 82
ESRS E1	E1-6	49 (a)	material	75 - 77, 82
ESRS E1	E1-6	49 (b)	material	75 - 77, 82
ESRS E1	E1-6	50 (a)	material	75 - 77
ESRS E1	E1-6	50 (b)	material	75 - 77
ESRS E1	E1-6	51	material	78 - 79
ESRS E1	E1-6	53	material	79
ESRS E1	E1-6	54	material	79

Standard	Disclosure requirement	§	Materiality	Page
ESRS E1	E1-6	55	material	79
ESRS E1	E1-7	58 (a)	material	82
ESRS E1	E1-7	58 (b)	material	82
ESRS E1	E1-7	59 (a)	material	82
ESRS E1	E1-7	59 (b)	material	82
ESRS E1	E1-9	66 (a)	material	83
ESRS E1	E1-9	66 (b)	material	83
ESRS E1	E1-9	66 (c)	material	83
ESRS E1	E1-9	66 (d)	material	83
ESRS E1	E1-9	67 (c)	material	83
ESRS E1	E1-9	AR 80	material	83
ESRS E1	E1-9	AR 81	material	83
ESRS E2	E2-4	28 (a)	material	87
ESRS E4	SBM-3	16 (a) i.	material	88
ESRS E4	SBM-3	16 (b)	non-material	89
ESRS E4	SBM-3	16 (c)	non-material	89
ESRS E4	E4-2	24 (b)	non-relevant	n/a
ESRS E4	E4-2	24 (c)	non-relevant	n/a
ESRS E4	E4-2	24 (d)	non-relevant	n/a
ESRS E5	E5-5	37 (d)	material	97
ESRS E5	E5-5	39	material	97
ESRS G1	G1-1	10 (b)	material	129 - 130
ESRS G1	G1-1	10 (d)	material	129 - 130
ESRS G1	G1-4	24 (a)	material	133
ESRS G1	G1-4	24 (b)	material	133
ESRS S1	SBM-3	14 (f)	non-material	n/a
ESRS S1	SBM-3	14 (g)	non-material	n/a
ESRS S1	S1-1	20 (a)	material	103
ESRS S1	S1-1	20 (b)	material	103

Standard	Disclosure requirement	§	Materiality	Page
ESRS S1	S1-1	20 (c)	material	104 - 105
ESRS S1	S1-1	21	material	103
ESRS S1	S1-1	22	non-material	n/a
ESRS S1	S1-1	23	material	102 - 103
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ESRS S1	S1-14	88 (b)	material	112
ESRS S1	S1-14	88 (c)	material	112
ESRS S1	S1-14	88 (e)	material	112
ESRS S1	S1-16	97 (a)	non-material	n/a
ESRS S1	S1-16	97 (b)	non-material	n/a
ESRS S1	S1-17	103 (a)	material	112
ESRS S1	S1-17	104 (a)	non-relevant	n/a
ESRS S2	SBM-3	11 (b)	non-material	n/a
ESRS S2	S2-1	17	material	115
ESRS S2	S2-1	18	non-material	n/a
ESRS S2	S2-1	19	material	115
ESRS S2	S2-4	36	material	117
ESRS S4	S4-1	16	material	121
ESRS S4	S4-1	17	material	121
ESRS S4	S4-4	35	material	122



Environmental Information

1. Climate change (ESRS E1)	53
2. Pollution (ESRS E2)	83
3. Biodiversity and ecosystems (ESRS E4)	87
4. Resource use and circular economy - Waste (ESRS E5)	94

1. Climate change (ESRS E1)

1. Administration and management

Integrating sustainability-related performance into incentive schemes (ESRS 2 GOV-3)

The central goal of management, including the executive members of the Board of Directors, in the reporting period included an ESG objective related to reducing greenhouse gas emissions, but without assessing their performance against the targets specified in chapter E1-4.

2. Strategy

The ZSE Group's strategy is built on growth, sustainability and digitalisation. The rapid growth of renewables and the accelerating electrification of the transport and heat sectors are making the energy system much more decentralised and complex, while supporting the central and irreplaceable role of the electricity grid. Digitalisation is one of the cornerstones of the electricity industry of the future and plays a key role in achieving European, national and corporate climate goals. The business activities of the ZSE Group are focused on the modern world of energy. They are divided into four core business areas - energy networks, customer solutions, non-commodity solutions and electricity generation (see chapter ESRS 2 SBM-1). The Transformation Plan for Climate Change Mitigation is integral to the ZSE

Group's business strategy and financial decisions. It supports the company's strategic objectives, such as climate neutrality and carbon footprint reduction across all parts of the value chain, leveraging decarbonisation as a source of long-term business opportunities, including the development of low-emission products and services, targeting capital expenditures on decarbonisation, identifying and mitigating physical risks related to climate change or managing the supply chain and reducing the carbon footprint of upstream activities. The Transformation Plan is linked to the business and financial strategy through measurable targets and KPIs that monitor progress on decarbonisation. The ZSE Group transparently communicates performance assessments to stakeholders through sustainability reports.

Transformation Plan for Climate Change Mitigation (E1-1)

The ZSE Group has a Climate Change Mitigation Transformation Plan in place. It has climate-related disclosures and a decarbonisation strategy. It presents the ZSE Group's climate strategy, which provides a general explanation of how the ZSE Group is adapting its strategy, business model and financial planning to ensure compliance with the transformation to a sustainable economy and to limit global warming to 1.5 °C in line with the Paris Agreement and the aim of achieving climate neutrality by

2050 with zero or limited exceedance as set out in Regulation (EU) 2021/1119. to achieve climate neutrality. Its content reflects the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The sustainability committee approved the first ZSE Group Transformation Plan, established by the ZSE Board of Directors. The ZSE Group plans to explain and assess the progress in implementing the Transformation Plan annually.

ZSE Group has committed to reducing emissions in scopes 1, 2 and 3 by at least 50% (50-75%) by 2030 compared to the base year 2024, thereby committing to the E.ON Group's targets, which are consistent with the 1.5 °C global warming limit set out in the Paris Climate Agreement. In May 2022, the Science Based Initiative (SBTi) recognised that E.ON Group's climate targets are consistent with the 1.5 °C target set out in the Paris Climate Agreement and meet the SBTi requirements for the 1.5 °C target. In its ESG strategy, ZSE Group has set itself the target to reduce emissions in scopes 1 and 2 by 50-75% by 2030 (-50% refers to the SBTi-approved target for 2030 in line with the 1.5 °C trajectory and -75% refers to ZSE Group's ambitions) and in scope 3 by 50% (see chapter E1-4). ZSE Group has set the baseline year and gross emissions baseline for the consolidated climate targets as 2024 to provide an exact and representative picture for measuring progress.

The ZSE Group implements strategic decarbonisation tools to reduce greenhouse gas emissions throughout the value

chain. These tools include technological innovations, product and service portfolio optimisation, and cooperation with partners in the upstream and downstream part of the chain. Within its activities, the ZSE Group focuses on the gradual decarbonisation of its operations by introducing energy-efficient technologies, increasing the share of renewable energy sources, improving energy efficiency through energy consumption management and the gradual electrification of the fleet. In the upstream part of the value chain, the ZSE Group requires minimum ESG commitments from suppliers and optimises logistics processes. In the downstream part of the value chain, the ZSE Group offers products and services to support the decarbonisation of customers. Climate change mitigation measures are disclosed in Chapter E1-3.

The ZSE Group's investment program focuses on sustainability. Almost 86% of the Group's investment activities fall under the EU taxonomy and meet its strict sustainability criteria. The ZSE Group's eligible activities under the EU taxonomy concerning capital expenditure (CapEx) include electricity distribution and electromobility services. The ZSE Group uses green financing, and the company obtains a large part of the funds for these investments through bond issuance, green loans, or European grants.

The ZSE Group focuses on developing and constructing energy infrastructure and new innovative solutions and services for energy systems in households and businesses, as well as energy management and charging

infrastructure for electromobility. Key investments for climate change mitigation in electricity distribution include the introduction of smart grids to optimise electricity distribution and minimise losses, the renovation and replacement of outdated equipment with technologies with higher energy efficiency, the integration of renewable energy sources and the digitalisation of the distribution system for monitoring and analysing data from its operation. The ZSE Group invests significant resources in climate change mitigation measures within the distribution infrastructure. It plans to increase these investments by at least 10% year-on-year in the coming years. By 2029, the ZSE Group intends to invest EUR 1.3 billion in expanding and digitalising energy infrastructure and developing decarbonisation solutions. Around EUR 1.2 billion is planned to be invested in energy networks, and EUR 0.1 billion in the development of energy solutions.

The ZSE Group's climate strategy also considers locked-in emissions that are part of existing assets and are released throughout their lifetime until they undergo a fundamental transformation or disposal. According to the guidelines of the parent company E.ON, the category of relevant locked-in emissions includes fossil-based assets, such as fossil vehicles included in the ZSE Group's assets, the Malženice combined cycle power plant, and gas boilers in the ZSE Group's buildings.

Fossil vehicles included in the assets of

the ZSE Group: To ensure operational continuity from a BCM (Business Continuity Management) perspective, considering the regional structure and the performance of unique activities, distribution companies use fossil vehicles and mechanisms that cannot be replaced with electric ones for reasons of ensuring operation or for which there is currently no electric or other low-emission alternative. In 2024, specific positions that must be assigned a fossil vehicle were defined. These are primarily positions subject to economic mobilisation and critical infrastructure, and performing tasks in the field and within the crisis staff. The remaining personal fleet is subject to the group policy for company vehicles, which defines using electric cars and hybrids on a mandatory or voluntary basis for individual management categories. The definition of positions and departments within distribution companies that may be assigned fossil passenger vehicles is updated regularly.

Malženice combined cycle power plant: Electricity production at the Malženice power plant is the only emission-generating production in which the ZSE group is engaged. The Malženice combined cycle power plant (CCP) stands for this type's largest electricity source in Slovakia. It is a critical power plant that ensures the flexibility and stability of the entire distribution system. The installed capacity of the Malženice combined cycle power plant reaches 430 MW of electrical power, which can flexibly adapt to market needs. The stable power supplied to the network is approximately 375 MW. The power plant

often also ensures the production of so-called "peak" electricity, which regulates surpluses or deficiencies in the system. Four diesel units also provide power in case of a blackout in the system. This source starts when the stability of the network is threatened and can start up at once. The Malženice combined cycle power plant is part of the European Emissions Trading System (EU ETS 1) and emission allowances fully cover the CO₂e produced. The power plant is reported in the financial statements as an asset held for sale.

Gas boilers in ZSE Group buildings: For each ZSE Group building, solutions were proposed based on an analysis of energy efficiency and CO₂ emissions, which included the implementation of technically relevant measures along with an analysis of locked-in emissions and emission production during the life cycle of the buildings. They included the reconstruction of gas boilers or the possible construction of a heat pump system, and these measures began to be gradually implemented during the reporting period.

ZSE Group has taken measures to phase out or modernise these assets in line with climate neutrality goals. This process includes replacing fossil vehicles with electric vehicles in line with the adopted vehicle policy and replacing gas boilers with low-carbon technologies. During the reporting period, ZSE Group did not invest significant CapEx in gas-related activities. ZSE is not excluded from the EU Paris Agreement investment benchmarks following the exclusion criteria set out in Article 12(1)(d) to (g) and Article 12(2) of Commission Delegated Regulation

(EU) 2020/1818 (Climate Benchmark Regulation).

EU taxonomy for sustainable activities

The EU taxonomy provides a classification framework for finding environmentally sustainable economic activities and is essential for supporting the transition to a sustainable economy. The alignment of the ZSE Group's business activities with the EU taxonomy supports decarbonisation, sustainable investments and the Group's transition to sustainable business. The ZSE Group must disclose information on the environmental sustainability of its economic activities following Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investment. The activities of the ZSE Group eligible for the taxonomy have been identified in accordance with Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 (the 'Climate Delegated Regulation'), Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 (the 'Supplementary Delegated Regulation') which sets out the conditions for economic activities in specific energy sectors, Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 (the 'Disclosure Delegated Regulation') which sets out the scope and content of information to be disclosed by companies in relation to environmentally sustainable economic activities, Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 (the 'Environmental Delegated Regulation') which contains a classification of economic

activities that significantly contribute to at least one of the remaining environmental objectives of the taxonomy and Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending Delegated Regulation (EU) 2021/2139. In the reporting year, compliance was also assessed for the other 4 environmental objectives under Commission Delegated Regulation (EU) 2023/2486.

Assessment of eligible activities according to EU taxonomy

Regulation (EU) 2020/852 of 18 June 2020 establishing a framework to facilitate sustainable investment, and related EU Commission Delegated Regulations (hereinafter referred to as the "EU taxonomy") sets out the criteria that an economic activity must meet to qualify as environmentally sustainable.

The ZSE Group (hereinafter referred to as the "Group"), As a significant public interest entity with more than 500 employees, it reported information following the EU taxonomy for the year ending 2023; therefore, the performance indicators also include comparable data for the previous period.

The harmonisation of the taxonomy of eligible activities of the ZSE group has been assessed according to the following delegated regulations:

- Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 (the "Climate Delegated Regulation"), which sets out the conditions for determining whether selected economic activities contribute significantly to climate change mitigation or adaptation and do not harm

substantially the achievement of any of the other environmental objectives.

- Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 ('Environmental Delegated Regulation') supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council laying down the conditions for determining whether selected economic activities significantly contribute to the sustainable use and protection of water and marine resources, the transition to a circular economy, the prevention and control of pollution or the protection and restoration of biodiversity and ecosystems, and amending Commission Delegated Regulation (EU) 2021/2178 as regards the publication of information on those economic activities,
- Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending Delegated Regulation (EU) 2021/2139 by establishing additional technical screening criteria for determining the conditions under which certain economic activities are considered to contribute significantly to climate change mitigation or adaptation and for determining whether those activities do not significantly harm the achievement of any of the other environmental objectives,
- Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 ('the supplementary delegated regulation') laying down conditions for economic activities in specific energy sectors.

Based on these regulations, the ZSE Group must evaluate and disclose information for the year ending 31 December 2024 on the

share of revenues, capital expenditures, and operating expenses associated with eligible economic activities or with economic activities following the EU taxonomy.

For the year ending 31 December 2023, the Group reported on the eligibility of the economic activities of the Group (i.e. the share of eligible and/or ineligible economic activities in total turnover, capital expenditure and operating costs), as well as compliance with the taxonomy (i.e. the relevant technical assessment criteria were also taken into account), for the first and second environmental objectives (climate change mitigation and adaptation). For the other environmental targets (sustainable use and protection of water and marine resources, transition to a circular economy, prevention and control of environmental pollution, protection and restoration of biodiversity and ecosystems), the Group assessed the eligibility of the economic activities, following the Delegated Regulation.

For the year ending 31 December 2024, economic activities are assessed for their eligibility, or compliance with the EU taxonomy, for all six environmental objectives (climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, safety and restoration of biodiversity and ecosystems).

An eligible economic activity under the EU taxonomy (hereinafter referred to as "eligible

economic activity") is an activity that is described in a climate or environmental delegated regulation, regardless of whether that economic activity meets some or all the technical screening criteria set out in that regulation.

Based on the analysis, it was assessed that the following economic activities of the Company represent eligible economic activities assigned to the environmental goal of climate change mitigation. For the year ending 31 December 2024, there were no eligible activities identified for other environmental objectives under the Climate and Environment Delegated Regulation.

Eight activities of the ZSE group were identified as eligible under the EU taxonomy:

- 4.5 Electricity generation from hydropower
- 4.9 Electricity transmission and distribution
- 4.10 Electricity storage
- 6.15 Infrastructure enabling low-carbon road and public transport
- 7.3 Installation, maintenance and repair of energy-efficient equipment
- 7.4 Installation, maintenance and repair of electric vehicle charging stations in buildings and parking spaces next to the building
- 7.6 Installation, maintenance and repair of renewable energy technologies
- 8.1 Data processing, hosting and related activities

An economic activity aligned with the EU taxonomy (hereinafter referred to as "aligned economic activity") is an activity that meets all the following requirements under Article 3

of the EU taxonomy:

- contributes significantly to one or more environmental targets,
- does not cause significant harm to any of the environmental targets,
- it is carried out following minimum safeguards, and
- complies with the technical screening criteria in the Climate Delegated Regulation.

The technical review criteria for environmental targets for each activity were assessed, and the minimum guarantees were assessed at the ZSE Group level.

When preparing the analysis, economic activities involved the input of resources, a production process, and outputs in the form of specific goods or specific services that the ZSE Group sells to its customers or uses for its consumption. The technical review criteria were assessed following the Climate Delegated Regulation and its amendments. At the same time, an assessment was carried out for the reporting period to decide whether the minimum safeguards were respected in the performance of its economic activities.

Assessment of significant Contribution criteria

Climate change mitigation: We have assessed and documented whether our activities (4.9, 4.5, 4.10, 6.15, 7.3, 7.4, 7.6 and 8.1) are eligible under the taxonomy and meet the criteria for contributing to climate change mitigation. All these activities play a key role in climate change mitigation by supporting the decarbonisation of the economy, increasing

energy efficiency, and enabling the broader use of renewable energy sources.

Based on the Company's assessment, the following activities can be considered coordinated economic activities:

- 4.5 Electricity generation from hydropower
- 4.9 Electricity transmission and distribution
- 6.15 Infrastructure enabling low-carbon road and public transport
- 7.4 Installation, maintenance and repair of electric vehicle charging stations in buildings and parking spaces next to the building
- 7.6 Installation, maintenance and repair of renewable energy technologies

Activity 4.5 Hydropower generation within ZSE MVE provides a stable and renewable energy source with low emissions, helping to replace fossil fuels and contributing to carbon neutrality. Activity 4.9 Transmission and distribution of electricity within the companies ZSD and VSD ensures reliable integration of renewable sources into the energy system, flexibly connects producers and consumers, and digitalisation and modern technologies reduce distribution losses, thereby contributing to decarbonisation. Activity 4.10 Electricity storage in a new construction project within the ZSE Energetické služby company allows for balancing fluctuations in the electricity supply from renewable sources, thereby increasing the stability and flexibility of the energy system and supporting more efficient use of energy. Activity 6.15 infrastructure enabling low-carbon road and public transport within ZSE's e-mobility services helps reduce greenhouse gas emissions

in the transport sector by supporting the development of electromobility. Activity 7.3 Installation, maintenance and repair of energy-efficient equipment within the framework of the construction and maintenance of energy-efficient heating and public lighting systems by ZSE Group companies reduces energy consumption and diverts from the consumption of fossil fuels (gas), thereby contributing to the decarbonisation of heating and higher efficiency of resource use, however, due to the complexity of monitoring and assessing the effectiveness of the parameters, the Group is unable to assess with sufficient accuracy the parameter of non-harming and thus decided to report the activity as eligible. Activity 7.4 Installation, maintenance and repair of electric vehicle charging stations as part of ZSE's e-mobility service supports the development of electromobility, thereby contributing to the reduction of CO₂ emissions in the transport sector and reducing dependence on fossil fuels. Activity 7.6 Installation, maintenance and repair of renewable energy technologies - construction, repair and maintenance of photovoltaic equipment by ZSE Group companies enables more expansive use of renewable energy, thereby directly contributing to reducing greenhouse gas emissions and the climate impacts of the energy sector, however, due to the complexity of monitoring and assessing the effectiveness of the parameters, the Group is unable to assess with sufficient accuracy the parameter of non-harming and thus decided to report the activity as eligible. Activity 8.1 Data processing, hosting

and related activities within IT services and data centre management support the digitalisation and optimisation of processes in the energy and other sectors, contributing to reducing energy consumption and more effectively managing low-carbon solutions, however, due to the complexity of monitoring and assessing the effectiveness of the parameters, the Group is unable to assess with sufficient accuracy the parameter of non-harming and thus decided to report the activity as eligible.

The ZSE group's eligible activities under the EU taxonomy were not assessed against other criteria of substantial benefit, as their main objective is to contribute to climate change mitigation.

Assessment of criteria relating to the principle of not significantly disrupting Climate change adaptation:

Based on the high emissions climate scenario RCP 8.5 for the periods 2050 and 2080, we assessed and documented how the energy infrastructure is resilient to various chronic and acute climate hazards. Climate change resilience is most relevant for activity 4.5, 4.9, 6.15, 7.4 and 7.6 where we assess the activity meets the criteria set out in Appendix A to Annex I of the Climate Change Delegated Act.

Sustainable use and protection of water and marine resources: SZSE Group is legally required to carry out Environmental Impact Assessments (EIA) as part of all projects to ensure that impacts on water resources are addressed. ZSE Group has internal management and operational processes

in place for water management. We assess that activities eligible under the taxonomy meet the criterion for the principle of not significantly impairing the goal of protecting water and marine resources set out either for the specific eligible activity or as defined in Appendix B to Annex I of the Climate Delegated Regulation.

Transition to a circular economy: ZSE Group has internal management and operational documentation for waste management, ensuring maximum recovery or recycling at the end of life following the waste management hierarchy, including based on the terms of contracts with waste management partners.

Pollution prevention and control: ZSE Group is legally required to carry out environmental impact assessments (EIA) as part of all projects to address environmental impacts. ZSE Group has internal management and operational processes to deal with pollution. We assess that the activities eligible under the taxonomy meet the criteria in Appendix C to Annex I of the Delegated Climate Act. For individual activities, the requirements for the principle of not significantly impairing the objective of *pollution prevention and control* set out for the specific eligible activity were assessed.

Protection and restoration of biodiversity and ecosystems: ZSE Group must lawfully carry out environmental impact assessments (EIA) as part of all projects to ensure that impacts on biodiversity and ecosystems are addressed. ZSE Group has internal

management and operational processes for nature and landscape protection that ensure the prevention, mitigation and resolution of ZSE Group's impacts on biodiversity and ecosystems. We assess that activities eligible under the taxonomy meet the criteria set out in Annex D to Annex I of the Delegated Climate Act or specific defined criteria not to undermine this environmental target for a particular eligible activity.

Compliance with minimum (social) guarantees

The ZSE Group's Human Rights Protection Programme is committed to respecting human rights and recognising the International Bill of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. In its operations and supply chain, the ZSE Group complies with the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the OECD Due Diligence Guidance for Responsible Business Conduct. The ZSE Group is committed to sound and responsible corporate governance and the UN Sustainable Development Goals. The established rules, procedures, ethical standards and due diligence approach ensure that the ZSE Group has established sound principles in human rights, labour standards, anti-corruption and competition. Based on the above circumstances, the Company has concluded that its activities meet the requirement to comply with minimum (social) safeguards within the meaning of Article 3(c) of the EU taxonomy.

Accounting methods in preparing disclosures according to the EU taxonomy and other information

The ZSE Group applies accounting policies for key indicators following our interpretation of Commission Delegation Regulation (EU) 2021/2178 of 6 July 2021 ("delegation regulation disclosure") and available European Commission guidelines. All business activities found within the ZSE Group are assigned to one of the economic activities of the EU taxonomy based on two basic principles:

Double Counting Principle - We have avoided double counting between economic activities when distributing the numerator for revenue, CAPEX, OPEX by using activity-specific factors to distribute funds between our activities within the taxonomy. In calculating indicators, individual items are assigned to economic activities so that they are counted only once, primarily through data from segmental analyses. Intra-Group transactions are excluded from the overview. The entire turnover, capital expenditure or operating expenditure of the aligned economic activities has been assigned as significantly contributing exclusively to the environmental target of climate change mitigation, thus avoiding double counting activities in individual indicators.

Linkage principle - When assigning financial numbers to the numerator, the "linkage principle" was used. This principle states that all revenue, CAPEX, and OPEX that can be legitimately linked to an identified taxonomy-aligned activity can be classified as taxonomy-aligned and thus included in the numerator of the relevant KPI.

ZSE reports the following three indicators for investments, revenues and operating expenses:

1. Environmentally sustainable activities as a share of the total amount reported in the consolidated financial statements of the ZSE Group prepared according to IFRS
2. Activities eligible as a share of the total amount reported in the consolidated financial statements of the ZSE Group prepared following IFRS
3. Unauthorized activities as a share of the total amount reported in the consolidated financial statements of the ZSE Group prepared following IFRS

Capital expenditure

Capital expenditure was calculated grossly without considering revaluation, depreciation, amortisation, or impairment charges. It consists of investments in the following types of long-term tangible and intangible assets:

- Tangible fixed assets according to IAS 16
- Intangible assets according to IAS 38
- Investment properties according to IAS 40
- Leased assets according to IFRS 16

The Group's capital expenditure (denominator) consists of additions to property, plant and equipment, intangible assets, investment property and right-of-use property as disclosed in notes 6, 7, 8 and 9 to the consolidated financial statements. The numerator is decided as the relevant portion of environmentally sustainable activities following the taxonomy or the proportion of eligible activities of the Group's investments.

Revenue

Revenues correspond to net revenues reported in the consolidated income statements and annual report. These figures are included in the denominator, while revenues from environmentally sustainable activities following the taxonomy and/or revenues from eligible activities following the taxonomy are included in the numerator.

Operating costs

The denominator of operating costs is specified following the requirements and rules of the taxonomy. Environmentally sustainable operating costs include directly attributable, non-capitalised expenditure on research and development, building renovations, short-term leasing, maintenance and repairs, other direct spending related to the maintenance of assets and other outlays necessary to keep environmentally sustainable economic activities. In the ZSE, this includes spending on repairs and maintenance carried out by third parties, which are reported in materials and other operating costs. The numerator reflects the share of operating expenses on environmentally sustainable or eligible activities following the taxonomy.

Indicators (KPIs) aligned with the taxonomy:

Key performance indicators (KPIs)	EUR million / %	2024	2023
Total consolidated CAPEX (capital expenditure)	mEUR	265.6	198.8
CAPEX from activities eligible under the taxonomy	%	86	80
<i>electricity distribution (4.9)</i>	%	81	77
<i>low-carbon transport infrastructure (6.15)</i>	%	4	3
<i>activities eligible according to the taxonomy but not environmentally sustainable (8.1)</i>	%	1	0
CAPEX from unauthorised activities under the taxonomy	%	14	20
Total consolidated OPEX (operating expenses)	mEUR	181.5	112.8
OPEX from activities eligible under the taxonomy	%	44	45
<i>electricity distribution (4.9)</i>	%	41	42
<i>activities eligible according to the taxonomy but not environmentally sustainable (8.1)</i>	%	3	3
OPEX from unauthorised activities under the taxonomy	%	56	55
Total consolidated turnover	mEUR	2440.6	2002.0
Income from activities eligible under the taxonomy	%	26	23
<i>electricity distribution (4.9)</i>	%	25	22
<i>installation of renewable energy technologies (7.6)</i>	%	1	1
Income from unauthorised activities under the taxonomy	%	74	77
<i>gas sales</i>	mEUR	398.7	259.2 *)
<i>electricity production (PPC Malženice)</i>	mEUR	194.3	144.3

*) for 1-11/2023 without former VSE Holding Group

Reporting of **capital expenditure** on environmentally sustainable economic activities under the EU taxonomy as of **31 December 2024**

ANNEX II – Template for the KPI of non-financial undertakings

Disclaimer: Based on current understanding of available information (Delegated Act on Article 8 as of July 6, 2021).

Economic activities	Code(s)	Absolute CapEx (thousand EUR)	Proportion of CapEx (%)	Substantial Contribution criteria						DNSH criteria						Taxonomy- aligned proportion of CapEx, year 2024 (%)	Taxonomy- aligned proportion of CapEx, year 2023 (%)*	Category (enabling activity)	Category (transitional activity)
				Climate Change Mitigation (%)	Climate Change Adaptation (%)	Water and Marine Resources (%)	Circular Economy (%)	Pollution (%)	Biodiversity and Ecosystems (%)	Climate Change Mitigation (Y/N)	Climate Change Adaptation (Y/N)	Water and Marine Resources (Y/N)	Circular Economy (Y/N)	Pollution a (Y/N)	Biodiversity and Ecosystems (Y/N)				
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy aligned)																			
Electricity transmission and distribution	CCM 4.9.	214,068	80.59%	100%						Y	Y	Y	Y	Y	Y	80.59%	76.49%	enabling	
Infrastructure enabling low carbon road and public transport dopravu	CCM 6.15.	10,307	3.88%	100%						Y	Y	Y	Y	Y	Y	3.88%	2.48%	enabling	
Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking spaces adjacent to the building)	CCM 7.4.	1,570	0.597%	100%						Y	Y			Y	0.59%	0.40%	enabling		
CapEx of environmentally sustainable activities (taxonomy aligned) (A.1.)		225,945	85.06%	100%										Y	85.06%	79.37%			
A.2. Taxonomy - eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Data processing, provision of server space on the intranet and related services	CCM 8.1.	2,033	0.77%																
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2.)		2,033	0.77%												0.77%	0.10%			
Total (A.1. + A.2.)		227,979	85.82%												85.82%	79.47%			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
CapEx of taxonomy non-eligible activities (B)		37,657	14.18%																
Total (A+B)		265,636	100,00%																

CAPEX in line with the taxonomy: the share of capital expenditure from activities eligible under the taxonomy reached 85.82% in 2024, representing an increase of 6 percentage points compared to 2023. Capital expenditure from activities eligible under the taxonomy was primarily related to electricity distribution (80.59%) and construction of electromobility infrastructure (3.88%).

Reporting of **capital expenditure** on environmentally sustainable economic activities under the EU taxonomy as of **31 December 2023**

ANNEX II – Template for the KPI of non-financial undertakings

Disclaimer: Based on current understanding of available information (Delegated Act on Article 8 as of July 6, 2021).

Economic activities	Code(s)	Absolute CapEx (thousand EUR)	Proportion of CapEx (%)	Substantial Contribution criteria							DNSH criteria					Taxonomy- aligned proportion of CapEx, year 2024 (%)	Taxonomy- aligned proportion of CapEx, year 2023 (%) [*]	Category (enabling activity)	Category (transitional activity)
				Climate Change Mitigation (%)	Climate Change Adaptation (%)	Water and Marine Resources (%)	Circular Economy (%)	Pollution (%)	Biodiversity and Ecosystems (%)	Climate Change Mitigation (Y/N)	Climate Change Adaptation (Y/N)	Water and Marine Resources (Y/N)	Circular Economy (Y/N)	Pollution a (Y/N)	Biodiversity and Ecosystems (Y/N)				
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy aligned)																			
Electricity transmission and distribution	CCM 4.9.	149 762	76.49%	100%							Y	Y	Y	Y	Y	Y	76.49%	80.85%	enabling
Infrastructure enabling low carbon road and public transport dopravu	CCM 6.15.	4 861	2.48%	100%							Y	Y	Y	Y	Y	Y	2.48%	0.14%	enabling
Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking spaces adjacent to the building)	CCM 7.4.	792	0.40%	100%							Y	Y			Y	0.40%	1.20%	enabling	
CapEx of environmentally sustainable activities (taxonomy aligned) (A.1.)		155 415	79.37%	100%											Y	79.37%	82.19%		
A.2. Taxonomy - eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Data processing, provision of server space on the intranet and related services	CCM 8.1.	188	0.10%																
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2.)		188	0.10%													0.10%	0.14%		
Total (A.1. + A.2)		155 603	79.4%													79.47%	82.34%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
CapEx of taxonomy non-eligible activities (B)		40 201	20.53%																
Total (A+B)		195 804	100.00%																

Reporting of **operating expenses** to environmentally sustainable economic activities within the EU taxonomy as of **31 December 2024**

ANNEX II – Template for the KPI of non-financial undertakings

Disclaimer: Based on current understanding of available information (Delegated Act on Article 8 as of July 6, 2021).

Economic activities	Code(s)	Absolute OpEx (thousand EUR)	Proportion of OpEx (%)	Substantial Contribution criteria						DNSH criteria						Minimum Safeguards (Y/N)	Taxonomy- aligned proportion of OpEx, year 2024 (%)	Taxonomy- aligned proportion of OpEx, year 2023 (%) [*]	Category (enabling activity)	Category (transitional activity)
				Climate Change Mitigation (%)	Climate Change Adaptation (%)	Water and Marine Resources (%)	Circular Economy (%)	Pollution (%)	Biodiversity and Ecosystems (%)	Climate Change Mitigation (Y/N)	Climate Change Adaptation (Y/N)	Water and Marine Resources (Y/N)	Circular Economy (Y/N)	Pollution (Y/N)	Biodiversity and Ecosystems (Y/N)					
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (taxonomy-aligned)																				
Hydropower generation	CCM 4.5.	222,635	0.12%	100%						Y	Y	Y			Y	Y	0.12%	0.18%	enabling	
Electricity transmission and distribution	CCM 4.9.	72,619	40.00%	100%						Y	Y		Y	Y	Y	Y	40.01%	41.61%	enabling	
Infrastructure enabling low carbon road and public transport	CCM 6.15.	383,975	0.21%	100%						Y	Y	Y	Y	Y	Y	Y	0.21%	0.23%	enabling	
Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking spaces adjacent to the building)	CCM 7.4.	189,378	0.10%	100%						Y	Y				Y	Y	0.10%	0.14%	enabling	
OpEx environmentally sustainable activities (taxonomy aligned) (A.1.)		73,415	40.44%	100%													40.44%	42.16%		
A.2. Taxonomy - eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																				
Data processing, provision of server space on the intranet and related services	CCM 8.1.	6,023	3.32%																	
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2.)		6,023	3.32%														3.32%	3.25%		
Total (A.1. + A.2)		79,438	43.76%														43.76%	45.41%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
OpEx of taxonomy non-eligible activities (B)		102,081	56.24%																	
Total (A+B)		181,519	100.00%																	

Taxonomy-compliant OPEX: operating expenses from taxonomy-compliant activities were at 44% in 2024, a decrease of 1 percentage point compared to 2023. The sources of taxonomy-compliant operating expenses in 2024 came primarily from electricity distribution costs (40.44%).

Reporting of **operating expenses** to environmentally sustainable economic activities within the EU taxonomy as of **31 December 2023**

ANNEX II – Template for the KPI of non-financial undertakings

Disclaimer: Based on current understanding of available information (Delegated Act on Article 8 as of July 6, 2021).

Economic activities	Code(s)	Absolute OpEx (thousand EUR)	Proportion of OpEx (%)	Kritériá významného prínosu							Kritériá týkajúce sa zásady „výrazne nenarušiť“							Taxonomy- aligned proportion of OpEx, year 2024 (%)	Taxonomy- aligned proportion of OpEx, year 2023 (%)*	Category (enabling activity)	Category (transitional activity)
				Climate Change Mitigation (%)	Climate Change Adaptation (%)	Water and Marine Resources (%)	Circular Economy (%)	Pollution (%)	Biodiversity and Ecosystems (%)	Climate Change Mitigation (Y/N)	Climate Change Adaptation (Y/N)	Water and Marine Resources (Y/N)	Circular Economy (Y/N)	Pollution (Y/N)	Biodiversity and Ecosystems (Y/N)	Minimum Safeguards (Y/N)					
A. TAXONOMY ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (taxonomy-aligned)																					
Hydropower generation	CCM 4.5.	205,000	0.18%	100%							Y	Y	Y			Y	Y	0.18%	0.20%	enabling	
Electricity transmission and distribution	CCM 4.9.	46,941	41.61%	100%							Y	Y		Y	Y	Y	Y	41.61%	42.87%	enabling	
Infrastructure enabling low carbon road and public transport	CCM 6.15.	255,000	0.23%	100%							Y	Y	Y	Y	Y	Y	Y	0.23%	0.00%	enabling	
Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking spaces adjacent to the building)	CCM 7.4.	160,000	0.14%	100%							Y	Y				Y		0.14%	0.48%	enabling	
OpEx environmentally sustainable activities (taxonomy aligned) (A.1.)		47,561	42.16%	100%														42.16%	43.56%		
A.2. Taxonomy - eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																					
Data processing, provision of server space on the intranet and related services	CCM 8.1.	3,669	3.25%																		
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2.)		3,669	3.25%															3.25%	4.30%		
Total (A.1. + A.2.)		51,230	45.41%															45.41%	47.86%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																					
OpEx of taxonomy non-eligible activities (B)		61,588	54.59%																		
Total (A+B)		112,818	100.00%																		

Reporting of **revenues** from environmentally sustainable economic activities under the EU taxonomy as of **31 December 2024**

ANNEX II – Template for the KPI of non-financial undertakings

Disclaimer: Based on current understanding of available information (Delegated Act on Article 8 as of July 6, 2021).

Economic activities	Code(s)	Absolute turnover (thousand EUR)	Proportion of turnover (%)	Substantial Contribution Criteria						DNSH criteria						Taxonomy- aligned proportion of turnover, year 2024 (%)	Taxonomy- aligned proportion of turnover, year 2023 (%)*	Category (enabling activity)	Category (transitional activity)	
				Climate Change Mitigation (%)	Climate Change Adaptation (%)	Water and Marine Resources (%)	Circular Economy (%)	Pollution (%)	Biodiversity and Ecosystems (%)	Climate Change Mitigation (Y/N)	Climate Change Adaptation (Y/N)	Water and Marine Resources (Y/N)	Circular Economy (Y/N)	Pollution (Y/N)	Biodiversity and Ecosystems (Y/N)					Minimum Safeguards (Y/N)
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy aligned)																				
Hydropower generation	CCM 4.5.	943,000	0.04%	100%							Y	Y	Y		Y	Y	Y	0.04%	0.03%	enabling
Electricity transmission and distribution	CCM 4.9.	609,086	24.96%	100%							Y	Y		Y	Y	Y	Y	24.96%	21.54%	enabling
Infrastructure enabling low carbon road and public transport dopravu	CCM 6.15.	3,114	0.13%	100%							Y	Y	Y	Y	Y	Y	Y	0.13%	0.09%	enabling
Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking spaces adjacent to the building)	CCM 7.4.	1,544	0.06%	100%							Y	Y				Y		0.06%	0.06%	enabling
Installation, maintenance and repair of technologies in the field of renewable energy	CCM 7.6.	16,876	0.69%	100%							Y	Y				Y		0.69%	0.65%	enabling
Turnover of environmentally sustainable activities (taxonomy aligned) (A.1.)		631,562	25.88%	100%														25.88%	22.37%	
A.2. Taxonomy - eligible but not environmentally sustainable activities (not ta																				
Installation, maintenance and repair of energy-efficient equipment	CCM 7.3.	641,493	0.03%																	
Installation, maintenance and repair of technologies in the field of renewable energy	CCM 7.6.	5,844	0.24%																	
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2.)		6,486	0.27%															0.27%	0.18%	
Total (A.1. + A.2.)		638,048	26.14%															26.14%	22.55%	
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Turnover of taxonomy non-eligible activities (B)		1,802,560	73.85%																	
Total (A+B)		2,440,608	100.00%																	

Revenue by taxonomy (turnover): the share of revenue from activities eligible under the taxonomy in 2024 was 26%, an increase of 3 percentage points compared to 2023. Taxonomically aligned turnover in 2024 was primarily from electricity distribution (24.96%).

Reporting of **revenues** from environmentally sustainable economic activities under the EU taxonomy as of **31 December 2023**

ANNEX II – Template for the KPI of non-financial undertakings

Disclaimer: Based on current understanding of available information (Delegated Act on Article 8 as of July 6, 2021).

Economic activities	Code(s)	Absolute turnover (thousand EUR)	Proportion of turnover (%)	Substantial Contribution Criteria						DNSH criteria						Category (enabling activity)	Category (transitional activity)		
				Climate Change Mitigation (%)	Climate Change Adaptation (%)	Water and Marine Resources (%)	Circular Economy (%)	Pollution (%)	Biodiversity and Ecosystems (%)	Climate Change Mitigation (Y/N)	Climate Change Adaptation (Y/N)	Water and Marine Resources (Y/N)	Circular Economy (Y/N)	Pollution (Y/N)	Biodiversity and Ecosystems (Y/N)			Minimum Safeguards (Y/N)	Taxonomy- aligned proportion of turnover, year 2024 (%)
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy aligned)																			
Hydropower generation	CCM 4.5.	633,000	0.03%	100%							Y	Y	Y		Y	Y	0.03%	0.00%	enabling
Electricity transmission and distribution	CCM 4.9.	431,231	21.54%	100%							Y	Y		Y	Y	Y	21.54%	24.02%	enabling
Infrastructure enabling low carbon road and public transport dopravu	CCM 6.15.	1,821	0.09%	100%							Y	Y	Y	Y	Y	Y	0.09%	0.00%	enabling
Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking spaces adjacent to the building)	CCM 7.4.	1,107	0.06%	100%							Y	Y			Y		0.06%	0.08%	enabling
Installation, maintenance and repair of technologies in the field of renewable energy	CCM 7.6.	13,087	0.65%	100%							Y	Y			Y		0.65%	0.32%	enabling
Turnover of environmentally sustainable activities (taxonomy aligned) (A.1.)		447,879	22.37%	100%													22.37%	24.42%	
A.2. Taxonomy - eligible but not environmentally sustainable activities (not ta																			
Installation, maintenance and repair of energy-efficient equipment	CCM 7.3.	1,200	0.06%																
Installation, maintenance and repair of technologies in the field of renewable energy	CCM 7.6.	2,334	0.12%																
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2.)		3,534	0.18%														0.18%	0.05%	
Total (A.1. + A.2)		451,413	22.55%														22.55%	24.47%	
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of taxonomy non-eligible activities (B)		1,550,626	77.45%																
Total (A+B)		2,002,039	100.00%																

» Significant impacts, risks and opportunities and their interaction with strategy and business model (ESRS 2 SBM-3)

In the materiality process, four significant climate-related risks were identified in the ZSE Group, two of which can be considered as physical climate risks, as they are based on the direct or indirect consequences of climate change on the environment, and two of which can be regarded as climate-related transformation risks, as they arise from adaptation to changing regulatory, technological or economic conditions in the context of a low-carbon economy.

As a result of the increase in average temperatures, extreme weather events such as heat waves or extreme storms can disrupt the reliability of electricity distribution and supply, trigger changes in consumer demand and later affect the dynamics and volatility of volume. Thus, the increase in temperatures and extreme weather events can negatively affect the financial results of ZSE companies and represent a physical climate risk. This is a long-term risk, as it is a consequence of weather events that disrupt the security and stability of electricity distribution and supply on the market. The reduction of greenhouse gas emissions is significantly affected by weather conditions, which poses a risk to the production and availability of electricity from renewable sources such as wind and solar power plants. Changes in wind speed or solar radiation intensity can reduce the production capacity of these sources and affect their reliability. This is a long-term

physical climate risk, as it directly results from the consequences of climate change on natural conditions. Energy companies also face increased costs associated with carbon pricing schemes and regulations to reduce emissions. The pressure to decarbonise requires transforming technologies and business models, leading to significant financial costs. This risk forms a climate-related transition risk and is long-term in nature, as it is linked to the adaptation to a low-carbon economy. The transition to more sustainable technologies carries an added risk: the high first investments needed to upgrade infrastructure and implement greener solutions. These costs can be financially burdensome and represent a climate-related transformational risk. This risk is considered medium-term, as it concerns the one-off expenses of implementing modern technologies.

The resilience of the strategy to climate change is a key aspect for the long-term sustainability and success of the ZSE Group in a rapidly changing environment. Climate change affects energy production, the supply chain, energy infrastructure, and consumer demands, and it is essential to adapt the strategy to them. The importance of electricity as a key energy medium in the drive for decarbonisation is increasing. Accelerating electrification and the expansion of renewable energies will require new system designs and corresponding network growth. With growing awareness and pressure for sustainability, consumer preferences are also changing, and they are increasingly looking for environmentally friendly energy solutions. Adapting the

services and products of the ZSE Group to reflect these trends (e.g., offering certified electricity or supporting domestic energy production) means a competitive advantage.

The EU taxonomy of the ZSE Group recognises the key role of electricity distribution and emphasises its importance in the transition to a sustainable and reliable energy infrastructure. This fact also confirms the ZSE Group's priority for financing this area, thereby supporting significant investments and innovations in the modernisation, flexibility, technological innovations, and expansion of energy networks. For this reason, the scope of the resilience analysis in the reporting period was focused on the ZSE Group's energy infrastructure.

Climate change brings extreme weather fluctuations, so the energy infrastructure must be resilient. The expected climate change and climate-related risks will have a local impact on the ZSE Group's infrastructure and require adaptation measures. These will also be important for employees, especially field technicians exposed to more significant heat and humidity. During the reporting period, experts from distribution companies conducted a qualitative analysis of physical climate risks, based on which the Distribution System Adaptation Plan to Climate Change was implemented. The plan documents how climate change affects the technical equipment of the distribution system to increase its resilience.

The infrastructure of distribution companies is affected by various natural events, which

are gaining in intensity as part of the ongoing climate change and occur much more often and in more extreme dimensions than in the past. The only named climate risk with an expected increase in both defined territories of the distribution companies of the ZSE group is a temperature change - an increase in tropical days, i.e., days during which the maximum daily temperature reaches 30 °C and more. Concerning both defined territories of the distribution companies of the ZSE group, other risks, such as wind, rain, snowfall, landslides, should not directly manifest themselves significantly. However, due to the increase in tropical days, local manifestations of other risks may occur due to the more frequent occurrence of storms, accompanied by torrential rainfall combined with intense winds, or flooding.

By using technology, predictive analytics and automation to monitor and manage the grid in real time, the risks associated with climate change are minimised and the reliability and resilience of distribution systems are increased, even under highly adverse conditions. This applies to ensuring security of supply and carrying out repairs.

The performed analysis of the resilience of distribution systems includes an assessment of the impacts of climate change, which was prepared based on SHMÚ data, is based on the climate scenario with high emissions RCP 8.5 and shows trends for the periods 2050 and 2080. For the analysis, only one scenario of climate change development was considered, namely the representative concentration pathway (RCP) 8.5. The RCP 8.5 scenario is a highly adverse emission

scenario that assumes a significant and continuous increase in emissions until the end of the century. It is the basis for modelling the worst possible climate change scenarios. Although improbable, based on currently valid climate policies, it is still used to predict emissions until the middle of this century. It is relevant for distribution system assets with a long-life cycle. In this scenario, it is assumed that the level of warming may reach 4.2 °C above pre-industrial levels in 2100. The analysis took into account trends and consequences of future developments such as energy transformation and the use of new technologies, the quality of electricity supplies crucial for vital functions of society (transport, heat, light, etc.), and the affordability of electricity, which will be the driving force for the development of all customer segments, including households and corporate customers.

The assessment was based on climate change projections consistent with the smallest acceptable range necessary to assess risks and opportunities accurately. It focused on relevant assumptions about the evolution of climate conditions and their potential impact on energy infrastructure. The distribution system adaptation plan for climate change provides an overview of the expected effects of climate change and specific adaptation activities to reduce the vulnerability of critical infrastructure. The analysis assessed the extent to which the distribution system assets and electricity distribution may be exposed to the identified climate hazards, as they are sensitive to hazards, considering the probability, extent and duration of the dangers and also took

into account the specificities of both defined territories of the distribution companies of the ZSE Group. Due to the critical energy infrastructure and the need to ensure operational continuity, it is impossible to publish the vulnerability analysis results and planned technical and organisational measures.

Based on the impact assessment, planned expenditures for measures were defined, which include steps to increase the resilience of distribution system assets and activities to extreme climate events. The consequences of the identified climate risks will be discussed at the executive management level to adopt measures in the strategy that minimise the negative impacts of these risks. These measures will be gradually distributed to the companies' strategic plans. Climate scenarios are not part of the financial statements.

Within the scope of the resilience analysis, physical climate risks were assessed and found according to the EU taxonomy (Appendix A: Climate Risk Classification). Transformation risks were not the primary focus of the energy infrastructure resilience analysis, as the main target of this analysis was to assess physical risks that have an immediate impact on the reliability and security of the energy infrastructure and directly affect its physical integrity and performance. Transformation risks associated with decarbonisation are monitored within individual business segments. The strategy and financial planning of the ZSE Group reflect emerging trends in the energy sector and the corresponding risks and opportunities for growth. They align

the business activities of the ZSE Group with the emerging low-carbon business, which is characterised by customers that have choice, the expansion of renewable sources, higher energy efficiency, distributed energy and local energy systems, increasing electrification in energy consumption and ongoing digitalisation.

Based on the development to date, the following areas have been identified as generally relevant in the context of climate risks and opportunities for ZSE Group companies (energy networks, energy sales and customer solutions):

- regulation
- legislative changes
- volatility of energy sales volumes
- energy price volatility
- distribution outages and damage to the system
- operation, maintenance and development of the system
- electromobility
- electricity production from renewable sources (large-scale production, local producers)

Controlling and risk management departments regularly monitor, update and report on business risks and opportunities within the medium-term planning horizon, including the possible impacts of climate change. Some findings from assessing climate risks in the resilience analysis are also followed up within the risk management and monitoring framework.

ZSE Group recognises that electricity plays a key role in the global decarbonisation

effort and is therefore strategically oriented to support the accelerating electrification and integrating renewable energy sources. This shift requires substantial investments in redesigning and expanding the distribution system, which is directly reflected in its strategic planning. The energy transformation poses not only risks for ZSE Group, but also significant opportunities that are at the core of its business strategy. ZSE Group is actively diversifying its portfolio towards low-emission energy sources, thereby reducing its dependence on fossil fuels and limiting exposure to risks associated with carbon taxes and other regulatory measures. Providing products and services to reduce greenhouse gas emissions and increase energy efficiency and electromobility services are closely aligned with ZSE's business model.

Social aspects in the transition to a low-carbon economy are equally important. The human resources strategy helps ensure the ZSE Group's long-term success in a constantly changing world. It focuses on the future of work, sound and safe working conditions, equal opportunities for all and development and learning. The ZSE Group works closely with employee representatives and focuses on training and development programs. This includes training to improve their digital skills, onboarding training, functional training relevant to their roles and access to talent development and inclusive leadership programs. Programs have been introduced to qualify employees and to ensure the development of skills and knowledge in the new world of energy.

3. Managing impacts, risks and opportunities

» Description of procedures for identifying and assessing significant climate-related impacts, risks and opportunities (ESRS 2 IRO-1)

climate-related impacts, risks and opportunities in the ZSE Group was based on a balanced approach that combines reducing environmental impacts with developing sustainable solutions. This approach contributes positively to mitigating climate change and improving consumer social outcomes. The assessment of the significant effects, risks, and opportunities related to climate change shows that the ZSE Group actively contributes to mitigating climate change and improving energy efficiency. Investments in climate-resilient infrastructure increase the reliability of energy supplies and enhance the resilience of the energy infrastructure to extreme weather events. The commitment to achieve carbon neutrality by 2050 and ambitious targets for reducing greenhouse gas emissions underline the long-term positive impact on the climate and the environment. Innovative solutions such as virtual batteries, photovoltaics, smart heating or energy-efficient air conditioning support consumers in reducing their energy consumption and emissions. Supporting environmentally focused projects through the ZSE Group's foundations also strengthens environmental education and mitigates climate change. On the other hand, the ZSE

Group faces challenges such as distribution losses and high energy demands of activities that negatively affect the climate. Greenhouse gas emissions are a significant negative impact of the ZSE Group, with other indirect emissions accounting for the largest share of the total emission balance. Direct emissions arise from fuels burned in facilities for electricity and heat production and from its vehicles and represent 8% of the total emissions of the ZSE Group. As part of the materiality assessment, the actual and potential impacts of the ZSE Group on climate change were assessed, with the actual impacts, which are related to greenhouse gas emissions and energy consumption, clearly prevailing. A medium-term and long-term time horizon of the asset life and strategic planning horizons defined the assessed impacts, risks and opportunities.

In assessing the materiality concerning climate change, aspects related to climate change mitigation, climate change adaptation and energy consumption were considered. In the context of the value chain and business segments, significant impacts are spread across the entire value chain, with activities in the own operations and upstream area playing a key role and interaction with consumers in the downstream segment. Impacts in the Company's operations relate to activities directly controlled by the company, such as electricity generation, electricity distribution, operation of call/customer centres, implementation of energy-efficient technologies, and support for projects to mitigate climate change. In the upstream

(supply chain), this is energy trade and electricity generation, where negative consequences such as greenhouse gas emissions must be mitigated. In the downstream (consumer segment), this is consumer access to energy-efficient products that reduce energy consumption and promote sustainable behaviour. The affected core business segments are electricity generation and distribution, energy trading, telco business and customer services. Positive impacts include investments in climate-resilient infrastructure that increase the reliability of energy supplies and reduce distribution losses.

The assessment of significant risks and opportunities shows that the ZSE Group is actively mitigating climate change and adapting to its consequences through various initiatives across the value chain. Key opportunities include the commitment to European carbon neutrality by 2050, which increases the attractiveness of sustainable solutions for consumers and investors, strengthening the Company's competitive advantages. Developing services such as electromobility and energy-efficient solutions are significant growth and financial sustainability opportunities. In addition, the increased demand for electricity caused by climate change offers an opportunity for further development and innovation in energy services. On the other hand, the company faces risks associated with climate change, such as changes in the production of renewable energy sources due to variable weather conditions, increased costs of transforming technologies and business models in connection with decarbonisation,

and volatility in energy prices. Replacing older technologies with more sustainable solutions requires high investments as a short-term financial burden. In addition, regulatory measures such as carbon pricing may increase costs across the industry. Strategic expansion and diversification of the energy supplier portfolio and investments in climate-resilient infrastructure and technologies allow the company to adapt more effectively and strengthen its market position. These risks and opportunities highlight the need for a continued innovative approach to addressing climate challenges and transforming the energy sector.

Greenhouse gas emissions are a significant negative impact, but the ZSE Group's commitment to reducing its carbon footprint mitigates this impact. The materiality process assessed the effect of the ZSE Group's activities on the production of emissions, areas of their origin, sources of greenhouse gases, areas with the most significant potential for eliminating emissions, setting emission reduction targets, regulatory requirements and international standards, implemented measures, stakeholder engagement, emission measurement and disclosure of emission inventories and assessment of measures in sustainability reports. The identified sources of greenhouse gas emissions in the ZSE Group are based on a methodology provided to E.ON shareholders, which is based on internationally recognised standards and frameworks, such as the Greenhouse Gas Protocol and the recommendations of the UN Intergovernmental Panel on Climate Change (IPCC), and ensures a uniform and

consistent assessment across the entire Group. The ZSE Group has been disclosing the emission sources identified in this way in its sustainability reports since 2020. During the reporting period, the ZSE Group's identified sources of greenhouse gas emissions were reviewed.

The materiality assessment assessed physical climate risks relevant to the ZSE Group, such as rising temperatures and weather extremes in its operations and upstream. Critical energy infrastructure was identified as the most sensitive to climate hazards as part of the asset assessment. Within the business activities, it was the generation, supply, and distribution of electricity.

The materiality process assessed in particular the following risks and opportunities associated with the transformation to a low-carbon business: increased demand for electricity, changing consumer behaviour, instability in production due to the unreliability of renewable energy sources, investments in renewable sources and improving attractiveness for customers, transition to more sustainable alternatives, replacement of old technologies with lower-emission technologies associated with investments, increased costs due to stricter legislative obligations and carbon schemes, price volatility, reduced demand for traditional fossil fuels, diversification of suppliers and portfolio, new business opportunities. Transformation risks and opportunities are found in various parts of the value chain, with the own activity and upstream prevailing. Energy networks and electromobility infrastructure are most

exposed to these events. They are found in the generation, supply, and distribution of electricity, gas supply, electromobility services, and administrative and non-commodity services. The assessed risks and opportunities of transformation manifest themselves in the medium and long term, which is linked to the time needed for their effects to manifest themselves, such as technological innovations, market developments, trends and regulatory frameworks.

Information for identifying and assessing physical and transformation risks and opportunities was obtained mainly from internal sources of information, sustainability reports, external sources of information, and market and competition analysis and databases. The results of the qualitative analysis of the resilience of distribution systems were not included in the materiality assessment process, as this analysis was only completed at the end of the reporting year. However, the network resilience analysis results confirmed the risks assessed during the materiality assessment. This consistency assures the correctness of the risks identified and their evaluation within the materiality process. In the resilience analysis, physical climate risks were assessed based on the classification of climate hazards according to EU Regulation 2021/2139.

Classification of climate hazards:

Nature of the danger	Type of impact	Danger	ZSD	VSD
chronic	temperature	Temperature change	High	High
		Heat stress	High	High
		Temperature variability	High	High
		Thawing permafrost	Medium	Medium
	wind	Changing wind characteristics	High	High
		Changing characteristics and types of precipitation (rain, hail, snow/ice)	High	High
	water	Precipitation or hydrological variability	High	High
		Ocean acidification	Medium	Medium
		Saltwater intrusion into groundwater	Medium	Medium
		Sea level rise	Medium	Medium
		Lack of water	Medium	Medium
	soil	Coastal erosion	Medium	Medium
		Soil degradation	Medium	Medium
		Soil erosion	Medium	Medium
Underflow		Medium	Medium	
temperature	Heat wave	High	High	
	Cold wave	High	High	
	Natural fires	Medium	Medium	
wind	Cyclone, hurricane, typhoon	High	High	
	Storms	High	High	
	Tornado	Medium	Medium	
acute	water	Drought	High	High
		Heavy precipitation (rain, hail, snow/ice)	High	High
	water	Floods (coastal, river, pluvial, groundwater)	High	High
		Floods related to melting glaciers	Medium	Medium
soil	Avalanche	Medium	Medium	
	Landslide	High	High	
	Decline	Medium	Medium	

High relevance Medium relevance No relevance

» Policies related to climate change mitigation and adaptation (E1-2)

The primary strategic documents related to climate change mitigation and adaptation that support achieving the ZSE Group's sustainability and climate mitigation goals are the ESG Strategy, the Climate Change Mitigation Transformation Plan and the Distribution System Adaptation Plan. The Energy Management System (ISO 50001) covers the key policy related to energy sustainability, which is implemented in the ZSD and VSD distribution companies.

The ESG strategy is the ZSE Group's commitment to achieving sustainability goals in support of a just energy transition and the UN Sustainable Development Goals (SDGs) and, in line with the Paris Agreement and the European Union's climate goals, to contribute to slowing global warming and mitigating climate change. The ESG strategy sets measurable targets for climate change mitigation and adaptation, tracks progress and is published on the ZSE Group's website. It applies to all consolidated entities within the Group, ensuring a consistent approach to sustainability, accountability and transparency across the Group.

The Climate Change Mitigation Transformation Plan is the ZSE Group's climate strategy. It is focused on mitigating climate change, reducing greenhouse gas emissions, achieving carbon neutrality by 2050, and transforming the ZSE Group into a low-emission business. The ZSE Group plans

to update the document annually and publish it on the ZSE Group website. It applies to all consolidated units within the ZSE Group.

The Climate Change Adaptation Plan for the Distribution System aims to increase the distribution system's resilience to climate impacts. It assesses how climate change affects the distribution system and provides an overview of its expected effects and specific adaptation activities to reduce the vulnerability of critical infrastructure. It applies to the distribution companies of the ZSE Group. The adaptation plan and strategic activities increasing the climate resilience of the ZSE Group's distribution system will be continuously updated based on changes in external documents such as the Integrated National Energy and Climate Plan (INEKP/NECP), the European Climate Risk Assessment (EUCRA), etc.

The ZSE Group's automotive policy for procuring company vehicles supports the transition to low-emission vehicles. It has introduced the option, and in some cases the obligation, to procure environmentally friendly cars (EV or PHEV). From 2024, its update introduced the obligation for managers to switch to an electric vehicle as part of the vehicle fleet renewal. The first results are also starting to be reflected in the overall emissions of the company's vehicle fleet.

Internal management documentation regulates various areas within the ZSE Group's activities that relate to reducing emissions and energy consumption, such

as business travel management, energy efficiency, waste minimisation, support for renewable energy sources, incorporating green procurement aspects into individual contracts, etc. The ZSE Group's distribution companies have implemented various strategic documents, management and technical documentation related to the distribution system's design, development, and renewal and reflect deteriorating climate parameters.

» Measures and resources related to climate change policies (E1-3)

The main tools for decarbonisation in the ZSE Group are the transition to renewable sources, electrification of the rolling stock, energy storage (BESS), improving energy efficiency, introducing a circular economy and expanding customer products and services related to renewable energy sources, energy efficiency and low-emission solutions. Climate change mitigation measures do not directly include nature-inspired solutions, but some approaches are applied within the framework of ecological corridor management, e.g., wetland restoration. The operation of photovoltaics at the ZSE Group's facilities is preceded by an opinion from the Regulatory Office for Network Industries (ÚRSO) and the permitting process was ongoing during the reporting period.

Climate change measures include:

- Climate change mitigation measures: measures to reduce greenhouse gas emissions and achieve climate goals,

employee education and awareness-raising, support for foundation projects addressing climate issues, research projects

- Climate change adaptation measures: improving resilience to weather events,
- Energy infrastructure development and modernisation projects
- Measures to reduce energy consumption: energy management, energy consumption reduction activities

The ZSE Group's distribution companies have implemented an energy management system, within which they have set long-term qualitative goals for the efficient use of energy resources, data analysis to improve energy management, and measures to improve energy efficiency and performance of companies in the energy sector.

Implementing climate change measures and achieving sustainability goals depends on the availability and allocation of the necessary resources. Building and operating distribution networks is a form of capital-intensive business, and long-term financial resources are essential for its construction and development. For this purpose, the ZSE Group uses long-term financial instruments such as bonds, green bank loans and other bank loans. Another actively used financing instrument is the funds of European grant schemes, which partially cover the construction of specific investment projects. Access to sufficient financing allows the ZSE Group to implement its climate strategy effectively.

The business activity of the ZSE Group is focused on energy transformation and support for decarbonisation. A wide range of climate change-related measures are implemented internally and in cooperation with our customers. Given these activities' scope and diversity, providing a complete list of all implemented and planned measures is impossible, as such data is currently not recorded in a unified system. In the future, the company plans to implement a system that will enable systematic tracking and reporting of all mitigation and adaptation measures according to the activities of the ZSE Group to compare OpEx and CapEx with key performance indicators aligned with the taxonomy.

The construction and operation of the distribution system, which plays a key role in the energy transformation, significantly contributes to climate change mitigation and adaptation to its consequences. With increasing electrification, energy networks must provide sufficient capacity for new consumption points (e.g. charging stations for electromobility) and new renewable energy production sources (e.g. photovoltaics). Future networks must be more flexible and able to respond to sudden changes. For this purpose, the ZSE Group will spend significant financial resources through investments and operating costs. These resources will also be distributed to connect new consumption and production points, renew, expand and modernise the distribution network, replace electricity meters with innovative solutions, etc. Over the next 5 years, the ZSE Group plans to

invest around EUR 260 million per year in the above activities, cumulatively representing a value of around EUR 1.3 billion.

Main measures to achieve climate goals by 2030:

Measure	Benefit of the measure
Using SF6-free technologies	emissions reduction in Scope 1
Replacing commonly used high-GWP refrigerants (R-407C) with low-emission alternatives	emissions reduction in Scope 1
Electrification of the fleet for individual categories	emissions reduction in Scope 1
Expansion of the infrastructure of charging points for electromobility in our buildings	emissions reduction in Scope 1
Development of charging in homes (supporting interest and accessibility of electromobility among employees)	emissions reduction in Scope 1
Replacing gas boilers with high-efficiency condensing boilers or heat pumps	emissions reduction in Scope 1
Installation of photovoltaics for decarbonisation of heating in PPC Malženice	emissions reduction in Scope 1
Equipment renewal, development and expansion of the distribution system with the requirement to minimise technical losses. Redesign of distribution system planning principles	emissions reduction in Scope 2
Elimination and prevention of unauthorised withdrawals	emissions reduction in Scope 2
Replacing electricity meters with smart meters (IMS)	emissions reduction in Scope 2
Installation of photovoltaics on own assets	emissions reduction in Scope 2
Modernisation of lighting in own assets	emissions reduction in Scope 2
Building insulation	emissions reduction in Scope 2
Give energy advice to customers on the transition to low-emission heating methods	emissions reduction in Scope 3
Include guarantees of origin of gas from renewable sources in the portfolio	emissions reduction in Scope 3
Increase the share of electricity in the portfolio that is covered by guarantees of origin of electricity from renewable sources	emissions reduction in Scope 3
Expand the portfolio with products related to renewable energy sources, energy efficiency and low-emission solutions for customers	emissions reduction in Scope 3
Provide energy consulting for customers in solar energy use.	emissions reduction in Scope 3
Support for recycling, reuse and recovery of waste. Increase the recovery rate of construction waste	emissions reduction in Scope 3

The group plans to spend internal and external resources to achieve the above measures. We expect the expenses to be in operating costs as well as investments. In connection with the divestment process of ZSE Elektrárne, s.r.o., the implementation steps related to decarbonising the combined cycle power plant in Malženice are suspended. If this transaction is not successfully concluded, the ZSE Group plans to decarbonise the power plant, which aligns with its strategic decarbonisation goals.

Main planned adaptation measures until 2030:

Measure	Benefit of the measure
Cabling of MV overhead lines in forest areas	resistance DS *)
Increasing transformation capacity in existing electrical substations	DS resistance
New HV/MV electric stations	DS resistance
Reconstruction of column transformer stations into block ones	DS resistance
New block MV/LV transformation stations	DS resistance
Addition of vibration dampers and DLR (Dynamic Line Rating Systems)	DS resistance

*) DS distribution system

To achieve the above measures, the group plans to spend primarily on internal resources, and we expect the expenses to be incurred mainly in investments.

Key measures for improving energy management:

Measure	Benefit of the measure
Reduce the energy intensity of distribution system operation	emissions reduction in Scope 2
Installation of control systems for secondary measurement	improving data quality
Internal energy management audit	monitoring, control
Improve documentation of service/maintenance performance on major energy facilities	improving data quality
Add to the supplier selection process the provision of technical documentation for the technical equipment	emissions reduction in Scope 3
Ensure documentation and evaluation of fuel consumption	emissions reduction in Scope 1

The group plans to spend internal and external resources to achieve the above measures. We expect the expenses to be in operating costs as well as investments.

4. Metrics and targets

Targets for climate change mitigation and adaptation (E1-4)

Within the updated ESG strategy framework, the ZSE Group has set target values for climate change mitigation and adaptation by 2030 and 2035. The climate-related target values also are the ESG key performance indicators (KPIs) of the ZSE Group. Given that the ESG strategy was adopted during the 2024 reporting period, the values for 2024 were decided by estimating the expected and planned development. For the qualitative targets related to reducing greenhouse gas emissions, which are based on the ESG strategy, the actual values 2024 were supplemented for the reporting year 2024 based on the combined emission balance. In the disclosures for the 2025 reporting period, the exact values for 2024 will be augmented as part of monitoring current developments. A review of the ESG strategy will be carried out in 2025 to ensure it is up-to-date and to give a realistic view of further improvement.

The greenhouse gas emission reduction targets are set for the time horizons 2030, 2040 and 2050 (according to Scopes) and are in tCO₂e, based on the overall percentage reduction compared to the base year. The greenhouse gas emission reduction targets are gross, meaning that the means of achieving the emission reduction targets do not include greenhouse gas removals, carbon credits or avoided emissions. They are set to consider the full scope of the greenhouse

gas inventory following the GHG Protocol. A market-based method calculated the Scope 2 and Scope 3 greenhouse gas emissions included in the target.

At the end of 2023, the companies Východoslovenská energetika Holding a.s. (VSEH), Východoslovenská distribučná, a.s. (VSD) and Východoslovenská energetika a.s. (VSE) were integrated, which became subsidiaries of the ZSE Group, and the firstCOmbined emission balance without full Scope 3 was published for 2023. For the reporting year 2024, the combined emission balance for the full Scope 1-3 is already in line with the requirements of the EU Delegated Regulation 2023/2772 on sustainability reporting standards. To provide a correct and representative picture for measuring progress, 2024 was set as the base year and the baseline gross emissions values for the ZSE Group's combined climate targets.

The greenhouse gas emission reduction targets are based on the E.ON Group's climate targets, which align with the 1.5 °C global warming target set out in the Paris Climate Agreement. To this end, E.ON needs to reduce emissions in Scopes 1, 2 and 3 by at least 50% by 2030 compared to the 2019 baseline (absolute target). In May 2022, the Science Based Initiative (SBTi) recognised that E.ON Group's climate targets align with the 1.5 °C target set out in the Paris Climate Agreement and meet the SBTi requirements for the 1.5 °C target. In its ESG strategy, ZSE Group has set itself the goal of reducing emissions in Scopes 1 and 2 by 50-75% by 2030 (-50% refers to the target

approved by SBTi by 2030 in line with the 1.5 °C trajectory and -75% relates to the ambitions of ZSE Group) and in Scope 3 by 50%. The target values of ZSE Group have not been externally confirmed. When planning activities and setting targets for reducing greenhouse gas emissions, the company considers expected future developments, including changes in sales volumes, shifts in customer preferences, tightening emission limits and the introduction of new policies, as well as the necessity of introducing modern technologies.

The primary way to achieve climate goals

in the ZSE Group is to prevent and reduce emissions, increase energy efficiency and improve processes. Emissions that the company cannot avoid are offset where possible through substitutions, such as buying guarantees of origin. To achieve the target values in 2030, the company plans to use compensation measures within the voluntary carbon market as a last step. The ZSE Group monitors developments in this area at the level of the parent organisation E.ON. It plans to explore the possibilities of nature- or technology-based solutions to prevent or remove CO₂e to achieve climate goals. The company also considers

external effects, such as the gradual decarbonisation of the national energy mix, as part of its climate strategy. The ZSE Group plans to adopt modern technologies to reduce greenhouse gas emissions and implement various innovations and solutions, particularly in renewable energy technologies, energy efficiency systems, electrification and digitalisation, and these plans are disclosed as measures to achieve climate goals. The ZSE Group plans to publish its emissions trajectory to present progress after implementing the CO₂ steering plan (reduction CO₂ trajectories). Climate scenarios published

by international organisations such as the IPCC (Intergovernmental Panel on Climate Change) and the IEA (International Energy Agency) were not considered when deciding decarbonisation tools and achieving greenhouse gas emission reduction goals. The reduction targets for 2030 and 2035 in Scope 2 and Scope 3 were set based on a market-based method. The baseline for emission reductions for Scopes 1-3 was based on the consolidated emission balance for 2024.

Target values for climate change mitigation and adaptation:

No	Important topic	ESG Key Performance Indicator (ESG KPI)	Rationale	Baseline 2024	Target 2030	Target 2035
1.	E1 Climate Change - Mitigation	CO ₂ e emissions in Scope 1	Direct greenhouse gas emissions from fuel combustion at sources we own or control, such as the PPC Malženice power plant, boiler rooms and rolling stock. These include fugitive SF6 emissions associated with the operation of power grids and emissions related to air conditioning.	432,499 tCO ₂ e	216,250 tCO ₂ e - with an ambition of 108,125 tCO ₂ e (reduce by 50-75%)	to be decided later (reduce by 100% by 2040)
2.	E1 Climate Change - Mitigation	CO ₂ e emissions in Scope 2	Indirect greenhouse gas emissions are from the production of electricity that we purchase for our buildings, operations, and electric vehicles, or from losses in our electricity grids. These emissions do not occur physically on our premises, but in the facilities where the electricity is produced.	254,654 tCO ₂ e market method	127,327 tCO ₂ e market method - with an ambition of 63,664 tCO ₂ e (reduce by 50-75%)	to be decided later (reduce by 100% by 2040)
3.	E1 Climate Change - Mitigation	CO ₂ e emissions in Scope 3	Other indirect greenhouse gas emissions (not included in Scope 2) that occur between production and ZSE (upstream) and between ZSE and the customer (downstream). They arise primarily due to the generation of electricity we purchase and resell to our end customers. Scope 3 also includes emissions from the use of gas, which we also sell to end customers. This also includes emissions from the production and provision of goods and services we purchase and other categories we monitor.	3,668,610 tCO ₂ e market method	1,834,305 tCO ₂ e market method (reduce by 50%)	to be decided later (reduce by 100% by 2050)

No	Important topic	ESG Key Performance Indicator (ESG KPI)	Rationale	Baseline 2024	Target 2030	Target 2035
4.	E1 Climate Change - Mitigation	<p>Increasing the share of electricity in the portfolio covered by guarantees of origin of electricity from renewable sources.</p> <p><u>Metrics:</u> Percentage of the volume of green electricity (with a guarantee of origin of electricity from renewable sources) in the total volume of electricity sold.</p>	Supporting renewable energy contributes to the energy transition and decarbonisation, helps the country reduce its dependence on fossil fuels, and helps companies meet legal and financial obligations. We monitor the percentage of green electricity (with a guarantee of origin of electricity from renewable sources) in the total volume of electricity sold. The starting value was determined based on the expected planned sales assumption (1,518 GWh/8,706 GWh) and an estimate of the development of total consumption.	17.4%	25%	50%
5.	E1 Climate Change - Mitigation	<p>Installing intelligent metering systems (IMS) at all consumption points is essential for electrification and decentralised electricity generation.</p> <p><u>Metrics:</u> Number of new IMS installations.</p>	IMS are used to optimise and develop the electricity market, providing data to market participants to create new products and services (virtual batteries, aggregation, flexibility), which contribute to increasing the efficiency of distribution, consumption, trading and integration of renewable energy sources. KPI is used to monitor the distribution system, to improve SAIDI (system average duration of electricity supply interruption), SAIFI (number of supply interruptions per customer per year) and to reduce km and downtime. The baseline value is an estimate based on current development. The planned values for 2030 and 2035 are estimated based on the expected development.	15,000	18,000	20,700
6.	E1 Climate Change - Mitigation	<p>Support installing small and local renewable energy sources (photovoltaics) in the residential segment.</p> <p><u>Metrics:</u> 1. Cumulative power of installed RES (PV) solutions in the residential segment 2. Share the volume of electricity stored in the virtual battery and the volume of shared electricity in the total volume supplied to the household segment.</p>	The KPI in support of energy self-sufficiency tracks the number of customers from the household segment whom ZSE has helped to install small and local renewable energy sources (mainly photovoltaic systems) through its non-commodity products (delivery of the work itself) or commodity products (buy-back and assumption of responsibility for deviation, buy-back product in the form of a virtual battery and sharing) or support services such as financing, consulting or installation and determines to which part of its portfolio the ZSE Group has provided funds to reduce dependence on central electricity supply. The baseline value was set based on the expected planned assumption for both parameters.	1. 17 MW 2. 2.2%	1. 40 MW 2. 10%	1. 60 MW 2. 25%

No	Important topic	ESG Key Performance Indicator (ESG KPI)	Rationale	Baseline 2024	Target 2030	Target 2035
7.	E1 Climate Change - Mitigation	<p>Increasing the number of public charging points in the ZSE Drive network.</p> <p><u>Metrics:</u> Total number of DC charging points in the ZSE Drive public network.</p>	Low-emission transport with a developed infrastructure is needed to decarbonise transport. Supporting the development of e-mobility infrastructure includes planning and building charging stations and connecting them to the electricity grid. Building public infrastructure is a significant accelerator in the choice and transition to electric vehicles. Without a sufficiently developed network of public charging stations, e-mobility is challenging to access for apartment buildings, people without their own parking space, for longer journeys and travel. The baseline covers the estimate of the total number of own public charging points for fast charging (DC) in the ZSE Drive network in operation as of 31 December 2024.	250	750	2,100
8.	E1 Climate Change - Adaptation	<p>Reducing the system average interruption duration of electricity supply - SAIDI index (the System Average Interruption Duration Index identifies the average length of electricity outages per customer, per year)</p> <p><u>Metrics:</u> The ratio of total downtime for all customers in minutes to the number of all customers (excluding disasters and planned work interruptions).</p>	The KPI focuses on a long-term targeted concept of the system's technical design with a focus on increasing the reliability and quality of distribution. It assesses the distribution system's reliability from the end customer's perspective. The reliability of electricity supply is also related to adaptation to climate change and monitors the resilience of the energy infrastructure to extreme weather events. Thanks to this KPI, we monitor the readiness of the system and the speed of restoration of operation after outages caused by climate impacts. The transition to renewable sources and the growth of electrification increases the demands on the stability and reliability of the electricity system. Reliable electricity supply assesses not only the electricity infrastructure, but also its ability to adapt to climate risks. The baseline value was set based on the expected assumption for the year 2024.	120	112	107

For Measures 1-3 (greenhouse gas emissions), the actual values achieved in 2024 based on the combined emission balance for 2024 were set as baseline values. For measures 4-8, estimated values were set based on the planned assumption for the reporting year. These targets are based on the ZSE Group's ESG strategy, which was adopted during the reporting period 2024.

Actual values achieved in 2024:

Measure 4: In the reporting year, green electricity (with a guarantee of origin of electricity from renewable sources) represented 17.9% of the total volume of electricity sold.

Measure 5: In the reporting year, 12,158 new intelligent metering systems (IMS) installations were installed at all consumption points with an essential level of electrification and decentralised electricity production.

Measure 6: In the reporting year, the cumulative capacity of installed RES (PV) solutions in the

residential segment was 18.4 MW. The share of the volume of electricity stored in the Virtual Battery and the volume of shared electricity in the total volume of electricity supplied to the household segment was 2.4% in the reporting year.

Measure 7: The total number of DC charging points in the ZSE Drive public network was 302 in the reporting year.

Measure 8: The SAIDI (System Average Interruption Duration Index), which captures the share of total outage time for all customers in minutes per number of all customers (excluding disaster situations and interruptions during planned work), was 94 in the reporting year.

Energy consumption and energy mix (E1-5)

The total energy consumption related to the ZSE Group's activities in the reporting period was 2,364,987 MWh. The table presents information on energy consumption and energy mix. The supplier mixes of the suppliers ZSE Energia, VSE, SSE, MHTH Bratislava, MHTH Košice, and MHTH Trnava were used. The calculation used proper estimates for November and December 2024.

To decide energy intensity, the sectors defined in Commission Delegated Regulation (EU) 2022/1288 according to NACE codes were used:

D.35.11 electricity generation

D.35.13 electricity distribution

D.35.14 sale of electricity

D.35.23 sales of gas transported through pipelines

Energy consumption and energy mix	2024
1. Consumption of coal and coal products (MWh)	0
2. Fuel consumption from oil and oil products (MWh)	0
3. Fuel consumption from natural gas (MWh)	2,346,466
4. Fuel consumption from other fossil sources (MWh)	0
5. Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)	6,657
6. Total energy consumption from fossil sources (MWh) (calculated as the sum of rows 1 to 5)	2,353,123
Share of fossil fuels in total energy consumption (%)	99.5
7. Consumption from nuclear sources (MWh)	5,044
Share of consumption from nuclear sources in total energy consumption (%)	0.21
8. Fuel consumption in the case of renewable sources including biomass (also industrial and municipal waste of biological origin, biofuels, biogas, pure hydrogen) (MWh)	315
9. Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh)	6,504
10. Consumption of self-produced non-fuel energy from renewable sources (MWh)	53
11. Total renewable energy consumption (MWh) (calculated as the sum of rows 8 and 9)	6,819
Share of renewable sources in total energy consumption (%)	0.29
Total energy consumption (MWh) (calculated as the sum of rows 6, 7 and 11)	2,364,987

Energy production from renewable and non-renewable sources (MWh)	2024
- from non-renewable sources (ZSE Elektrárne)	1,174,913
- from renewable sources (ZSE MVE)	4,613

Energy intensity on net income	2024
Total energy consumption from activities in sectors with a high climate impact per net revenue from activities in industries with a high climate impact (MWh/EUR thousand)	0.888
Net revenues from activities in sectors with a high climate impact used to calculate energy intensity	EUR 2,663,355 thousand
Net income (other)	n/a
Total net income (financial statements)	EUR 2,663,355 thousand

For simplicity, the ZSE Group considers total energy consumption to total net revenue. Since most energy consumption and revenue come from sectors with a significant impact on the climate, we do not separate them from the rest.

Gross Scope 1, 2, 3 emissions and total greenhouse gas emissions (E1-6)

Greenhouse gas emissions (tCO ₂ e)	2024
Scope 1	432,498.90
Scope 2 (location-based)	87,850.60
Scope 2 (market-based)	254,654.33
Scope 3 (location-based)	2,207,693.94 ¹
Scope 3 (market-based)	3,668,609.71
Total emissions (location-based)	2,728,043.44
Total emissions (market-based)	4,355,762.94

Emissions from electricity production at ZSE Elektrárne are subject to a regulated emissions trading system. The share of Scope 1 emissions that are part of the system is 98.84%.

In the reporting year 2024, the ZSE Group performed a carbon footprint calculation based on operational control, which means that it reports emissions from operations over which it has operational control.

¹The number was rounded up by 0.01 for mathematical accuracy.

ZSE is the parent company of the ZSE Group. The ZSE Group consists of Západoslovenská distribučná, a.s., ZSE Energia, a.s., ZSE Elektrárne, s.r.o., Východoslovenská energetika Holding a.s., Východoslovenská energetika a.s., Východoslovenská distribučná, a.s., ZSE Energy Solutions, s.r.o., ZSE MVE, s.r.o., ZSE Business Services, s.r.o., ZSE Energetické služby, s.r.o., VSE Solutions s.r.o., VSE Call centrum, s.r.o., VSE Ekoenergia, s.r.o., EKOTERM, s.r.o., and BK, a.s. The ZSE Group's carbon footprint calculation included all consolidated companies over which the parent company has operational control, except for data assessed as insignificant due to their difficult availability and quantity compared to the rest of the data. These are the following data:

- EKOTERM: Scope 3 – goods and services
- BK: Range 1, 2 and 3
- Rented shared spaces at the following addresses:
 - Levočská 3, Prešov (Customer Centre, Východoslovenská energetika Holding a.s.), Scope 3
 - Legionárska 5, Trenčín (Sales Representative Office, Východoslovenská energetika Holding a.s.), Scope 3
 - Námestie slobody 5, Vranov (Customer Centre, Východoslovenská energetika a.s.), Scope 3
 - Alejová 2, Košice (Východoslovenská energetika a.s.), Scope 3
 - Rožňavská 24, Bratislava – VSE offices in Bratislava, (Východoslovenská energetika a.s.), Scope 3
 - Hollého 3, Košice, (VSE Call centrum, s.r.o.), Scope 2

- Tolstého 1, Humenné (VSE Solutions s.r.o.), Scope 3

While considerable effort has been made to collect data from the above-mentioned emission sources through repeated contact with third parties who either collect the data from other partners or are solely responsible for the data, we could not obtain this data during the duration of the carbon footprint calculation project.

No emissions arise in the case of ZSE Energy Solutions, ZSE Business Services, ZSE Energetické služby, and VSE Ekoenergia, as the companies are either without assets, in liquidation, or only holders of shares in other subsidiaries and without employees.

Listing of entities within non-controlling interests (as of 18 December 2024)

- SPX, s.r.o.
- Energotel, a.s.
- Biogas Rozhanovce, s.r.o.
- TRANSELEKTRO spoločnosť s ručením obmedzeným Košice
- People2People, s.r.o.

In the reporting year, the entire upstream and downstream part of the ZSE Group's value chain was counted for the first time. Emissions for individual companies over which the ZSE Group has operational control, with the exceptions mentioned above, are available in the following table:

Company	Range	Greenhouse gas emissions in tCO ₂ e	
		Location-based	Market-based
EKOTERM, s.r.o.	Scope 1	22.29	22.29
	Scope 2	0.93	0.93
	Scope 3	6.53	6.91
	Total emissions	29.75	30.13
VSE Solutions s.r.o.	Scope 1	80.24	80.24
	Scope 3	33.42	33.42
	Total emissions	113.66	113.66
Východoslovenská distribučná, a.s.	Scope 1	2,293.62	2,293.62
	Scope 2	23,283.59	67,663.44
	Scope 3	20,274.37	21,392.21
	Total emissions	45,851.58	91,349.27
Východoslovenská energetika a.s.	Scope 1	675.61	675.61
	Scope 2	64.95	188.75
	Scope 3	859,784.64	1,315,703.40
	Total emissions	860 525.20	1,316,567.76
Východoslovenská energetika Holding a.s.	Scope 1	80.51	80.51
	Scope 2	150.18	252.75
	Scope 3	1,135.95	1,173.29
	Total emissions	1,366.64	1,506.55
Západoslovenská distribučná, a.s.	Scope 1	1,626.14	1,626.14
	Scope 2	62,636.00	182,023.74
	Scope 3	54,891.68	57,900.84
	Total emissions	119,153.82	241,550.72

Company	Range	Greenhouse gas emissions in tCO ₂ e	
		Location-based	Market-based
Západoslovenská energetika, a.s.	Scope 1	221.80	221.80
	Scope 2	233.27	218.85
	Scope 3	1,565.29	1,157.77
	Total emissions	2,020.36	1,598.42
ZSE Elektrárne, s.r.o.	Scope 1	427,478.53	427,478.53
	Scope 2	427,478.53	4 279,76
	Scope 3	72,849.78	72,920.48
	Total emissions	501,801.01	504,678.7711
ZSE Energia, a.s.	Scope 3	1,131,523.56	2,132,692.24
	Total emissions	1,131,523.56	2,132,692.24
ZSE MVE, s.r.o.	Scope 1	20.16	20.16
	Scope 2	8.98	26.11
	Scope 3	3.48	3.91
	Total emissions	32.62	50.18
Purchased goods and services (estimated amount for the entire ZSE Group)	Scope 3	65,625.24	65,625.24
	Total emissions	65,625.24	65,625.24
Scope 1		432,498.90	432,498.90
Scope 2		87,850.60	254,654.33
Scope 3		2,207,693.9411	3,668,609.71
Total emissions		2,728,043.44	4,355,762.94

Within Scope 2, we present purchased energy - electricity and gas (MWh) for the ZSE Group:

- Purchased electricity: 16,707.79821 MWh
- Purchased heat: 1,759.79365 MWh
- Total: 18,467.59186 MWh

The ZSE Group purchases energy from renewable sources, representing 0.02% of the total electricity purchased. This percentage is

100% covered by guarantees of origin. Within Scope 3, the ZSE Group calculated emissions for significant categories that it considers a priority, considering the size of emissions for Scope 3, the availability of data and the importance for the business. Within Scope 3, the ZSE Group calculated based on information from internal systems and records, as well as using estimates.



Data on emissions and emission factors from suppliers were not available. Estimates had to be made within the category of purchased products and services. Emissions were calculated using the expenditure-based method due to the many purchased items. Data on purchased products and services were collected from items with the highest emission intensity. The remaining

emissions were estimated based on the total expenditure on products and services. In the ZSE Group, we did not find a significant share of greenhouse gas emissions in Scope 3 from cloud computing.

Greenhouse Gas Emissions by Scope 3:

Category	2024 (tCO ₂ e)	Description	Inclusion in the carbon footprint	Reason for not being included in the calculation
Total gross indirect greenhouse gas emissions (Scope 3) according to the site-based method (tCO ₂ e)	2,207,693.94	N/A	N/A	N/A
Total gross indirect greenhouse gas emissions (Scope 3) under the market-based method (tCO ₂ e)	3,668,609.71	N/A	N/A	N/A
1. Purchased goods and services	106,231.93	Extraction, production and transportation of purchased goods and services	Included	N/A
2. Capital goods	0.00	Extraction, production and transportation of capital goods purchased or acquired by the reporting company	Not included	Capital goods were included in the estimated number of products and services purchased and in the carbon footprint calculation in this category.
3. Fuel and energy related activities (not included in Scope 1 or Scope 2) according to the site-based method	1,160,691.36	Extraction, production and transport of fuels and energy not included in Scope 1 or 2, such as emissions from the production of fuels and energy from well-to-tank (WTT) and transmission and distribution (T&D) losses.	Included	N/A
3. Fuel and energy-related activities (not included in scope 1 or scope 2) according to the market-based method	2,621,968.03	Extraction, production and transport of fuels and energy not included in Scope 1 or 2, such as emissions from the production of fuels and energy from well-to-tank (WTT) and transmission and distribution (T&D) losses.	Included	N/A
4. Transportation and distribution to suppliers	0.00	Transportation and distribution of purchased products between scope 1 suppliers and the reporting company, T&D services purchased by the reporting company (e.g. products sold) and T&D between own facilities (always in vehicles and facilities that the company does not own or control)	Not included	The group has data on purchased products, and the price of transportation is almost always included in the price of the goods, so a separate calculation of this category would not be possible.
5. Waste generated within the scope of the activity	108,44	Disposal and management of waste generated at company operations (in facilities not owned or controlled by the reporting company)	Included	N/A
6. Business trips	228,82	Transportation of employees for business-related activities (in vehicles not owned or operated by the reporting company) and hotel stays	Included	N/A
7. Employee commuting	333,82	Transportation of employees between their homes and workplaces (in vehicles not owned or operated by the reporting company), working from home	Included	N/A
8. Assets leased to suppliers under the location-based method	2.375,85	Operation of property leased by the reporting company (lessee) and not included in scope 1 and 2	Included	N/A

Category	2024 (tCO ₂ e)	Description	Inclusion in the carbon footprint	Reason for not being included in the calculation
8. Assets leased to suppliers under the market-based method	2,423.32	Operation of property leased by the reporting company (lessee) and not included in scope 1 and 2	Included	N/A
9. Transport to the customer	0.00	T&D of products sold by the reporting company between the reporting company and the final consumer (if not paid for by the reporting company) including retail and warehousing (in vehicles and facilities not owned or controlled by the reporting company)	Not included	Not relevant for the Group
10. Processing of sold products	0.00	Processing of intermediate products sold by downstream companies (e.g., manufacturers)	Not included	Not relevant for the Group
11. Use of sold products	937,307.57	Final use of goods and services sold by the reporting company in the reporting year	Included	N/A
12. Disposal of products sold, at the end of their useful life	0.00	Waste disposal and management of products sold by the reporting company (in the reporting year) at the end of their useful life	Not included	Not relevant for the Group
13. Assets leased to customers under the location-based method	416.15	Operation of assets owned by the reporting company (lessor) and leased to another entity that are not included in scope 1 and 2	Included	N/A
13. Assets leased to customers under the market-based method	7.78	Operation of assets owned by the reporting company (lessor) and leased to another entity that are not included in scope 1 and 2	Included	N/A
14. Franchise licenses	0.00	Franchise operations in the reporting year that are not included in scope 1 and 2 - reported by the franchisor	Not included	Not relevant for the Group
15. Investments	0.00	Investment operations (including equity and debt investments and project financing) in the reporting year that are not included in scope 1 and 2	Not included	Immaterial to the Group

Greenhouse gas intensity based on net income

2024

Total greenhouse gas emissions (according to the site-based method) per net revenue (tCO ₂ e)/thousand EUR	1.024
Total greenhouse gas emissions (according to the market-based method) per net revenue (tCO ₂ e)/thousand EUR	1.635
Net revenues used to calculate greenhouse gas intensity (financial statements)	2,663,355 thousand

Emission factors were used according to the categories and input data on the activity included in the carbon footprint calculation. If specific emission factors were available from the supplier, they were used for the calculation. If they were unavailable, emission factors from public databases were used. The latest available emission factors were used for the calculation.

Category	Emission factor type	Source of emission factor	Year
Fugitive emissions	Sulphur hexafluoride - SF6	DESNZ	
Stationary combustion	Natural gas	DESNZ	
	Diesel		
	Natural gas	Own calculation of the emission factor within the Greenhouse Gas Emissions from Regulated Emissions Trading System	2024
Vehicles	Diesel		
	Gasoline	DESNZ	
	Plug-in hybrid vehicles (PHEVs) - gasoline		
Purchased heat	Other - unspecified	DESNZ	2024
Purchased natural gas for sale	Natural gas	DESNZ	2024
Electric vehicles	Electric vehicles (BEVs) - location-based	OKTE	2023
	Electric vehicles (BEVs) - market-based	AIB	2023
	Plug-in hybrid vehicles (PHEVs) - gasoline - location-based	OKTE	2023
	Plug-in hybrid vehicles (PHEVs) - gasoline - market-based	AIB	2023
Purchased electricity	Energy mix - location-based	OKTE	2023
	Energy mix - market-based	AIB	2023
	Renewable electricity sources - market-based	Custom calculation of emission factor	2023
	Purchased electricity for resale - location-based	OKTE	2023
	Purchased electricity for resale - market-based	Custom calculation of emission factor	2024
Purchased products	Products - cable, charger for electric vehicles (BEVs), concrete support points, steel support points, electricity meters, switchboards, air conditioning units, transformer, wires, fittings.	Exiobase	2022
Purchased services	Services - electrical installation work, postal services, excavation and earthworks, construction of optical networks, construction and reconstruction of lines, reconstruction.	Exiobase	2022

Category	Emission factor type	Source of emission factor	Year
Fuel and energy related activities (not included in Scope 1 or 2), including WTT and T&D.	WTT - Business travel - air transport, long-distance bus, local bus, car, train		2024
	WTT - Employee Commuting - Bus, Car, Motorbike, Taxi, Train		2024
	WTT - Purchased electricity - energy mix	DESNZ	2024
	WTT - Purchased heat - other - unspecified		2024
	WTT - Stationary combustion - natural gas, diesel		2024
	WTT - Vehicle combustion - diesel, gasoline, PHEVs		2024
	T&D - Purchased electricity - energy mix		Emission factor conversion: AIB, or EIB emission factor, loss rate, WTT emission factor from DESNZ
	T&D - Purchased heat - other - unspecified	Emission factor conversion: DESNZ, loss rate, WTT emission factor with DESNZ	2023, 2024
	Purchased electricity - renewable	Reliable Information Disclosure Systems for Europe - Phase II	2023
Waste generated during the activity	Waste disposal - batteries, construction waste, electronic waste, glass, metal, organic waste, other waste, paper and cardboard, plastics, soil, wood	DESNZ	2024
	Waste disposal - wastewater	Ecoinvent	2024
Business trips	Business trips - air travel, long-distance bus, local bus, car, train	DESNZ	2024
	Business trips - hotel stays in Belgium, France, Germany, China, Italy, the Netherlands, Spain, Turkey, the United Kingdom.		
	Business trips - hotel stays in Slovakia	DESNZ	2021, 2024
Employee commuting	Employee commuting - bus, car, motorbike, train	DESNZ	2024

Greenhouse gas emissions were calculated following the GHG Protocol (2004 version), considering Commission Recommendation (EU) 2021/2279². A consulting company methodically calculated this for us following the contract terms. Therefore, it is not possible to provide further details of the method. Emissions included in the calculation of total emissions include CO₂, CH₄, N₂O, HFC, PFC, SF₆ and NF₃. When calculating CO₂ equivalent emissions in tons for greenhouse gases other than CO₂, the most recent global warming potential values from 2023 published by the IPCC were used³.

² Commission Recommendation (EU) 2021/2279 of 15 December 2021 on the use of environmental footprint methods to measure and communicate the environmental performance of products and the environmental performance of organisations throughout their life cycle (OJ L 471, 30.12.2021, p. 1).

³ IPCC Panel, AR6 Synthesis Report: Climate Change 2023: <https://www.ipcc.ch/report/sixth-assessment-report-cycle/>

The table provides an overview of individual emitted gases, and their released amounts converted into CO₂ equivalent.

Gas type	Location-based	Market-based
	Discharged quantity (v tCO ₂ e)	Discharged quantity (v tCO ₂ e)
CO₂e - unknown structure of GHG gases	2,720,322.42	4,348,041.91
Carbon dioxide (CO₂)	7,191.92	7,191.92
Methane (CH₄)	4.53	4.53
Nitrous oxide (N₂O)	76.90	76.90
Sulphur hexafluoride (SF₆)	447.68	447.68
Total emissions	2,728,043.44	4,355,762.94

We do not burn biomass in the entities of the ZSE Group over which we have operational control. At the same time, we cannot accurately decide greenhouse gas emissions from the processing or transportation of biomass within the upstream and downstream parts of the value chain.

Total greenhouse gas emissions broken down by Scope 1, 2 and significant Scope 3 emissions:

	Base year 2024	Comparison	2024
Scope 1 greenhouse gas emissions			
Gross Scope 1 greenhouse gas emissions (tCO ₂ e)	432,498.90	n/a	432,498.90
Percentage of Scope 1 Greenhouse gas emissions from regulated emissions trading (%)	98.84%	n/a	98.84%
Scope 2 greenhouse gas emissions			
Gross Scope 2 greenhouse gas emissions according to the site-based method (tCO ₂ e)	87,850.60	n/a	87,850.60
Gross Scope 2 greenhouse gas emissions under the market-based method (tCO ₂ e)	254,654.33	n/a	254,654.33
Significant Scope 3 greenhouse gas emissions			
Total gross indirect greenhouse gas emissions (Scope 3) according to the site-based method (tCO ₂ e)	2,207,693.94	n/a	2,207,693.94
Total gross indirect greenhouse gas emissions (Scope 3) under the market-based method (tCO ₂ e)	3,668,609.71	n/a	3,668,609.71
1. Purchased goods and services	106,231.93	n/a	106,231.93
2. Capital goods	0.00	n/a	0.00
3. Fuel and energy related activities (not included in scope 1 or scope 2) according to the site-based method	1,160,691.36	n/a	1,160,691.36
3. Fuel and energy-related activities (not included in Scope 1 or Scope 2) according to the market-based method	2,621,968.03	n/a	2,621,968.03
4. Transportation and distribution to suppliers	0.00	n/a	0.00
5. Waste generated within the scope of the activity	108.44	n/a	108.44
6. Business trips	228.82	n/a	228.82
7. Employee commuting	333.82	n/a	333.82
8. Assets leased to suppliers under the location-based method	2,375.85	n/a	2,375.85

	Base year 2024	Comparison	2024
8. Assets leased to suppliers under the market-based method	2,423.32	n/a	2,423.32
9. Transport to the customer	0.00	n/a	0.00
10. Processing of sold products	0.00	n/a	0.00
11. Use of sold products	937,307.57	n/a	937,307.57
12. Disposal of products sold at the end of their useful life	0.00	n/a	0.00
13. Assets leased to customers under the location-based method	416.15	n/a	416.15
13. Assets leased to customers using the market-based method	7.78	n/a	7.78
14. Franchise licenses	0.00	n/a	0.00
15. Investments	0.00	n/a	0.00
Total greenhouse gas emissions			
Total greenhouse gas emissions (based on location) (tCO ₂ e)	2,728,043.44	n/a	2,728,043.44
Total greenhouse gas emissions (market-based) (tCO ₂ e)	4,355,762.94	n/a	4,355,762.94

Greenhouse gas emissions removed, and greenhouse gas emission reduction projects financed through carbon credits (E1-7)

The ZSE Group does not use mechanisms to remove greenhouse gas emissions or finance emission reduction projects through carbon credits. Efforts to reduce greenhouse gas emissions are focused on direct measures, such as investments in energy efficiency, switching to renewable energy sources and process optimisation. The company will

continuously consider using carbon credits as a climate strategy. The primary way to progress in achieving climate goals in the ZSE Group is to prevent emissions, reduce them, increase energy efficiency and improve processes. To achieve the target values in 2030, compensation measures are planned for the remaining emissions within the framework of the voluntary carbon market.

Internal carbon pricing (E1-8)

Currently, ZSE Group does not apply internal carbon pricing systems. Our climate decision-making processes and implementation of policies to achieve greenhouse gas emission reduction targets are based on other tools and strategies, such as monitoring emissions, investing in low-carbon technologies, and considering legislative requirements. In the future, the company will assess the potential introduction of internal carbon pricing as part of climate action.

Expected financial impacts of significant physical and transformation risks and potential climate opportunities (E1-9)

Disclosures on the expected financial impacts of significant climate risks and opportunities are subject to the possibility of phased-in disclosure requirements under Appendix C of ESRS 1. The effects of extreme weather events, changes in weather patterns, pressure for decarbonisation, carbon pricing, and regulations to reduce emissions are monitored and assessed within processes and risk management. These factors and their further development may require investments in infrastructure, technology or process upgrades in the future to ensure compliance with regulatory requirements and support the sustainability of the ZSE Group's business. Based on the impact assessment, planned expenditure on measures has been defined, which includes steps to increase the resilience

of distribution system assets and operations to extreme climate events. These steps will be considered when discussing the business strategy with the executive management of the ZSE Group. The ZSE Group is working on implementing sustainable technologies by developing renewable energy sources. All these factors are monitored to ensure that the processes within the ZSE Group are prepared to respond to potential challenges and opportunities associated with climate change.

Pollution (ESRS E2)

1. Management of impacts, risks and opportunities

Description of processes for identifying and assessing material environmental pollution-related impacts, risks, and opportunities (IRO-1)

During the materiality process, air, water and soil pollution were identified as material sustainability aspects. Material impacts and risks were assessed at the site and asset level, taking into account the specifics of the locations where the ZSE Group's operations and assets are located. The distribution infrastructure, the Malženice CCGT power plant and the charging infrastructure for e-mobility were assessed as material sites. Critical infrastructure was assessed as material assets. Most impacts related to environmental pollution were identified in the ZSE's own operations and upstream,

which shows that electricity distribution and electricity generation have the most material environmental and risk impact within the value chain. Affected groups, such as communities, non-profit organisations, and the public sector, were involved in the materiality process during the stakeholder dialogue (see chapter "Description of the processes to identify and assess material impacts, risks and opportunities link (ESRS 2 IRO-1)").

Activities related to electricity generation and distribution have the most considerable environmental impact within the ZSE Group's business activities, and their negative impact can have serious consequences for the environment and human health. Air pollution caused by the power plant's operation can deteriorate air quality and endanger the health of employees, residents near power plants, and the general public. Air pollution from upstream activities, such as electricity generation by our suppliers or gas trading, includes emissions of sulphur and nitrogen oxides, which damage ecosystems, and methane leaks or dust from mining, which deteriorate air quality. ZSE Group's activities pose a risk of water, air, and soil pollution associated with direct operational emissions and accidental leaks or spills. Such emissions can have a negative impact on the local environment and local communities if not effectively managed. Electricity distribution can cause transformer oil leaks from substations, which can cause soil contamination, pollute groundwater and lead to water system degradation. In upstream processes, improper handling

or accidents at our contractors can cause air, water, and soil pollution, which can have serious negative environmental and health consequences. In terms of financial materiality, airborne pollutants affect transmission lines and can increase the risk of failures due to transmission line corrosion, which was identified as the most material risk. The growth of e-mobility represents a major opportunity for long-term development. Other areas do not have a material financial impact and do not pose serious risks.

ZSE Group's business activities are subject to emission regulations, including local emission permits, as well as regional and international emission regulations. For projects for the construction of new power lines and facilities with expected environmental impacts, the ZSE Group conducts environmental impact assessments during the development phase to obtain construction and operating permits. The operation of the facilities is also monitored, and an inspection is made to ensure that the previous assessment was correct. In addition, a continuous dialogue is maintained with local stakeholders on several environmental issues. The ZSE Group has long been dedicated to identifying environmental aspects related to its activities as part of its ISO 14001 certification and the implemented environment management system. The identified factors emphasise the need for consistent environmental management. Potential impacts and risks and their materiality are reviewed under internal procedures to prevent and mitigate environmental pollution. When implementing the environmental management system,

methodologies were established for assessing materiality, regularly reviewing aspects, their materiality, emergency situations, and their management. The internal assessment of aspects is tied to individual activities as well as the places where activities are performed, taking into account the local risk of threat or damage to the environment.

Environment pollution related policies (E2-1)

General pollution-related policies and regulations are implemented at the state legislation level, which ZSE Group companies strictly adhere to. Key ZSE Group sustainability aspects policies related to air, water, and soil pollution are mainly represented by the Environmental Protection Directive and its related managing acts for water management, air protection, nature and landscape conservation, inspections, incidents and emergency preparedness, documents related to storage and handling of hazardous substances and the established ISO 14001 environmental management system. Internal managing acts ensure compliance with requirements of applicable laws in the respective areas and operational documents (emergency plans) contain a list of pollutants and chemicals. The scope of the aforementioned policies concerns ZSE Group's own activities and the responsibility for their implementation lies with the ZSE Board of Directors, the directors of ZSD, VSD and ZSE Elektrárne, the OHS and Quality Department and the Environment Teams.

The environmental policy and the Occupational health and safety (OHS), environmental protection and quality policy (Integrated Management System) adopted by ZSD, VSD, and ZSE Elektrárne represent a framework and commitments with set objectives for environmental protection. In electricity distribution, operation, maintenance, repairs, reconstructions and construction of distribution networks and related services, ZSD, VSD and in electricity generation, ZSE Elektrárne have a well-established environmental management system (ISO 14001). An environmental management system for sourcing and selling electricity and gas and the design and implementation of energy solutions for B2B customers has also been established by our trading companies, VSE and ZSE Energia.

Internal management and operating acts contain procedures for the storage and handling of pollutants used, discharged or processed by the ZSE Group, as well as information on how these substances are controlled, monitored and how their impact on the environment is minimised. For each facility where substances that threaten water quality are handled, Emergency Water Contingency Plans are drafted and approved, which list and contain quantities of substances present in the facility, as well as their storage and the procedure to be followed in the event of their leakage. Inspections and internal audits verify the implementation of the set procedures under applicable laws. External audits repeatedly confirm the high performance of the implemented environment management system and the continuous improvement

trend. Executive management is regularly informed of audit results.

The ZSE Group is committed to creating healthy and safe working conditions in its Environmental policies to take preventive action, eliminate and/or minimise environmental risks, pay attention to the safe operation of our electrical facilities, raise employee awareness of environmental behaviour and working with pollutants. It also pays increased attention to environment-related Contractor management, mainly to minimise potential risks related to externally provided processes. Under the act, employees are provided with information about chemical substances used by making safety data sheets available on the intranet. Contractor requirements are defined in our General Terms and Conditions (GTC) and specific conditions subsequently in respective contracts. Risk management and emergency preparedness introduce procedures in the event of leaks and accidents, and emergency preparedness inspections are part of preventing environmental incidents. The ZSE Group complies with all applicable environmental protection-related laws and regulations, including national and international regulations related to chemicals and pollution. Since 2020, the ZSE Group has transparently disclosed information on pollution sources on its website and its sustainability reports (<https://www.elektaren-malzenice.sk/Uvod/Zverejnovanie%20udajov>, <https://www.skupinazse.sk/Uvod/Udrzatelnost/Reporty-udrzatelnosti>, <https://www.vseholding.sk/vseh/domov/udrzatelnost/reporty-udrzatelnosti>).

Measures and sources related to environmental pollution (E2-2)

In management its material impacts, risks and opportunities related to air, water and soil pollution, the ZSE Group focuses mainly on measures that are linked to the external ISO 14001 certification and contribute to the fulfilment of business and legislative frameworks. Information on future activities is part of internal planning and strategic documents, which are updated according to the development of regulation, market and internal priorities of the ZSE Group. To maintain competitiveness and protect strategic information, we provide disclosures regarding measures implemented in the reporting period. The ZSE Group annually sets qualitative goals and measures for systematic performance improvement within the framework of the environmental management system (ISO 14001).

Summary of key implemented measures and initiatives during the reporting period:

Measures	Measure contribution
Replacing old equipment and removing technology	Decreasing pollution sources
Reconstructions of facilities, which contain hazardous chemical substances	Decreasing pollution sources
Monitoring of all pollutants (such as SF6 leaks, quality and leaks of oil, analyses of wastewater, etc.)	Monitoring
Preventive maintenance and service	Monitoring and elimination of emission leaks
Regular training on environment and health protection related risks and threats	Education and improvement of professional training

The aforementioned key measures were aimed at preventing or mitigating material negative impacts and risks and promoting positive impacts and opportunities. The measures required capital and operating costs of approximately EUR 2 million during the reporting period.

Other material measures related to environmental pollution in the monitored year include installing and commissioning the first secondary medium voltage switch (MVS) without a SF6 fluorinated greenhouse gas content in Košice. Due to EU regulations, SF6 gas will be gradually limited. This is the first MVS without SF6 content in distribution grids in Slovakia.

In ZSE Group’s operational facilities, where pollutants are used, internal procedures and established methods are developed for handling them and for proceeding in the event of their leakage and environmental threat. In the monitored year 2024, 189 inspections were conducted at our operational facilities (including pollution and pollutant inspections) and 626 inspections at construction sites (contractor inspections for environmental compliance). Requirements

for contractors are communicated when concluding contracts, the conditions are part of the contractual relationship, and when handing over the construction site, contractors are made aware of specific local areas and risks in terms of environmental threats. Contractors are trained on working conditions and environmental protection principles for the implementation of the works.

For released wastewater, if the sewage system is not connected to a public water system, the ZSE Group operates cleaning facilities - wastewater treatment plants for sewage and water containing oil with the quality of released water being monitored.

The ZSE Group monitors the production and quality of discharged wastewater as per permits issued by respective public authorities and under the terms and conditions set out in contractual relations with public sewerage operators. In addition, to prevent unexpected potential discharge of polluted wastewater, we monitor wastewater quality by analyses beyond the mandatory requirements.

In 2024, 68 mandatory analyses - 63 of wastewater discharged into a watercourse or

into a catchment and 5 of water discharged into a public sewage system were performed, and 66 additional analyses above legal requirements were conducted in 2024. If exceeded values are detected, procedures are set up to implement measures to verify the reason for the increased pollution values and to adjust the wastewater treatment process so that the set values are not exceeded. The quality of water taken from our own water sources and the public water supply is also monitored beyond legal requirements for preventive reasons and to protect our employees’ health. 47 water analyses were performed in 2024.

In case of environmental incidents, internal procedures based on legislative requirements are followed. All findings are reported, recorded and resolved as soon as possible. In the event of soil impact and contamination, immediate remedial work is conducted to prevent the spread of soil and water pollution. Contaminated soil is replaced with clean soil, the area is restored to its original condition and the suitability of the intervention is verified by soil analysis.

2. Metrics and targets

Environment pollution related targets (E2-3)

The ZSE Group sets annual qualitative targets for systematic performance improvement within the framework of the environment management system, which are regularly evaluated at 6-month intervals. In relation to pollution, in the reporting period, targets were set within the framework of the environment

management system for the prevention of oil spills, the optimisation of used chemicals, the monitoring of sources of air and water pollution on an annual basis. The long-term environmental objectives of ZSD, VSD and ZSE Elektrárne include continuous improvement of environmental behaviour, ensuring pollution prevention and eliminating pollutants being discharges into the environment. The objectives are set annually according to the materiality of aspects within the established environmental management system and are required by law. Beyond the scope of legal requirement, they are set as voluntary objectives.

Permitted emission values are monitored and are determined by permits issued by the respective public authorities. Verification of the fulfillment of the objectives is conducted continuously by regular sampling and analyses and, with air emissions at the Malženice CCGT power plant, by operating an automatic measurement system. For soil pollution, pollution values after a transformer oil leak, which is the most common cause of pollution in the ZSE Group in the event of a leak from equipment, are determined by law. No other voluntary target value related to soil pollution is monitored in the ZSE Group. For air and water pollution, the ZSE Group has set a voluntary measurable target, which also serves as a KPI for the pollution within the ZSE Group’s ESG strategy. The set target concerns monitoring and disclosure of pollutants at the ZSE Elektrárne (Malženice CCGT power plant) site, within which emissions of pollutants into the air are monitored and disclosed. The quality of wastewater shall be continuously measured and disclosed starting in 2025.

Defined target:

Material topic	ESG Key Performance Indicator (ESG KPI)	Rationale	Baseline	Target	Target
			2024	2030	2035
E2 – Air and water pollution	<p>1. Monitoring and disclosing air pollutant emissions at the ZSE Elektrárne (Malženice CCGT power plant) site.</p> <p>2. Continuous Monitoring and disclosing wastewater quality at the ZSE Elektrárne (Malženice CCGT power plant) site.</p> <p><u>Metrics:</u></p> <p>1. NOx and CO emissions are monitored monthly, and the data is always published by the 10th day of the following month on the ZSE Elektrárne website.</p> <p>2. Discharged wastewater is monitored continuously, and the data is always published by the 10th day of the following month on the ZSE Elektrárne website.</p>	<p>1. The KPI measures whether NOx (nitrogen oxides) and CO (carbon monoxide) emission parameters are regularly and transparently disclosed monthly. Values are monitored against permitted limits. The aim is to ensure regular voluntary disclosure and, inform the public about the level of air pollution on time and maintain 100% disclosure throughout the year. ZSE thus demonstrates its commitment to reducing its impact on the environment and demonstrates transparency in monitoring and managing pollutant emissions.</p> <p>2. The KPI measures whether the quality of discharged wastewater at the ZSE Elektrárne site (Malženice power plant) is continuously measured and whether wastewater quality data is regularly and transparently disclosed monthly. ZSE thus demonstrates its commitment to reducing its impact on the environment and demonstrates transparency in monitoring and managing pollutant emissions. A measuring box was purchased in 2024, and measurements have been underway since 2025.</p>	<p>1. 100% if all months within the year were disclosed on time (Measurement 1)</p> <p>2. Purchase of measurement box and measurement since 2025</p>	<p>100% if all months within the year were disclosed on time (Measurements 1 + 2)</p>	<p>100% if all months within the year were disclosed on time (Measurements 1 + 2)</p>

This objective monitors whether the parameters of NOx (nitrogen oxides) and CO (carbon monoxide) emissions are regularly and transparently disclosed monthly. The values are monitored against permitted NOx and CO limits (50mg/Nm³). The aim is to ensure regular voluntary disclosure and inform the public about the level of air pollution on time. From 2025, the quality of discharged wastewater will be continuously monitored, and data on wastewater quality will be regularly and transparently disclosed every month. During the reporting period, the supplier of the measuring box was selected, and from 2025, we will continuously measure the quality of discharged water at the Malženice CCGT power plant site. By setting this voluntary objective, the ZSE Group demonstrates its commitment to reducing its

impact on the environment and demonstrates transparency in monitoring and managing pollutant emissions and wastewater quality. During the reporting period, no permitted parameter was exceeded in emissions or wastewater, and the measured data were published on a regular, monthly, basis on the website (<https://www.elektren-malzenice.sk/Uvod/Zverejnovanie%20udajov>). In wastewater quality monitoring, based on the decision of the Slovak Environmental Inspection (Slovenská inšpekcia životného prostredia - SIŽP), effective from 15 November 2024, the scope of monitored wastewater parameters has changed and continuous wastewater quality measurement has been launched. The test operation will be completed by the end of February 2025.

The ZSE Group is obliged to monitor and report data on air emissions to respective authorities and disclose them beyond the legal obligation. The measurement obligation is given for large sources (Malženice CCGT power plant) and for medium-sized sources (diesel generators, boiler rooms), where calculations are made once a year. For small sources, only the amounts of fuel used are recorded. Greenhouse gas emissions are monitored when substances leak from equipment, which is recorded as an environmental incident. The amount of leaked SF₆ gas and FS gas in air conditioners is specified in section E1-6 Emissions.

The following emission limits apply to the Malženice CCGT power plant combustion equipment:

Equipment	EL [mg.m ⁻³]				Pollutant discharge point
	SP	SO ₂	NO _x	CO	
1. Combustion turbine	—	—	40	50	84 m chimney
2. Ancillary boiler	—	—	200	100	47 m chimney
3. Regulation station boilers	—	—	200	100	8.8 m chimney
4. Diesel generator station	130	—	1000	650	4 x 4 m air shaft
5. Firefighting water pump diesel generator	130	—	1000	650	2.5 m air shaft

Emission measurements for the combustion turbine are performed continuously using an automated measurement system (AMS/CEMS) installed on the turbine chimney at a height of 48.3 m. Discontinuous measurements are used to measure other sources of air pollution. Emission limits are set for combustion turbines, which must be complied with. Daily and annual emission averages for gas turbines are calculated based on continuous measurements. The daily average is a 24-hour average; the annual average is determined from the sum of hourly averages for the entire year. In discontinuous measurements, emission limits are deemed to be complied with if no value in the measurement series exceeds the specified limit. Measurement of emission values is conducted during normal operation, while start-ups and shutdowns are not considered. For devices operating at low load, emission limits for CO are indicative, while discontinuous measurements for NO_x and CO on steam boilers and gas boilers are conducted every 6 years. Measurement of NO_x and CO emissions is provided by an authorised person under applicable laws. The measuring points are located beyond the last stage of flue gas cleaning, where the waste gas composition is no longer changed. For devices such as the "Ancillary boiler" and the "Gas regulation station heating station", discontinuous measurement is used to determine compliance with emission limits. The measurement of NO_x, SO₂ and TZL emissions is conducted at the nominal or maximum operating power, while the measurement of CO is also conducted at the lowest permitted thermal input. An extractive measuring system is used to monitor NO_x and CO emissions, as well

as O₂, which ensures measurement in dry flue gasses under standard conditions. The measurement of the O₂ concentration allows the conversion of NO_x and CO concentrations to a reference state. The flue gas volume flow is not measured directly but is calculated based on the measured fuel consumption. The mass flows of NO_x and CO emissions are subsequently calculated based on the concentration and volume flow of the flue gas.

» Air, water, and soil pollution (E2-4)

The ZSE Group operates the Malženice CCGT power plant, diesel generators and gas boilers, which produce pollutants, and thus operates 25 small and medium-sized sources and one large air pollution source (Malženice CCGT power plant). Data on the amount of pollutants is reported by ZSE power plants to the National Pollution Register (Národný register znečisťovania - NRZ).

Pollution sources related to ZSE Group's operational activities:

Total pollution-related emission in tons	2024
Solid pollutants (SP)	16,369
SO ₂	1,961
NO _x	110,064
CO	85,982
Organic gasses and vapours (TOC)	4,772

We report the volumes of pollutants even if the applicable threshold values set out in

Annex II to Regulation (EC) No 166/2006 of the European Parliament and Council have not been exceeded. Due to negligible pollution from other sources, other pollutants are not included in the disclosures.

» Expected financial impacts due to material risks and opportunities related to environmental pollution (E2-6)

The threat to energy infrastructure from airborne pollutants was identified as a material long-term risk in the materiality process. Currently, this risk does not significantly impact the economic performance and cash flows of the ZSE Group, nor is this expected to change in the next reporting period. ZSE can expect a financial impact due to replacing equipment containing the SF6 greenhouse gas. Changes in legislation and regulations, new technologies and environmental factors may pose future risks to the ZSE Group. No fines were imposed on ZSD and VSD in connection with violations of legal requirements related to environmental protection in the reporting period. We apply the option of gradually introducing disclosure requirements under Appendix C ESRS 1 for quantitative disclosures in connection with the expected financial impacts of material risks and opportunities related to environmental pollution.

Biodiversity and ecosystems (ESRS E-4)

1. Strategy

» Transformation plan and consideration of biodiversity and ecosystems in strategy and business model (E4-1)

ZSE Group sees biodiversity as a source of stability and resilience. Protecting and restoring biodiversity and ecosystems is part of the ESG strategy and is integrated into projects in energy infrastructure and environmental protection. To reduce the negative impact on biodiversity, the effects of the Company's activities are found to minimise negative impacts. Understanding biodiversity and ecosystems as part of the strategy and business model is key for the long-term sustainability and resilience to environmental and social challenges in the ZSE Group.

The activities of the ZSE Group have the most significant impact on biodiversity and ecosystems in constructing and operating energy infrastructure, which can disrupt natural habitats and animal migration routes. Within the scope of business activities, gas sales harm the combustion of fossil fuels, which produces greenhouse gases and pollutants contributing to climate change and ecosystem degradation. The distribution companies of the ZSE Group have an environmental management system (ISO 14001) in place, which monitors the impact

of the Group's activities on biodiversity and ecosystems and identifies opportunities for improvement. Integrating biodiversity into the Company's strategy and business model enables the systematic adoption of responsible measures to minimise negative impacts and risks. This ensures continuous improvement of the Group's performance in this area. Assessment of ecological risks during planning new projects and investment decisions includes considering biodiversity in business and investment planning. Cooperation with experts and the creation of local projects for the protection of biodiversity are an integral part of the ZSE Group's activities within the framework of electricity distribution. The ZSE Group not only fulfils its legislative and environmental obligations but has also integrated proactive biodiversity protection and the integration of ecological and sustainable practices into its activities.

The resilience of the strategy to climate change, as well as the physical risks and risks associated with the transformation to low-emission business, is a key aspect for the long-term sustainability and success of the ZSE Group. The energy transformation aims to slow the climate change, posing risks for the ZSE Group's business, but mainly opportunities. Introducing measures to protect and restore biodiversity in electricity distribution, standing for a significant part of our business, will bring greater resilience to various regulatory and environmental pressures. The strength of the strategy and the energy transformation must go hand in hand with the protection of biodiversity and the preservation of ecosystems. Climate change

affects the natural environment, disrupts the ecosystem balance and contributes to biodiversity loss. Investments in sustainable technologies that consider environmental aspects can help mitigate these negative impacts. Projects aimed at restoring the landscape, protecting endangered species and supporting ecological solutions in energy networks increase the benefit for biodiversity. Preserving functional ecosystems is not only an environmental goal, but also directly supports the long-term stability and resilience of the ZSE Group's business.

During the reporting period, a resilience analysis was carried out concerning its activities, which examined the impact of climate change on the technical equipment of the energy infrastructure and what adaptation measures must be implemented in this regard. The infrastructure of distribution companies is affected by various natural events, which are increasing in intensity under the ongoing climate change and occur much more often and in more extreme dimensions than in the past. The Climate Change Adaptation Action Plan documents how climate change affects the distribution system, intending to increase its resilience. The climate change impact assessment was prepared based on SHMÚ data, applies to one climate change scenario RCP 8.5 and covers time horizons 2050 and 2080. The document provides an overview of the expected effects of climate change and specific adaptation activities to reduce the vulnerability of critical infrastructure. The current system design creates assumptions of sensitivity to climate phenomena. The only found climate phenomenon with an expected

regional-wide increase is heat. Concerning the regional perspective, other phenomena (wind, rain, snow and ice, erosion) should not change significantly. As a result of the increase in average daily temperatures, which results in higher volumes of tropical days, local climatic phenomena may occur - later torrential rainfall of local storms combined with wind (>25 m/s). Soil dried by heat cannot absorb rain, and erosion or flooding may occur. Depending on the type of asset and its operation, we expect an increase in interruptions and an increase in the rate of outages.

Significant impacts, risks and opportunities and their interaction with strategy and business model (SBM 3)

In the significance process, the distribution infrastructure of ZSD and VSD was identified as significant in the electricity distribution segment within its activities. Therefore, from a biodiversity perspective, the entire distribution territory of ZSD and VSD in the regions of western and eastern Slovakia is a significant location. The operation of distribution lines of all voltage levels triggers the loss of biodiversity, in particular the loss of nesting opportunities (maintenance of protective zones, construction of power line networks, necessary felling), the deaths of protected animals (birds) during interventions and impacts on power lines, and the occupation of land by construction. We do not provide the list of locations due to the extent of the operated power lines and their location throughout the entire ZSD and VSD distribution territory.

Activities that negatively affect areas in terms of biodiversity:

- land area,
- network of linear obstacles (danger mainly for avifauna such as hits or an electric shock when a bird lands on an untreated console)
- wide protection zone at HV up to 40-45 m and associated maintenance (tree cutting, felling, damage during cutting)
- mulching
- milling (habitat damage)
- spraying against the spread of invasive plants
- excavations during reconstructions and construction of new lines (e.g., excavation next to trees and damage to the root system)

The register of environmental aspects describes all these activities and defines corrective measures and the level of significance.

Areas sensitive in terms of biodiversity within the distribution area of ZSD and VSD are protected areas, Natura 2000 sites, biosphere reserves and LIFE project areas (protected bird areas, protected areas, nesting habitats). A unique environmental management approach is followed in protected areas. Activities in protected areas are governed by legislation ensuring the protection of the area and its species. The Company's GIS system records and regularly updates all small-scale and large-scale protected areas. All activities in these areas follow the relevant permits, under the State Nature Conservation Agency (ŠOP) supervision. Information on protected areas is also provided to our suppliers who carry out activities there. Subsequently, the fulfilment

of legislative obligations in these areas is checked.

When operating power lines in areas with a certain degree of protection, the following direct impacts on biodiversity have been identified:

- threat to birds from electric shock or collision resulting from the construction of power lines,
- disturbance of fauna when entering the area and performing maintenance and repair work,
- change in the composition of fauna and flora in the affected area,
- creating conditions for the spread of invasive species,
- damage to flora,
- possibility of disruption of the ability to keep and accumulate rainwater.

The significance assessment process found no significant negative impacts on landscape degradation, desertification, or soil compaction. The ZSE Group carries out activities that affect endangered avifauna species.

2. Management of impacts, risks and opportunities

» Description of procedures for identifying and assessing significant impacts, risks, dependencies and opportunities related to biodiversity and the ecosystem (ESRS 2 IRO-1)

As part of identifying the ZSE Group's impacts on biodiversity and ecosystems, the ZSE Elektrárne, ZSE MVE and the ZSD and VSD distribution infrastructure sites were assessed. All impacts were identified in the electricity distribution segment within the scope of its activities. The significance process identified significant negative and positive effects. Significant positive impacts, such as bird protection, nesting boxes for the Falco cherrug, monitoring and removal of invasive trees or ecological management of corridors under power lines, emphasise the ZSE Group's commitment to the protection and restoration of biodiversity, support environmental sustainability and the country's adaptation to climate change. They have a positive impact on reducing bird mortality and strengthening their populations or improving the conditions for the species' survival. Negative impacts, particularly bird collisions with medium voltage power lines and reduced nesting opportunities, highlight areas requiring intensive mitigation measures to protect bird populations and mitigate biodiversity losses. Significant financial impacts are related to biodiversity conservation projects, which support ecological sustainability and highlight

the strategic importance of environmentally responsible investments. Of the identified financial impacts, two opportunities related to impacts on species status were identified as significant, which bring potential long-term benefits to society - increasing species population size and reducing the global risk of species extinction. Investments in bird mortality reduction and conservation initiatives increase the credibility of the ZSE Group as a responsible environmental entity and strengthen its reputation.

Based on confirming the identified significant impacts, risks, and opportunities through stakeholder engagement, the final significant positive impact on biodiversity loss was confirmed, namely applying more environmentally friendly practices to replace classic corridor management (periodic felling of trees and shrubs). These practices minimise interference with fauna and flora, support biodiversity and contribute to the adaptation of the landscape to climate change. As part of the process for identifying significant impacts, risks, dependencies and opportunities, dependencies on biodiversity and ecosystems were assessed in the context of the ZSE Group's activities and in the upstream and downstream to understand how natural resources and ecosystem services are linked to the business model and functioning of the ZSE Group. At the same time, it was assessed which ecosystem services are disrupted or are at risk of disruption. The dependence on water consumption (electricity production by MVE), land and natural resources (network construction), the impact on the air (ZSE Elektrárne), upstream supply of raw materials and technologies for renewable sources

and downstream increased demand for low-emission energy and environmental goals of customers were assessed. The dependencies were evaluated as insignificant without impacting the continuity of the ZSE Group's activities. Ecosystem services are not disrupted or at risk of disruption in the medium term.

Transformation risks are associated with transitioning to a low-carbon economy, including regulatory, technological, market and reputational risks. Introducing stricter environmental regulations, such as limits on the use of fossil fuels or mandatory measures to protect biodiversity, can increase costs. Insufficient engagement in biodiversity protection can damage the Company's image and weaken public trust. Physical risks are related to climate change, which directly affects biodiversity and ecosystems - extreme weather events can lead to ecosystem degradation and damage to infrastructure, the loss of ecosystem services such as soil degradation, deterioration of water quality or species extinction can affect the stability of the environment, which depends on healthy ecosystems. Climate change can support the spread of invasive species, negatively affecting native species and biodiversity. Projects aimed at protecting endangered species and restoring ecosystems strengthen the positive environmental impact of the ZSE Group. Implementing sustainable practices, such as ecological management of power line corridors, can support adaptation to climate change and improve biodiversity. When identifying significant impacts, risks and opportunities, the loss of ecosystem services, decline in biological biodiversity,

land use change and climate change were considered within the framework of systemic risks. Although these factors primarily act locally, the ZSE Group increases its resilience to these impacts by managing protection zones of high-voltage lines in the forest and outside areas registered as forest to minimise the adverse effects on local ecosystems and support the restoration of original biodiversity. This also includes working with local communities to protect natural resources and adopting approaches that consider long-term environmental trends. In assessing the dual significance, affected communities, non-profit organisations and the public sector were also involved in the dialogue with stakeholders. Cooperation with institutions, non-profit and community organisations, information and involvement of the public and customers in biodiversity protection projects allows us to jointly contribute to the protection of biodiversity and the sustainability of ecosystems.

The Biodiversity and Ecosystems Scenario Analysis tool has not yet been used to assess and identify significant risks and opportunities in the short, medium and long term. It has not been directly drawn from the Convention on Biological Diversity. The sites located in biodiversity-sensitive areas, where distribution lines of all voltage levels are operated, are not owned by the ZSE Group. Activities are carried out at these sites based on an established easement, which allows the implementation of the relevant activities following applicable legal regulations. The operation of the activities harms biodiversity, and these activities are eliminated by compensatory and

mitigating measures, which are key measures of the ZSE Group in the field of biodiversity and ecosystems.

Biodiversity and ecosystem policies (E4-2)

The adopted policies regarding biodiversity and ecosystems focus on mitigating negative impacts, supporting climate change measures, responsible land use and species protection, thereby contributing to maintaining ecological balance. The basic policy for managing effects in biodiversity and ecosystems is within the framework of the established environmental management system (ISO 14001) in ZSD and VSD companies. The program and objectives for implementing the policy aim to reduce the mortality of protected birds and increase biodiversity in power line corridors. All activities, their level of significance, together with the relevant corrective measures, are included in the register of environmental aspects. The implemented system and its repeated audits confirm high performance and quality measures in biodiversity and ecosystem protection.

Another key policy is the internal environmental protection directive and the related management and operational documentation, which clearly define the obligations of distribution companies in the field of nature and landscape protection and the construction and operation of medium voltage powerlines. Internal management documentation ensures compliance with legislative requirements in the given areas. These procedures aim to establish a basic

methodology and a unified system for managing and performing activities and responsibilities in nature and landscape protection. Protection of birds on overhead power lines is incorporated into internal technological and operational regulations, which set out the principles of constructing, modifying and operating power lines, emphasising minimising environmental impacts. As part of ecological management in power line corridors, the ZSE Group follows the methodology and management documentation of the parent company E.ON. These procedures and principles apply to all operating locations within the ZSD and VSD distribution systems. The ZSE Group's approach to bird protection and biodiversity promotion is also based on active participation in international initiatives and projects such as LIFE Eurokite and LIFE Danube Free Sky. Within these projects, the ZSE Group commits to achieving goals through concluded contracts and declarations that set out specific measures for nature protection.

The scope of policies in biodiversity and ecosystems applies to the Company's activities and the upstream part of the value chain. The selection of suppliers who cannot demonstrate sufficient qualifications and expertise for activities in protected areas and the protection zones of power lines is limited. All obligations arising from legislation and internal environmental protection requirements are defined in the Conditions of Work Performance, which are part of the contracts. Implementing policies in biodiversity and ecosystems is the

responsibility of the Board of Directors of ZSE, the Directors of ZSD and VSD, the OSH and Quality Department and the environmental teams. Environmental protection policies are made available on the website of the ZSE Group (<https://www.skupinazse.sk/Uvod/Udrzatelnost/ESG-politiky>) and the websites of the distribution companies <https://www.zsdis.sk/Uvod/Spolocnost/Udaje-a-fakty/BOZP-a-zivotne-prostredie> and <https://www.vsd.sk/edso/domov/spolocnost>. Parent company E.ON is an exclusive partner of UNEP for the UN Decade on Ecosystem Restoration, which supports efforts to prevent, halt and reverse ecosystem degradation. E.ON has joined the LEAF coalition, which supports forest protection and reduction of deforestation.

The established environmental management policy also effectively addresses the social consequences of impacts on biodiversity and ecosystems, in particular through the involvement of local communities in the planning and implementation of measures that affect their environment, the introduction of ecological maintenance procedures for corridors that harmonise biodiversity protection with economic activities, and raising public awareness of the importance of biodiversity and ecosystems by publicising successful projects. Protecting and restoring ecosystems positively affects the quality of people's lives, providing them with essential services and protection against natural disasters.

Measures and resources related to biodiversity and ecosystems (E4-3)

In managing its significant impacts, risks and opportunities concerning biodiversity and ecosystems, the ZSE Group focuses on measures that impact the direct use of ecosystems. These are linked to operating procedures and external ISO 14001 certification, thereby contributing to the fulfilment of business and legislative frameworks. Every year, the ZSD and VSD distribution companies set qualitative objectives and measures for the systematic improvement of performance in the field of nature and landscape protection within the framework of the environmental management system (ISO 14001). Information on future activities is part of internal planning documents and strategic materials, which are updated according to the development of regulation and the market and internal priorities of the ZSE Group. We present disclosures regarding measures implemented in the reporting period to protect strategic information. The scope of key measures in own activities was implemented during the reporting period in the entire distribution area of ZSD and VSD in Western and Eastern Slovakia. Key measures related to biodiversity and ecosystems apply compensatory and mitigating measures. Measures within the framework of environmental management objectives are set on an annual basis. Activities within LIFE projects take place in the time horizons 2019-2027.

Key measures implemented in 2024:

Measures	Contribution of the measure
Greening of overhead lines	zmierňujúce opatrenie
Replacement of overhead lines by laying them in a cable in the ground (Cable installation)	preventívne opatrenie
Stork nest transshipments	kompensačné opatrenie
Nest box installations	kompensačné opatrenie
Protective zone maintenance (Ecological Corridor Management, ECM)	zmierňujúce opatrenie
Water retention measures	zmierňujúce opatrenie
LIFE projects	zmierňujúce opatrenie
Education	zvyšovanie povedomia

The measures required insignificant capital costs, operating costs, or other financial resources of about 500 thousand EUR during the reporting period.

Greening of overhead lines: The operation of distribution networks causes bird deaths, which is eliminated by greening overhead lines, namely by installing eco-protectors on power line poles and bird flight deflectors. Risk areas and measures are selected in cooperation with ornithologists. The

efficiency of protective elements is monitored and evaluated. During the reporting period, 727 pieces eco-protectors were used to treat lines (approx. 63 km).

LIFE and other projects: Protection of birds on power lines is implemented by installing protective elements within the framework of the European projects LIFE Eurokite and LIFE Danube Free Sky. In 2024, more than 650 HV line support points were eco-friendly within these projects' framework by installing eco-protectors and re-insulating the baffles. In locations where birds crashed into power lines, bird flight deflectors were installed for their protection, almost 7 km long. The "Agát" (Acacia) project is currently underway. It aims to increase biodiversity in the corridors of 110 kV lines in cooperation with the University of Prešov and the UPJŠ in Košice. During the reporting period, 648 pieces eco-protectors were used to treat lines (58 km) within the framework of investment activities in the LIFE projects.

Stork nest relocations: The locations are always located according to the occurrence of white storks on LV power line's support points in the built-up areas of cities and municipalities. During the reporting period, ZSD and VSD carried out 38 stork nest relocations to create new safe nests for storks. In cooperation with ornithologists, nest occupancy and potentially risky nests are monitored. White stork chicks are ringed at their own expense and in collaboration with ornithologists. Every year, ornithologists monitor white storks on LV power lines, supplemented by ringing. Thanks to the

monitoring, it is possible to plan follow-up measures such as relocating new nests, dangerous ones, or modifying oversized ones.

Installation of nest boxes: Installations are carried out as compensation for the negative impact on biodiversity during the construction and operation of distribution lines, significantly interfering with the landscape, maintenance of protective zones results in the loss of natural nesting opportunities for birds. During the reporting period, nest boxes were installed for various bird species in locations within the protected area or outside, e.g. for songbirds (Tribeč Protected Bird Area), for the common buzzard and the Saker Falcon, the crested hoopoe (Panský diel protected area, Gajc nature reserve) or the white-tailed eagle (Medzibodrožie Region). The locations are selected in cooperation with ornithologists. Ringing the common buzzard in boxes at the HV is our initiative and in collaboration with ornithologists. As part of the compensation measures, 192 nesting boxes for birds of prey and songbirds were installed, of which 57 boxes were installed in 2024.

Ecological management of corridors under power lines: In the protection zones under power lines, ZSE groups manage the areas in such a way as to minimise the negative impact on local ecosystems while supporting and restoring the original biodiversity, which means mapping habitats in the location and subsequent planning and implementation of the most environmentally appropriate method of maintaining the given vegetation in the area. Within the framework of the Ecological Corridor Management (ECM) project of the

parent company E.ON, the methodology and concept of ecological route management are applied to ecologically manage the vegetation under and near 110 kV high-voltage lines in the forest and outside the areas registered as forest. This creates conditions for the growth of vegetation that does not threaten the networks with its size and aggressive growth, and at the same time increases biodiversity in the given area. During the reporting period, 180,819 ha were implemented using this approach. Consistent ecological management also contributes to the elimination of the problem of invasive tree species.

Water retention measures: In the reporting period, as part of ecological corridor management, amphibian habitats were created in the HV protection zone in the protected area, which also serves as a water retention measure. This created new water areas that serve as watering places or optimal environments for amphibian reproduction.

Cooperation with stakeholders: The ZSE Group has been a long-term partner of the civic association Protection of Predators in Slovakia in LIFE projects and monitoring sites in sensitive areas for bird protection. The ZSE Foundation supports the BROZ organisation's projects. It cooperates with the third sector and organisations that deal with the nature and landscape protection agenda, such as the State Nature Conservation Agency (ŠOP SR). Nesting monitoring cooperates with the UKF in Nitra, which monitors the vole population and evaluates the impact of locations equipped with nest boxes on vole populations and subsequent damage to

farmers. The ZSE Group cooperates with the non-profit organisation SOS/BirdLife Slovakia to coordinate the international census of the white stork.

Education: Emergency training is carried out for employees every 2 years, including compliance with all legislative conditions in the environment during construction and other activities. Training is organised to enable the exchange of experience between scientists, local communities and other interested parties. An ecological approach to the maintenance of protective zones under power lines was presented by architects and state administration employees at the Horticultural Forum 2024 at SUA Nitra. VSD participated in preparing a guide to best practices in IVM in Europe (Integrated Vegetation Management). At the same time, as part of an environmental seminar organised for employees of district offices, VSD presented ecological approaches to the maintenance of protective zones under power lines. As part of the ringing of storks on power lines, the importance of ringing and nest relocations, and observation in the nest were explained to students of the Svinná and Chocholná Velčice elementary schools in cooperation with ornithologists. A lecture on storks on power lines was given at the Stupava EcoCenter.

Cabling: As part of the cabling, we are replacing overhead (air) power lines with cables laid underground, which not only reduces visual pollution and improves the distribution system's resistance to weather conditions but also reduces our negative

impact on birds. As part of the projects of significant public interest, ACON and Ingrid, cabling was carried out over a more than 70 km length. In addition, outside these projects, cabling was carried out over a length of more than 25 km of initially overhead lines.

Offsets were not used in our measures as certified compensatory measures aimed at repairing losses caused by negative impacts by supporting or creating new ecosystems or populations in other places.

Local communities are key partners in the planning and implementing ZSE Group measures. They are actively involved through public meetings, consultations, and workshops that allow them to share their knowledge, needs, and ideas. Communities are also motivated to cooperate through joint projects. When implementing measures, we emphasise solutions that use natural processes and landscape elements to support environmental balance. VSD has created an internal team of biologists and dendrologists for vegetation maintenance in the MV and HV line corridors, which maps and monitors vegetation, ensuring the use of natural landscape elements. ZSE Group's approach combines nature conservation with practical benefits for people, such as landscape resilience, climate risk prevention, and creating a less disturbed landscape.

3. Metrics and targets



Target values for biodiversity and ecosystems (E4-4)

The main long-term environmental goals of the ZSE Group distribution companies in nature and landscape protection include:

- integrated habitat management and creation of biodiversity under high voltage (HV) power lines (Ecological Corridor Management ECM)
- elimination of the growth of invasive and unwanted plants
- greening of overhead lines by installing protective elements

Within the framework of the established environmental management system (ISO 14001), short-term qualitative targets are set annually for these goals according to the significance of the aspects. The targets are required by law and are set as voluntary targets beyond the scope of the legislation. Installing eco-protectors and diverters is a legislative obligation under Act No. 543/2022 on the Protection of Nature and Landscape. When building and reconstructing overhead power lines, it is a legislative obligation to use a technical solution that prevents injury and killing of birds.

In connection with a significant aspect of sustainability—direct impacts on biodiversity loss and ecosystem use—the ZSE Group has set two voluntary measurable targets, which are also key performance indicators (KPIs) for biodiversity in its ESG strategy.

Defined targets:

Nr.	Material topic	ESG Key Performance Indicator (ESG KPI)	Rationale	Baseline	Target	Target
				2024	2030	2035
1.	E4 Biodiversity and ecosystems	<p>Applying ecological management in high-voltage power line corridors.</p> <p><u>Metric:</u> The percentage of the corridors' total area with applied ecological management suits this maintenance approach</p>	The KPI focuses on the ecological maintenance of corridors under and near 110 kV high-voltage lines in the forest and outside areas registered as forest. Ecological maintenance means mapping habitats in the site and later planning and implementing the most environmentally proper method of maintaining the vegetation on the site. The KPI monitors the % of the HV line corridors maintained in this way in the total area of such corridors, which is 1660 ha. The aim is to manage these areas in such a way as to minimise our negative impact on local ecosystems while supporting and restoring the original biodiversity. By 2024, 254 ha had been implemented, while the total area of the HV protection zone named for ECM is 1,660 ha (excluding fields and pastures). The baseline for 2024 was set based on cumulative data for previous years.	15.30 %	100 %	100 %
2.	E4 Biodiversity and ecosystems	<p>Installation of protective elements on HV and MV lines to protect avifauna</p> <p><u>Metric:</u> Number of km of VHV and HV power lines treated with protective elements such as conductor sleeves, insulator covers, eco-protectors and diversion elements.</p>	The KPI focuses on protecting avifauna in areas with a substantial risk of collisions with power lines and minimising their mortality caused by collisions and interference. The goal is to minimise our negative impact on avifauna, reduce the number of incidents and increase bird safety in migratory areas and areas with a substantial risk of collisions. At the same time, we monitor compliance with environmental protection standards and reduce the risk of disruption to power line operations due to bird collisions. The baseline value was decided based on long-term treated line records and the number of protective elements used.	3,957 km	4,745 km	5,295 km

Measurable target values are linked to the criteria of significant contribution to biodiversity and the requirements of the “no significant disturbance” principle and express the percentage of sites and length of lines whose ecological integrity has improved. Environmental management in HV line corridors aims to minimise negative impact and compensate for biodiversity restoration. Greening of lines aims to reduce adverse effects on avifauna and compensate for biodiversity loss. We did not apply ecological thresholds when setting the target values. The target values are not based on the EU Biodiversity Strategy or other national legislation or policy of the Slovak Republic. The set target values are related to impacts and opportunities in the field of biodiversity and the ecosystem that were identified during the significance process within the framework of electricity distribution. They are concerned with protecting birds and invasive species, as well as ecological management of corridors under power lines, and they are direct factors that impact biodiversity loss. The scope of targets is determined by the distribution area of ZSD and VSD in the Western and Eastern Slovakia region; no offsets were used for the target values. Within the mitigation hierarchy, the targets set relate to prevention, minimisation of impacts and restoration.

Impact metrics related to biodiversity and ecosystem change (E4-5)

Due to the scope and location of the operated power lines throughout ZSD and VSD's distribution territory, we do not provide a list of places in or near areas sensitive to biodiversity.

The location of the operated facilities concerning the territory's status in terms of its protection, biodiversity, and the occurrence of protected and endangered species is recorded in the company's information systems.

Locations in protected areas (PAs):	Area in ha/ length in km
area of overhead lines (MV, HV) located in the protected area	9,135.5 ha
area of cable lines (MV and HV) in the protected area	666 km (area not said because maintenance is not performed on underground cable lines)

Expected financial impacts of significant risks and opportunities related to biodiversity and the ecosystem (E4-6)

Risks associated with damage to biodiversity and ecosystems can lead to excessive costs of restoration and remediation, can cause financial sanctions from regulators or courts and damage the company's reputation. Investments in projects that protect and restore ecosystems improve the reputation and perception of the ZSE Group by the public. No biodiversity risks with a significant fiscal impact have been identified, we do not expect this to change in the next reporting period. We apply the option of gradually introducing disclosure requirements under Appendix C of ESRS 1 for quantitative disclosures concerning the expected financial impacts of significant biodiversity and ecosystem risks and opportunities.

Resource use and circular economy - Waste (ESRS E-5)

2. Management of impacts, risks and opportunities

Description of procedures for identifying and assessing significant impacts, risks and opportunities related to resource use and the circular economy (ESRS 2 IRO-1)

The materiality assessment process concerning resource use and circular economy focused on the impacts of waste and its management in different parts of the Company's value chain, identifying both positive and negative aspects. We identified resource inflows, resource use, and resource outflows related to products and services as insignificant topics. Impacts, risks, and opportunities were assessed within our activities at the individual locations and assets level, considering the specificities of the locations where the ZSE Group's operations and assets are located. The distribution infrastructure, the PPC Malženice power plant and the charging infrastructure for electromobility were assessed as significant locations. Critical infrastructure was assessed as substantial assets.

Negative impacts were identified mainly related to waste generated in the Company's activities or those of its suppliers. Waste generation in electricity distribution harms the environment, contributes to climate

change and requires practical solutions to reduce it. Hazardous electricity generation and distribution waste poses potential long-term financial impacts and can lead to serious environmental and health risks. Incidents related to its handling can cause contamination of natural resources, economic costs for remediation, fines, damage to the Company's reputation and reduced financial performance. In the upstream part of the supply chain, the impact of nuclear radioactive and other hazardous waste generated in electricity generation and waste generated from gas extraction and distribution was assessed. Negative impacts also include waste unsuitable for recycling or disposal of obsolete communication equipment, while electronic waste poses a threat due to the content of toxic substances.

Positive impacts include improving procurement policies towards sustainability, reducing the generation of mixed municipal waste and increasing the share of separated components. These measures support reducing environmental burden, improving the circular economy and mitigating climate change impacts. The green procurement policy in the ZSE Group, which includes a requirement for recycled materials and information on equipment disposal, represents a long-term opportunity. However, its significance was not marked as high. Adherence to green procurement principles supports a better perception of ZSE in the market but does not bring a direct and

significant financial impact. The overall assessment shows that most significant impacts are harmful, mainly located in the upstream part of the value chain, where radioactive and hazardous waste is generated, and in the company's operations, where hazardous waste is a key issue. Positive impacts show potential for improvement through sustainable procurement and recycling/waste recovery strategies. Affected communities, non-profit organisations and the public sector were also involved in the significance process. The areas related to resource use, circular and waste management are the responsibility of the management of the distribution companies ZSD and VSD. They are coordinated and covered by their environmental teams and the facility management function.

Policies on resource use and circular economy (E5-1)

Key policies related to the sustainability aspect of circular economy and waste in the ZSE Group are mainly represented by the environmental management system, General terms and Conditions and internal management documentation regarding waste management, dedicated products, protection and conservation of natural resources, storage and transport of waste, including hazardous waste, and inspection activities. The waste management process ensures compliance with obligations arising from legislation, optimisation of waste management, reduction of waste production, and maintenance of waste sorting. The scope of the above policies concerns the ZSE Group's activities and the

external environment in which it operates, and the Board of Directors, directors of distribution companies, the OSH and quality department, and environmental teams are responsible for their implementation.

Following the environmental management policy and the ISO 14001 standard, the company has developed registers of ecological aspects, reports, general binding regulations, Slovak technical standards, a register of binding requirements, and a register of company connections, which manage all environmental impacts created by the company itself and its suppliers. We consider the waste management hierarchy in internal procedures and require suppliers to adhere to it in contracts with waste disposal/recycling.

The General Terms and Conditions determine the main principles and principles of the business relations of the ZSE Group and guide issues related to dedicated products, restrictions on placing goods on the market and legal regulations for managing the movement of hazardous waste. When selecting suppliers, the ZSE Group applies green purchasing or procurement criteria, which already sets the conditions for suppliers at the time of the announcement of the tender procedures so that goods and products are packaged in minimal and recyclable packaging. The environmental team also monitors Slovak legislation and EU legislative acts, such as the reduction of heavy metals in imported electrical equipment, legislation on reserved products, and their import into the territory of the Slovak Republic. When waste is

generated at the end of the life cycle of goods and products, contractual relationships are set so that the waste is recycled or otherwise recovered. Within the supply chain, conditions are already set during the pre-qualification of the supplier, so the potential supplier must meet the requirements regarding environmental protection; otherwise, he is not allowed to qualify. Subsequently, all tenders for services that generate waste are set and controlled by the environmental team. The supplier is admitted to the competition only after meeting the specific requirements of the given construction or project. He must complete environmental training with a written record and fulfil the conditions required to ensure work performance for the supplier organisations.

The ESG strategy is the ZSE Group's commitment to achieving sustainability goals in support of a just energy transition and the UN Sustainable Development Goals (SDGs), setting qualitative commitments and measurable targets for various aspects of sustainability, including circular economy and waste. It applies to all consolidated entities within the Group, ensuring a consistent approach to sustainability, accountability and transparency across the Group.

2. Metrics and targets

Targets for resource use and circular economy (E5-3)

In connection with the critical aspect of sustainability – waste, within the framework of resource use and circular economy, the ZSE

Group has set a measurable goal of increasing the share of construction waste submitted for recovery. The scope of construction activities primarily influences waste production in the ZSE Group in connection with the maintenance and development of the distribution system. For this reason, the ZSE Group has also focused on waste within the ESG strategy. It has set a key performance indicator for construction waste, representing almost 90% of all waste produced. Targets for hazardous waste are not set due to the minimal production of this type of waste.

The set target focuses on improving the behaviour of the ZSE Group within the waste management hierarchy and diverting waste produced by the company from the most unsuitable method to a more environmentally friendly disposal method. Within the waste management hierarchy, the set target refers to the level of waste recovery and recycling. The aim is to reduce environmental impacts such as soil contamination, groundwater and greenhouse gas production from landfilling and to support the material recovery of construction waste. The percentage of construction waste (hazardous/NO and other construction waste/OO) submitted for recovery from the total amount of construction waste is monitored. The set target values are voluntary and go beyond the legal regulations, which stipulate the obligation to recycle or materially recover at least 70% of the weight of construction waste. The estimated value for 2024 was determined based on data from 2023. In the reporting year, the construction waste recovery rate was 98.6%. The achieved value exceeded the

original estimates for the short, medium and long term, and these values will be adjusted in the disclosures for the reporting period 2025 to reflect current developments and a realistic view of further improvement. Based on the results for 2024, a review of the ESG strategy will be conducted in 2025 to ensure its relevance.


Defined target:

Material topic	ESG Key Performance Indicator (ESG KPI)	Rationale	Baseline	Target	Target
			2024	2030	2035
E5 Resource extraction and circular economy – Waste	<p>Support for recycling, reuse and recovery of waste. Increase the recovery rate of construction waste.</p> <p><u>Metric:</u> The percentage of construction waste (CO and OO) submitted for recovery is based on the total amount of construction waste.</p>	The KPI aims to improve the behaviour within the waste management hierarchy and divert waste produced by the company from the least suitable to a more environmentally friendly way of disposal. The goal is to reduce environmental impacts such as soil contamination, groundwater and greenhouse gas production from landfilling, and support material recovery of construction waste. The baseline value 2024 is calculated as a % of the total construction waste from 2023.	90%	92%	93%

In addition to the legislative obligation for business entities, cigarette butts are collected in selected locations of the company and kitchen waste from employees’ production is collected. During excavation, a significant proportion of excavated soil is used for backfilling; it does not become waste that would have to be disposed of under the Waste Act and would increase the quantities produced. In the case of electrical equipment, concerning reducing the amount of waste produced, what can be disposed of according to the law and what can be reused is always considered.

As part of the commitments in the ZSE Group’s ESG strategy regarding the acquisition and use of resources, the ZSE Group has committed to introduce the principles of a circular economy into the activities and thinking of the entire group. Target values for sustainable sourcing have not yet been set. Nevertheless, several measures have been implemented, for example:

- reducing the use of natural resources (digitalisation of processes and paperless communication),
- increasing the share of recycled or renewable materials in the purchase of goods and products,
- reduction of carbon footprint associated with the purchase of certified electricity, rental of IT equipment,
- sourcing products with certificates (e.g. FSC, Energy Star),
- preferring local suppliers to minimise the environmental impact of transportation,
- reducing the use of non-durable consumer goods,
- reuse or further use of items that are no longer used (sale of discarded vehicles, furniture, IT equipment, etc.).

 **Resource outflows (E5-5)**

Waste

The scope of construction activities primarily influences waste production in

the ZSE Group, the end of the service life of power distribution networks or individual components from which power networks are built, or by replacing equipment with new technologies. A small amount of waste is generated from performing necessary maintenance activities. The amount of waste from operations is minimal compared to the total produced. Hazardous and non-hazardous waste is generated during the operational activities of the ZSE Group and when specific equipment is decommissioned. Legal regulations and internal procedures govern waste management. Regular waste management checks are carried out as part of the inspection activity. At the same time, waste management checks are carried out at suppliers, mainly during construction work.

More than 90% of the waste generated within the ZSE Group’s activities is construction waste, which arises from the implementation of construction, reconstruction and demolition works. A significant group are electrical and

electronic items such as components arising from equipment replacement. Concrete and excavated soil predominate among the materials found in waste. The ZSE Group annually reports information on the types and quantities of waste generated to the relevant authorities. Particular attention is paid to the management of hazardous waste per legal requirements. The procured components of electrical distribution networks such as transformers and switches contain substances (mineral oil, SF6 gas), which generate hazardous waste at the end of the equipment’s service life. Special care is taken with PCBs (polychlorinated biphenyls), for which professional disposal is provided, and with asbestos, the removal and disposal of which is carried out by an authorised organisation. All these hazardous materials and equipment in operation so far are disposed of only after their useful life has ended and they are decommissioned.

Total amount of waste generated:

Waste produced in 2024		tons
Total volume including construction waste		94,942.7
- of which hazardous waste		705.4
-of which non-hazardous waste		94,237.3

Construction waste produced in 2024		tons
Total volume		93,027.1
- of which hazardous waste		231.7
-of which non-hazardous waste		92,795.4

According to the legislation, the ZSE group's companies are waste generators. Based on contractual relations, the waste produced is transferred to companies authorised to handle it, namely for recovery or disposal (i.e., they have a facility for final waste management), waste collection or as a trader/broker for further handling. When selecting a supplier that does not operate a final waste management facility, proof of compliance with the waste management hierarchy is required, i.e. priority waste recovery. In particular, compliance with the obligation to recover construction waste is monitored. Records of the final method of waste management in the event of waste being handed over to the next holder are not carried out according to the legislation.

The following tables show the amount of waste and its management that was handed over to customers directly for recovery or disposal, where the share of recovered waste is also evaluated and separately the amount of waste handed over for further management to an authorised organisation in the collection, trader and intermediary regime, where the final method of management is not recorded.

Total amount of waste delivered directly to a waste recycler by weight diverted from disposal:

Hazardous waste (NO) for 2024	tons
Total volume including construction waste	390.9
- of which preparation for reuse	n/a
-of which recycling	15.7
- of which other recovery activities	375.2
% of recovered waste from the total volume of NO	90.4

Non-hazardous waste for 2024	tons
Total volume including construction waste	24,443.4
- of which preparation for reuse	n/a
-of which recycling	23,839.4
- of which other recovery activities	603.9
% of recovered waste from total volume (not NO)	98.6

Construction waste produced in 2024	tons
Total volume	24,324.9
- of which recycling	23,839.4
-of which other recovery activities	485.6
% of recovered construction waste	98.6

The ZSE Group prevents waste generation by reusing discarded vehicles, machines and components, IT equipment and furniture, which are offered for sale or donation to employees or third parties. In waste management, in addition to the type and quantity of waste, the infrastructure of facilities for further waste management located in the vicinity of the waste generation site is also considered. The aim is to ensure the most efficient waste transport to facilities and eliminate transport distances and CO2 production. The waste produced is collected and further management is ensured based on contractual relationships with authorised organisations. When selecting a supplier, permits issued for this activity are consistently checked. The construction contractor manages Waste from construction activities, who has the necessary license. The ZSE Group is actively looking for opportunities and partners for the best possible use of waste within the waste management hierarchy and financial profit from the sale of waste such as metals, waste oils, etc.

Total amount of waste delivered directly to the waste disposer by weight for disposal:

Hazardous waste for 2024	Tons
Total volume	41.5
- of which combustion	0
-of which landfilling	20.4
- of which other disposal activities	21.2

Non-hazardous waste for 2024	tons
Total volume	341.6
- of which combustion	0
-of which landfilling	341.6
- of which other disposal activities	0

Waste sent to landfills accounted for 1.4% of all waste generated by the ZSE group. The reason for landfilling was the unavailability of equipment to recover the given type of waste, or technologies for separating components and their subsequent processing. An example is composite insulators.

Total amount of waste handed over to the following waste holder for further management:

Waste delivered for 2024	tons
Total volume including construction waste	69,726.3
- of which hazardous waste	272.9
-of which non-hazardous waste	69,452.3

Construction waste handed over for 2024	tons
Total volume	68,351.9
- of which hazardous waste	190.8
-of which non-hazardous waste	68,161.1

The ZSE Group annually statistically evaluates all types of waste it produces and meets the conditions set out in the Waste Act No. 79/2015 Coll. as amended and implementing regulations. All kinds of waste produced in the company are categorised by the regulation and collected and sorted so that they can be recovered. A uniform container system for the entire ZSE Group solves the waste sorting and collection system. Small quantities of hazardous waste are solved by storing them in dangerous waste warehouses.

All data regarding types, quantities, and waste processing are processed and analysed based on data from contracted and authorised companies for further waste management. The environmental teams of ZSD and VSD carry out waste records and reports. Waste management conditions are specified in the contract, which effectively eliminates the risk of inappropriate waste handling and prioritises waste recovery over landfilling. Waste analyses are performed to determine their correct classification. As the waste generator, the ZSE Group monitors only the subsequent holder in reports and records. Therefore, it is not possible to evaluate the method of final processing of this waste.

» Expected financial impacts due to significant risks and opportunities related to resource use and the circular economy (E5-6)

Hazardous waste was identified as a significant risk in the materiality process, posing a risk of water, soil and air contamination and a threat to human health. No significant opportunities were identified. Incidents with hazardous waste can lead to liability claims, fines and reputational damage, negatively affecting financial performance. Negative behaviour about waste can damage the reputation of the ZSE Group and lead to a loss of trust from customers, investment partners and the public. Financial indicators depend on the market situation and price fluctuations. Waste recovery and disposal prices are increasing, affecting financial performance. This may also be affected by adopted EU regulations and directives and their implementation into legal regulations. Changes in legislation and the regulatory environment may affect conditions for the ZSE Group, e.g. within the supply chain. However, these risks do not significantly impact the economic performance and cash flows of the ZSE Group, nor do we expect this to change in the next reporting period. Significant environmental incidents associated with high remediation costs may negatively affect financial performance. In the event of environmental damage (level 4), the ZSE Group has secured financial coverage in the form of insurance. For quantitative disclosures concerning the expected financial impacts

of significant risks and opportunities related to resource use and the circular economy, we apply ESRS 1 Appendix C List of phased-in disclosure requirements.





Social Information

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Own workforce (ESRS S1)

1. Strategy

» Interests and views of stakeholders (ESRS 2 SBM-2)

Employee needs are integrated into the long-term strategy and business model of the ZSE Group. The Company creates fair, safe, diverse and respectful working environment, promotes job stability, career development and education, enabling employees to fully develop their potential. Strategic decisions take into account the impact on employees and their interests are protected through trade unions. High standards of occupational health and safety are a priority arising from the nature of the ZSE Group's activities, which is firmly embedded to its strategy. The Company respects all national and international employment laws, including privacy, equality and ban of discrimination. It has processes in place to protect employees' personal data to minimise the risks associated with its mishandling or loss. Employees are key to the ZSE Group's long-term success, so the Company creates conditions for their professional and personal growth, focusing on valuing them and developing their potential, and ensuring fair remuneration, social protection and benefits that support their motivation and satisfaction. To ensure the long-term development of the workforce, it focuses on attracting young talents and addressing the retirement of older employees by investing in educational programmes and development

activities. The ZSE Group uses procedures to identify, manage and resolve labour and human rights incidents which are in line with applicable laws, ethical principles and respect for employees. Regular surveys and feedback systems enable the Company to better understand the needs of its employees and the knowledge gained is used for the development of policies and action plans.

» Material impacts, risks and opportunities and their interaction with strategy and business model (ESRS 2 SBM-3)

Material impacts, risks and opportunities associated with own workforce are based on the ZSE Group's strategy and business model, taking into account sustainability objectives, the Company's long-term performance and adaptation to current labour market challenges. Strategic priorities include compliance with laws, respect for labour and human rights, protection of employees' privacy, equal access, fair working conditions and care for safety, health and well-being of employees. These factors shape the business model that focuses on stability and efficiency of operations.

Negative impacts, such as safety risks in challenging working conditions or the consequences of shift work, are related to the nature of the core activities, in particular electricity distribution and generation. To

mitigate them, measures are implemented to improve OSH, reduce risks and ensure sufficient recovery of employees. These actions support sustainability of the business model and increase its resilience.

Positive impacts result from the focus on improving working conditions and equal treatment. Adequate wage and regular pay rise are key to attracting and retaining talents, leading to higher productivity and loyalty of employees. Social benefits, work-life balance support and care for psychological health underline the commitment towards employees and their satisfaction. Training and skills development are strategic tools to increase competence, reduce safety risks and improve quality of services. These activities also promote equal opportunities and stability of the workforce. Reporting channels in place and promotion of fair working environment strengthen culture of trust, ethics and safety, creating fair working environment for all employees.

Material impacts, risks and opportunities related to own workforce are found in own operations. The materiality process identified two material negative impacts related to the working conditions of employees, in particular health and safety and working time. Risk working conditions have a medium-term negative impact, as they can lead to life-threatening accidents that endanger not only health of workers but also the continuity of the operation. This negative impact is particularly relevant for electricity distribution. Shift work, work in non-stop regime or on-call work mainly affect

technicians, electrical fitters and electricians, dispatchers and has a negative short-term impact on health of employees. This type of working time reduces quality of sleep and causes chronic fatigue, which can lead to health problems of employees. These factors affect not only the physical but also mental well-being of workers, which has an impact on their productivity and quality of life.

Within the materiality assessment, positive impacts on own workforce, related to working conditions and equal treatment and opportunities for all, predominated. The ZSE Group has implemented a number of measures that positively impact working conditions and support employees in a number of areas. Adequate wage and regular salary rise, including a system of annual variable bonuses, improve the living standard of employees. Social benefits and promotion of work-life balance contribute to reducing stress and the risk of burn-out syndrome, which has direct impact on workers' well-being. Care for psychological health has positive impact on the overall well-being of employees. Regular training and skills development also play an important role, both improving the professional readiness of employees and reducing safety risks, not only in the workplace but also in the wider community context. Reporting channels to address conflict and harassment in the workplace promote fair and safe working environment, thus contributing to equal treatment and the protection of workers' rights in the medium term. Ensuring minimum hours of rest for shift workers allows for sufficient recovery and reduces the

negative impacts of irregular working hours. These measures promote productivity, job satisfaction and the long-term sustainability of the working environment.

Within the financial assessment, material opportunities outweigh the risks. Opportunities derive from supporting employees and optimising working conditions, while having positive impact on the performance and long-term sustainability of the organisation. Adequate wage is as a key factor in attracting and retaining top talents, while also motivating employees to perform better, leading to increased productivity and revenues in the short term. Promoting work-life balance through flexible working conditions and social benefits increases the attractiveness of the Company as an employer. In the long run, this can contribute to recruiting quality employees and foster innovative thinking within the organisation. Investing in training and skills development increases the qualification of the workforce, reduces the risk of mistakes and directly affects the quality of work. Flexible working conditions apply to administrative staff whose job description allows it; shift work applies to field workers, dispatchers and operators. Employees working in shifts or non-stop operation are, under Labour Code (Act no 311/2001 Z. z.), guaranteed minimum hours of rest, so that employees working on irregular schedules have sufficient time to recover. This strategy contributes to higher revenues and better sustainability of work processes, while at the same time help avoid high employee turnover, which is

associated with recruitment and reskilling costs. Ensuring safe working conditions results in a reduced risk of work-related accidents, lower insurance and compensation costs, thus positively impacting the financial performance of the organisation. In addition, job stability promotes the retention of knowledge in the organization, which is key to business operations and process continuity. All these factors contribute to enhanced competitiveness and long-term efficiency.

The risks that have been identified as material are related to working conditions and equal treatment and may affect not only employees but also the overall operation of the Company. They mainly concern the activities of electricity distribution and non-commodity services. Work under hazardous conditions, such as work at height, handling heavy machinery, high voltage or dangerous substances, poses a safety risk that can lead to serious accidents resulting in human, ethical and financial consequences. In addition, these accidents can increase legal liabilities, insurance and legal costs, and cause interruptions in production, which negatively affects economic results. Trainings of employees, although they improve competence and safety in the workplace, entails increased costs for the Company, which can be material in the medium term. Another risk is the specific conditions for the installation of energy solutions. These risks not only endanger health of employees, but also lead to increased costs related to insurance, provision of appropriate personal protective equipment and potential losses

due to interrupted operation. Overall management of these risks requires effective safety measures, emphasis on training and prevention, in order to minimise their negative impact on both employees and the Company.

The scope of disclosure includes all own employees who are in an employment relationship with ZSE Group's companies and persons provided by the undertakings engaged in "employment activities". Data on self-employed persons engaged in an operational activity were not available for the reporting period. Internal systems record them as contractors and it was not possible to determine which of them are involved in operational activities and which are in upstream value chain. For future reporting periods, we will set up systems to collect this information so that we can disclose the number of non-employee workers in the undertaking's own workforce and are engaged in operational activities. Some internal processes do not apply to employees of BK and Ekoterm yet. ZSE Energy Solutions, ZSE Business Services, ZSE Energetické služby and VSE Ekoenergia have no employees.

Due to the nature of our business, risk working environment and shift work are standard and are a systemic part of our operations. Workers are exposed to the risk of accidents and other hazards, risks associated with work at height, work on and near electrical equipment and severe weather conditions. Due to the non-stop nature of our operations, shift work, non-

stop regime, or on-call duty are a common practice in our business which can lead to health problems in the long-term. To eliminate these negative impacts, we have a good occupational health and safety management system in place (OHS) and we monitor and improve shift work conditions by providing rest and recovery opportunities for employees. This group of employees and non-employee workers is positively affected by sufficient time for recovery, safe working conditions and lower risk of work-related accidents. All employees of the ZSE Group are positively affected by good working conditions and support in many areas, such as social benefits, work-life balance support, psychological health care and skills development.

Within the context of transition to low carbon business, the ZSE Group focuses on training and growth of its employees. The ZSE Group's human resources strategy is designed so as to support the long-term success of the Company in a dynamic environment. This strategy places emphasis on the future of work, creating safe and quality working conditions, ensuring equal opportunities for all and on employees' development and education. It includes trainings to strengthen digital skills and reskilling initiatives to prepare employees for new challenges and opportunities presented by the changing energy industry. We do not expect any restructuring or job losses in connection with the transition to low carbon business. On the contrary, we see the trend towards decarbonisation and growth of the market with energy solutions

as an opportunity to create new jobs and support employees by increasing their skills, thus ensuring sustainable development and strengthening their ability to adapt to changing market demands.

Working conditions are materially affected by the nature of the working environment and working time. In the electricity distribution segment, certain groups of employees work in challenging conditions, such as work at height, handling heavy machinery, working on and near live equipment, high temperatures or hazardous substances, and this work poses a risk to their safety and health. It mainly concerns technicians, electrical fitters and electricians. This group of employees is also affected by shift work and non-stop regime. Shift work also applies to dispatchers. Technical workers in the non-commodity services segment are also exposed to greater risk of harm.

Material risk arising from impacts on employees - hazardous working environment and material opportunity - flexible working conditions relate to specific groups of employees. Risk working environment concerns workers of distribution companies who carry out jobs in the field and employees active in non-commodity services. Flexible working conditions, including work from home, apply to administrative employees where their type of work allows to do so.

2. Management of impacts, risks and opportunities

Policies related to own workforce (S1-1)

The ZSE Group manages its material impacts on workforce and related risks and opportunities through a set of internal managing documents, guidelines and processes. These documents do not take the form of formal policies, but contain principles, rules and measures that constitute the basis for responsible workforce management. In this way, the Company ensures that its approaches and practices are consistent with both legislative requirements and its own values and strategy. The ZSE Group's key policies which are related to material aspects of sustainability relating to our own workforce are the Board of Directors' orders, the CEO's orders, collective agreements, Code of Conduct and occupational health and safety management systems (ISO 45001). These policies cover the identified material aspects of sustainability - in terms of working conditions: secure employment, working time, adequate wages, work-life balance, health and safety, and in terms of equal treatment and opportunities for all: training and skills development and measures against violence and harassment in the workplace. The scope of the above documents within the ZSE Group value chain relates to the Group's own activities and the responsibility for their implementation lies with the ZSE Board of Directors, Director of Human Resources Division and the HSE and Quality Department. Employees are a key stakeholder group concerned, expecting

good working conditions, fair remuneration, safety at work and opportunities for personal development.

The ZSE Group complies with all obligations resulting from legislation, relating to labour law, as well as the rules and standards set by the relevant laws. Beyond the provisions of the Labour Code, the working conditions, rights and obligations of employees and the employer are regulated by collective agreements, which reflect the specificities of individual workplaces and provide for higher or additional labour, social, wage and other rights of employees, thus ensuring benefits and conditions for employees that go beyond the basic legal requirements. These agreements are the result of cooperation with employees' representatives and are aimed at promoting the long-term satisfaction and motivation of the workforce.

Internal managing documentation governs the remuneration policy, which is in line with the obligations arising from employment contracts, mandate agreements, collective agreements and applicable guidelines and rules on remuneration, and applies to all employees. Flexible working conditions are governed by agreements for work from home/telework, rules for flexible working models, part-time work or special leave. Internal managing documentation regulates hours of works and hours of rest. The documents of the Human Resources Division are available on the Company's intranet.

A quality social programme and care for employees is an important policy concerning own workforce. This programme

applies to all employees of the ZSE Group. Promoting health, work-life balance and psychological health is part of the Company's comprehensive approach to caring for its employee. This approach includes the provision of various social benefits, organisation of programmes to promote physical and mental well-being, as well as the creation of flexible working conditions that allow employees to better balance their work and personal life. In addition, the Company offers psychological health counselling services and activities to promote healthy lifestyle.

Due to the nature of the ZSE Group's business, health and safety issues are a high priority and have long been firmly embedded in the corporate culture as well as in its organisational structures, policies and procedures. Strict safety standards are therefore particularly important for the ZSE Group. The ZSE Group has implemented the E.ON Group's overarching standard for health and safety risk assessment, as well as its own guidelines defining management roles, responsibilities and expectations, and how to report on occupational safety. Internal managing documentation regulates the processes relating to health and safety management, activities of the Health and Safety Committee and the appointed employees' safety representatives. The distribution companies have in place certified occupational health and safety management systems, in accordance with the international standard ISO 45 001. The standard 45 001 is in place in ZSE and its subsidiaries ZSE Energia, ZSE Elektrárne and VSE. Integrated management system in the

ZSE Group includes management systems in accordance with ISO 9001 (quality), ISO 14001 (environment) and ISO 50001 (energy management).

Development and education in the ZSE Group is regulated by internal documentation. The education agenda includes legislative and mandatory trainings, language trainings, PC skills trainings, technical trainings, soft skills development, talent programmes, enabling every employee to access professional development opportunities. The training portal and information on the intranet provide employees and managers with an overview of available training activities, fostering an inclusive environment that offers everyone an opportunity to improve their skills and develop their potential.

The Code of Conduct and the Supplier Code of Conduct for self-employed persons promote the principles of equal treatment and protection against violence and harassment by including provisions on respect for human rights, respectful communication and ban of discrimination and harassment, and provisions concerning health protection and occupational health and safety. A whistleblowing system provides employees with an opportunity to safely report any inappropriate behaviour, including incidents of violence or harassment, thus actively contributing to the protection of their rights and dignity in the workplace.

The ESG strategy, as a commitment by the ZSE Group to support the UN Sustainable Development Goals (SDGs), sets measurable

targets for creating a safe, supportive and diverse workplace with the aim of providing equal opportunities and creating an inclusive culture.

The ZSE Group complies fully with the relevant legislation on the protection of human rights. In the area of employment relationships, it respects the principle of equal treatment, which is laid down in the Labour Code and regulated in more detail by the Anti-Discrimination Act. The employment of minors is regulated by the Labour Code, and the prohibition of forced labour and child labour is provided for by laws and regulations. The human rights framework relevant to the ZSE Group's own workforce includes the ZSE Group Human Rights Protection Programme, Code of Conduct, Supplier Code of Conduct, personal data protection and the occupational health and safety management System in place. The documents are available on the Company's website. During the reporting period, a Human Rights Officer was established, that is the Director of Legal, Compliance and Data Protection Division. The Director is a non-permanent member of the Sustainability Committee and their appointment demonstrates ZSE's commitment to the protection of human rights, not only in relation to the workforce, but also in relation to suppliers/contractors and external partners.

The approach to employees' engagement is based on regular internal communication, meetings with the Company's management, satisfaction surveys and through various

communication campaigns or the publication of guidelines and leaflets, to raise their awareness of respect for and observance of human rights and to involve them in issues that affect the working environment. As part of measures, the ZSE Group improves working conditions, promotes mental well-being and places emphasis on protecting privacy and preventing from bullying and harassment. Opportunities for professional growth and development through trainings, talent programmes and e-learning are also part of this approach. To encourage engagement, a feedback system is in place that allows employees to voice their opinions, suggestions and proposals for improvement within a respectful and supportive environment. It also helps the trade unions effectively communicate the needs and views of employees.

Own workforce policies follow the UN Global Compact and its ten principles on human rights, working conditions, the environment and corruption, and include recognition of the International Bill of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. They are not aligned with the United Nations (UN) Guiding Principles on Business and Human Rights and this alignment will begin to be assessed in the next reporting period.

The occupational health and safety management system in place (ISO 45001) is a key framework for avoiding accidents in the workplace, which is one of the main priorities of responsible management of the working

environment. This system aims to minimise risks, prevent accidents and create safe working conditions for all employees. The Company continues to improve the level of occupational health and safety by promoting a 'culture of care' which encourages employees to report any potential safety risk.

The ZSE Group Code of Conduct is a fundamental document regarding respect for human rights and the principles of equal treatment, providing easy-to-understand guidelines on the prohibition of discrimination on the basis of colour, nationality, ethnicity, political affiliation, social origin, any disability, sexual identity and orientation, religious belief, sex or age, and the prohibition of physical, psychological, sexual or verbal harassment. The forthcoming Diversity, Inclusion and Equality Policy and the Anti-Discrimination Policy, which the Group plans to implement, will strengthen anti-discrimination measures, promote equal treatment and establish a framework for training on human rights protection, inclusion and measures against violence and harassment. Consequently, effective procedures will be established to monitor and prevent discrimination that may occur in various work activities such as access to employment and specific occupations, recruitment, training or benefits.

» Processes for engaging with own workforce and workers' representatives about impacts (S1-2)

In activities and decisions aimed at managing impacts on employees, employees are engaged directly through surveys, workshops, face-to-face meetings or internal platforms where employees can express their views and make suggestions on a variety of topics, including working conditions and labour rights. The general process of employees' involvement is about working with employees' representatives who are actively engaged in any changes that are being prepared. Meetings between the management and the trade unions provide a platform for addressing labour issues, ensuring that the Company's decisions are made based on the needs and expectations of the workforce. There are three trade unions' organisations in the ZSE Group: OOZE, OOZE Nitra and ZO ECHOZ. Social protection in relation to these types of events is provided by the Labour Code and the Collective Agreement. The Collective Agreement covers 100 % of employees of ZSE, ZSD and ZSEE. 100% of the employees of VSEH, VSE and VSD are covered by the Corporate Collective Agreement. In total, 100% of all employees of the ZSE Group are covered by the Collective Agreement.

The corporate collective agreements set standards for working conditions that go beyond the law and protect employees from poor working conditions. They contain provisions relating to employment

relationships, social policy and occupational health and safety, wage components and other incomes. The Collective Agreement is always a result of collective bargaining between employees and the employer, whereby the trade unions put forward its views and conditions, thus offering a platform for employees to express their views. Within the social dialogue, trade unions are involved already at the planning stage, e.g. in organisational changes or the development of internal managing documentation. Strategic decisions related to working conditions are discussed and employee feedback is taken into account through meetings with employee representatives. Feedback, whether verbal, written or on internal intranet platforms where employees can express their views, is monitored and recorded by the Human Resources Division, and is always discussed with employee representatives and integrated into management decision-making. Trade unions are also engagement in issues beyond the Labour Code. The frequency of engagement varies according to the need and nature of the topic. Employee surveys are carried out in the event of major changes or new initiatives. In the reporting period, one employee survey on the working environment was carried out, and quarterly employee surveys on various topics are being launched from 2025. Changes, their impact, new rules or tools, as well as the progress of negotiations and their results, are always published through internal communication channels (intranet. E-mails and regular team meetings) so that employees are always informed about measures adopted.

Responsibility for engaging employees directly or through the trade unions as well as for taking the results into account lies with the Human Resources Division and the Company's management. Communication with employees' representatives helps the management understand where further adjustments are needed or where processes should be improved.

The Human Resources Division monitors various indicators of job satisfaction and performance such as turnover, absence and attendance. The ZSE Group does not specifically target vulnerable or marginalised groups. The ZSE Group fulfils conditions of the employment of the disabled by substituting the employment of the disabled in accordance with the law by awarding a contract to a sheltered workshop. Each company within the ZSE Group has a contract with a sheltered workshop. The ZSE Group has signed agreements at national level with the trade unions - ZZES/ECHOZ (energy business) and, has a guest mandate in the E.ON SE Workers Council for OOZE and ZO ECHOZ at VSE.

» Processes to remediate negative impacts and channels for own workforce to raise concerns (S1-3)

The ZSE Group has mechanisms in place to address complaints and insights from its own workforce and monitors and evaluates their effectiveness. These channels are key to ensuring that employees can safely and discreetly report issues. An important

part of reporting insights and complaints is guarantee that employees who report a problem are protected from retaliation. It offers multiple reporting methods so that employees can choose the one that is most appropriate for them. Employees can report concerns or incidents of improper working conditions and discrimination through their direct supervisor, the HR Business Partners Team, the whistleblower system, or through the telephone line. In addition, the Employee Advice Centre (provided for by Human Dynamic Europe) is in place where employees can also report their concerns and complaints. Employees can report complaints anonymously. Complaints received are analysed and corrective action is taken. The effectiveness of the system is monitored through feedback, assessment reviews with employees or internal controls, for example whether informal retaliation is being taken. The reporting channels are accessible to all employees. Through internal communication, the Company actively informs employees of the options available, increasing visibility, accessibility and confidence of employees in the use of whistleblowing/reporting channels. The management and relevant ZSE Group managers are regularly informed through a compliance report summarising complaints received and follow-up actions.

The Human Resources Division oversees the handling of labour and human rights incidents and is the first point of contact for employees in the event of suspected human rights violations. The Human Resources Division is tasked with proactively monitoring a healthy working environment and healthy

workplace relationships. For non-employees, the first contact is the Logistics Department and Purchasing Teams. Each allegation of a human rights violation is thoroughly reviewed, and the resolution process is individualized so that mental safety is maintained throughout the resolution phase of the allegation and the personal integrity of all parties involved is not compromised. Once a possible labour or human rights violation is reported, an internal investigation starts followed by implementation of corrective measures and transparent communication with the whistleblower about the outcome of the investigation and the steps taken, and a review in order to ensure continuous process improvement. The ZSE Group has a policy on whistleblowing and investigation of misconduct, including whistleblower protection, and this information is published in section Business conduct (ESRS G1).

In the context of occupational health and safety, employees are constantly reminded of their own responsibility to report any safety concern or dangerous occurrence immediately, with the possibility of using electronic tools to report these incidents. The handling of safety incidents is the responsibility of managers, with employees reporting safety incidents directly to their line manager. In the event of work-related accidents as well as dangerous occurrences, individual incidents are investigated, and adequate corrective measures are taken to prevent recurrence. Work-related accidents are investigated on a commission basis according to the requirements of legislation, more serious incidents are

also investigated by means of the RCA methodology (Root Cause Analysis). In order to maintain impartiality, the members of the investigation committees are also employees' representatives responsible for safety and occupational health and safety committees.

Knowledge of the mechanisms for raising concerns and reporting problems and the level of employees' confidence in their effectiveness and safety is measured through feedback. Regular employee opinion surveys are planned to be introduced next year, which will also measure the use of and confidence in reporting channels. Meetings with trade unions provide a variety of perspectives and help identify areas where employees feel a lack of trust or information about existing processes.

» Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions (S1-4)

Measures, resources and monitoring processes help the ZSE Group ensure effective management of the material sustainability aspects related to own workforce, leading to improved satisfaction, safety and productivity. In managing its material impacts, risks and opportunities related to its own workforce, the ZSE Group focuses, in particular, on measures in the

areas of good working conditions, health and safety, the social programme, education and development, talent support and career development, and the promotion of equal treatment and opportunities. The ZSE Group's key policies cover the identified material aspects of sustainability - in terms of working conditions: secure employment, working time, adequate wages, work-life balance, health and safety; and in terms of equal treatment and opportunities for all: training and skills development and measures against violence and harassment in the workplace. They are linked to the Company's strategic objectives and performance indicators, thus contributing to the fulfilment of various business or legislative frameworks. Information on future activities is included in internal planning documents and strategic materials, which are updated according to regulatory and market development and internal priorities of business companies of the ZSE Group.

The ZSE Group introduced a number of measures and initiatives with the primary aim of achieving a positive impact on own workforce, as confirmed by the materiality process. In the area of remuneration, the Company offers competitive and fair wages, which are regularly updated depending on the performance and needs of the employees. Flexibility of working conditions is supported by the option to work from home. Initiatives to support employees include an emphasis on psychological health. In the area of training and development, the Company focuses on continuous employee education and these initiatives help

employees maintain and improve their skills, positively impacting employee satisfactions' and productivity. The Company encourages employees to come up with new ideas and has effective reporting channels in place to resolve issues and conflicts in the workplace, which contributes to creating a fair and transparent working environment. Sufficient hours of rest are in place to ensure adequate recovery after shifts.

In the area of working conditions, these are measures aimed at the physical, mental and organisational well-being of employees, in particular to improve the environment, digitise processes, improve safety, promote work-life balance or support career development. Measures for health and safety in the workplace are very important and key activities include regular trainings and systematic trainings of employees, external certification and the purchase of protective equipment. The ZSE Group has a high standard of personal and protective equipment and devices made of high-quality materials, especially for live work, work near voltage and work at height. In addition to education, prevention include information campaigns to raise awareness among employees. OSH training includes training for the Company's management and programmes for managers in the operation, as well as trainings for employees and employees' safety representatives. Initial inductions for new-comers and refresher sessions are conducted through both face-to-face and online trainings.

A quality social programme and care

for employees is an important part of employees’ motivation. In addition to the Company’s benefits, we also support employees in non-work environments or in special life situations.

- Childbirth allowance
- Long-term sickness allowance
- Death of an employee
- Employees’ children’s holidays
- Compensation for lost income during temporary sick-leave
- Jubilee and loyalty bonus
- Company car for private use
- Leave with compensation for pay
- Supplementary pension scheme
- Extra days off
- Personal account
- Catering allowance
- Discounts and benefits for employees
- Free and confidential counselling

The ZSE Group has a robust training programme in place, which includes legislative and mandatory trainings, language trainings, PC skills trainings, in-house technical trainings, soft skills development, talent programmes and e-learnings, as well as a psychological health support programme and career development and growth programmes. Employees are offered a variety of health services as well as targeted health maintenance measures. In the area of prevention of civilisation diseases, a week of Health was held during which employees could undergo non-invasive examinations to screen for these diseases. Employees can take part in general preventive measures and can also take advantage of specific preventive measures. The Company also offers selected employees

with preventive medical check-ups beyond the scope of law. In order to ensure that all employees feel comfortable and safe in their working environment, the ZSE Group places particular emphasis on psychological health. Employees can access a free counselling service and educate themselves through regular online lectures and events organised by the Coalition of Businesses for Mental Health.

In the context of ensuring a quality workforce, measures to promote dual education, which prepares students for careers according to specific needs and requirements in the workplace, are very important. Dual trainees get to know the working environment at the ZSE Group’s sites and develop the work habits necessary for a successful career after graduation. The Company also offers students practical training and internship opportunities. In the reporting period, the ZSE Group’s companies engaged in recruitment and employment activities with a focus on talent acquisition and development. These included participation in job fairs, cooperation with job centres, conducting internal campaigns to recommend candidates and building awareness of the Company as an attractive employer.

In the reporting period, a key activity within the digitisation of human resources processes and employee services was the implementation of activities in the new comprehensive information system Humanet. The Human Resources Division and the Security Division are involved in the management of risks and opportunities in relation to employees.

Key measures implemented during the reporting period:

Measure	Benefits
Social programmes and benefits	Care, motivation, productivity - support of good working conditions, secure employment, working time, adequate wages, work-life balance
Training and development programmes and activities	Increasing effectiveness of managers' work, stabilising the functioning of teams, increasing the skills and competences - support of equal treatment and opportunities for all - training and skills development
Diversity Days	Promoting an inclusive working environment and equal treatment and opportunities for all, education, raising awareness on harassment in the workplace
Health care service and check-ups	Care and health promotion and work-life balance support
Week of Health	Care and health promotion and work-life balance support
Psychological health support	Promoting health and mental well-being, ensuring psychological safety, increasing productivity and supporting work-life balance
Week of psychological health	Promoting health and mental well-being, ensuring psychological safety, increasing productivity and supporting work-life balance
Recruitment activities, fairs	Strengthening the employer brand, reaching target groups
Processes digitisation	Increasing efficiency, simplifying processes and improving access to services for employees
OHS trainings	Maintaining and improving employees’ qualification in the area of OHS, meeting legislative requirements and supporting safe working environment and education
OHS campaigns	Raising OHS awareness and supporting safe working environment
OHS personal protective equipment	Health protection against various factors arising from work and the working environment, and supporting safe working environment
OHS external audit	Proactive approach to systemic security risk management and supporting safe working environment

During the reporting period, the measures required operating costs of around EUR 7 million.

Significant measures taken, ongoing and planned to prevent work-related accidents and OHS incidents and to ensure safe shift work include:

- Implementation of internal OSH guidelines and standards that reflect legislative requirements and the specifics of the operations,
- Updating mandatory trainings on occupational health and safety,
- Equipping employees with modern personal protective equipment made of materials that protect against the effects of electric arcs and falls from height,
- Hazard assessment and risk assessment in all Company's workplaces,
- A system of regular monitoring of safety in the workplace through inspections of work procedures, equipment, working environment and audits,
- System of managers' safety walks to create opportunities for open dialogue on OSH topics,
- Introduction of electronic tools to record and analyse OSH incidents, dangerous occurrences and unsafe conditions,
- Campaigns to raise awareness of occupational safety, especially in risk environments or shift work, when working with display units,
- Specific training for employees working in difficult conditions,
- Strengthening programmes to promote physical and psychological health of employees.

In the reporting year, measures were implemented to improve working conditions, provide home from work, OSH prevention, psychological health promotion and elimination of OSH risks. All OHS incidents are investigated to find root causes and share lessons learned. If employees find themselves in a situation, they consider potentially dangerous, they are given clear instructions to stop work immediately and leave the workplace, if necessary. In particular, serious incidents and incidents caused by an electric arc or a fall from height are thoroughly investigated through an in-depth Root Cause Analysis (RCA). It is particularly important to continuously explain to ZSE Group's employees the requirements of OSH management as well as their own responsibilities. They must take care of themselves and their colleagues and report any identified safety risk immediately. For several years now, the Company has been building a culture of mutual care aimed at continuously reducing accident frequency.

Monitoring of working conditions, OSH walks and inspections, risk identification and assessment, and regular dialogue with employees are used to identify necessary measures. Managers of the ZSE Group take over the responsibility in the area of occupational health and safety also through the so-called Go-See-Talks. During a minimum of 12 visits in the workplaces per year, they have an opportunity to visit workplaces, talk directly to employees, and deepen their understanding of OSH issues, including risks. Evaluation of the effectiveness of the measures in place is monitored mainly

through feedback from employees and non-employees, and during employee assessment interviews. Internal and external audits of working conditions and safety at work assess whether the measures taken are achieving their objectives and are effective.

Measures planned to promote material opportunities include, in particular, initiatives to improve working conditions and support for employees, providing opportunities for flexible working hours and work from home, adapting the training programmes to current trends and market needs, and introducing further digitisation of human resources processes. The ZSE Group's objective is to retain employees and their expertise, and to offer them an opportunity to develop even further professionally, thus maintaining their performance and employability in the future.

By monitoring and evaluating processes that may affect employees, it is monitored whether these processes cause material negative impacts on the workforce. These procedures include regular internal audits, assessment of the work environment and identification of OHS risks associated with working conditions. In relation to the use of data, the ZSE Group strictly ensures compliance with legislative and ethical standards, particularly in relation to the protection of employees' personal data. The ZSE Group informs employees and other stakeholders about possible solutions and the reasons for decisions taken.

3. Metrics and targets



Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S1-5)

In relation to managing material impacts, risks and opportunities on own workforce, targets were set during the reporting period through which the ZSE Group aims to achieve improvement while monitoring and evaluating performance and progress in the area of safe working conditions, employee engagement and creating a fair and inclusive work environment with equal treatment and opportunities for all. In addition to setting objectives, the need for the development and adoption of new policies, in particular anti-discrimination and diversity, equality and inclusion policies, as well as the need to develop a methodology and purchase of a tool for conducting surveys and expanding education for inclusive leadership.

Within the health and safety management system in place, the ZSE Group set long-term qualitative objectives (ISO 45001):

- To create, on the basis of identified hazards and risks, healthy and safe working conditions in order to act preventively,
- To eliminate or minimise risks causing harm to physical and psychological health and property,
- To enable employees to submit proposals and recommendations aimed at improving OHS, by creating proper communication channels, setting up an OHS Committee

and through the appointed safety representatives,

- To comply with legal and other binding requirements to ensure OSH,
- To create necessary technical, organisational, financial and personnel conditions for safe working environment, prevention of occupational diseases,
- To raise employee awareness of the OSH culture with an emphasis on the prevention of potential risks,
- To improve and continuously advance the level of management of the occupational health and safety system.

Evaluation of performance and achievement of the objectives of the health and safety management system is part of regular external audits.

These measurable targets were set on the new legislative requirements for sustainability disclosures, materiality due to the nature of our business of the ZSE Group, internal audits, monitoring and evaluation of data

to date, as well as employees’ complaints and feedback. The setting of objectives was carried out with the engagement of senior management and with the participation of the specific units responsible for the area. The objectives set were presented as part of the ZSE Group’s ESG strategy to the Sustainability Committee and were approved by the Company’s management. The ZSE Group’s key measurable objectives cover the identified material aspects of sustainability - in terms of working conditions and satisfaction of employees: secure employment, working time, adequate wages, work-life balance, health and safety; and in terms of equal treatment and opportunities for all: training and skills development. In the reporting year, metrics and targets for measures against violence and harassment in the workplace was not in place. In the future, the ZSE Group plans to implement an anti-discrimination policy, which will introduce a target for monitoring performance in this area. Separate targets have not been set for the topics that are met

on the basis of legislative obligation, beyond the monitoring of employee satisfaction, as monitoring them would not bring relevant importance for the ZSE Group. The measurable objectives were therefore set primarily at the level of material topics and sub-topics focusing, in particular, on their impact and materiality in the context of the ZSE Group, business nature and line with the ESG strategy.

The following objectives have been set:

1. Participation in and completion of trainings for managers on diversity, equality and inclusion (DEI).
2. Employees’ satisfaction and engagement. Conducting regular employee opinion surveys.
3. Improving health and safety at work. Monitoring the frequency of work-related injuries leading to lost time and reducing this indicator’s figure.
4. Improving health and safety at work. Monitoring the total number of recorded

work-related incidents and accidents and reducing this indicator’s figure.

The baseline for 2024 was set within the preparation and adoption of the ESG strategy based on planned or expected assumptions. In the disclosures for the 2025 reporting period, the 2024 baseline will be adjusted to the actual value achieved in 2024 and will thus already reflect current developments and a realistic view of further improvements. Based on the actual 2024 results, a review of the ESG strategy will be undertaken in 2025 to ensure that it is up-to-date.

Defined targets:

Nr.	Material topic	ESG Key Performance Indicator (ESG KPI)	Rationale	Baseline 2024	Target 2030	Target 2035
1.	S1 Own workforce - Equal treatment and opportunities for all	Participation in and completion of trainings for managers on diversity, equality and inclusion (DEI). <u>Metric:</u> Percentage of managers completing one training per year.	KPI aims to raise awareness and importance of DEI topics by educating “leaders” as “role models” within the Company. The training provides practical tools and insights on how to promote equality and diversity in the workplace and within teams, leading to better results and a more positive work environment. The KPI tracks the proportion of male and female managers who are required to complete at least one DEI training session during the year and specifies specific roles. The baseline was set based on the expected assumption for 2024.	50% of directors of divisions and heads of departments	70% of directors of divisions and heads of departments and 20% of team leaders	60% of all managers

Nr.	Material topic	ESG Key Performance Indicator (ESG KPI)	Rationale	Baseline 2024	Target 2030	Target 2035
2.	S1 Own workforce – Working conditions	Employee satisfaction and engagement. Conducting regular employee opinion surveys (2025/2026). <u>Metric:</u> 2024: Selection of a supplier and calibration of a tool (response rate a/and overall satisfaction), 2025: Pilot surveys, as from 2026 setting of goal.	KPI focuses on effectively obtaining regular feedback and monitoring employee satisfaction and engagement in various areas such as work environment, benefits, management, motivation, psychological safety, level of inclusion, satisfaction with supervisors. For the baseline year, the selection of a supplier and calibration of the tool was set as a goal. For 2025, the goal was set to conduct at least 1 survey with a response rate of 50% of all employees and to set targets for 2026, 2030 and 2035.	Selection of a supplier and calibration of a tool	tbd	tbd
3.	S1 Own workforce – Working conditions	The Lost Time Injury Frequency/LTIF and reducing the value of this indicator. <u>Metric:</u> Number of LTIs incidents per million hours worked, including contractors. Calculation: LTIs incidents / total number of hours worked x 1,000,000.	The KPI focuses on the injury rate development with regard to the implementation of systematic measures and the strengthening of the safety culture in the workplace, which should lead to a reduction in the injury rate. A lower LTIF value indicates a lower number of work-related incidents, which means better protection for employees and a safer work environment. The baseline was set on the basis of statistical trends over the last 10 years.	2.0	1.8	1.5
4.	S1 Own workforce – Working conditions	Monitoring Total Recordable Incidents Frequency/TRIF and reducing the value of this indicator. <u>Metric:</u> Number of TRIs incidents per million hours worked, including contractors. Calculation: TRIs incidents / total number of hours worked x 1,000,000.	The KPI focuses on a wider range of incidents and injuries and therefore gives a more comprehensive picture of safety and health risks in the workplace with a view to implementing systematic measures and strengthening the safety culture that should lead to a reduction in injury rate. A lower TRIF value indicates a lower number of work-related incidents, which means better protection for employees and a safer working environment. The baseline was set on the basis of statistical trends over the last 10 years.	3.0	2.8	2.5

Progress achieved in 2024:

- The "Inclusive Leadership" training was conducted on four dates and all B-1 and B-2 level managers (directors of divisions, heads of departments) were invited. The training was attended by 49.4% of the invited B-1 and B-2 level managers of the entire ZSE Group.
- In 2024, a tool for conducting periodic surveys was selected and calibrated. The tool named "Arnold" was selected, and it meets the IT technical/Security and content requirements for collecting feedbacks from employees. Its launch is currently planned for late Q1/early Q2. The first surveys will aim to be 'Pulse Checks' which bring an overview of the current employee

experience. Initial topics will include employee climate/satisfaction, motivation and engagement.

In the near future, the topics will be expanded, as well as the use of this tool.

- In the reporting period, LTIF was 1.9.
- In the reporting period, TRIF was 2.4. The value achieved exceeded the original estimates for the short, medium and long horizon and these values will be adjusted in the 2025 reporting period disclosures to reflect current developments and a realistic view of further improvement.



Characteristics of the undertaking's employees (S1-6)

Structure of employees	2024
Situation (HC) as at 31 December 2024	3,889
Average number of employees	3,839.92
New recruits	354
- of which graduates	30
Number of employees who left the Company during the reporting period	334
- of which voluntary turnover	104
Turnover rate	8.70%
Average age of employees	44.55
Average number of years of service	15.08

Voluntary turnover includes employee-initiated departures but does not include retirements or departures for health reasons or parental/paternity leave

Data related to the description of key characteristics of own workforce employees are provided as an average over the reporting period. To compile the data, we use the number of employment contracts in the ZSE Group's companies (the so-called Head Count) as the number of people. We calculate the workload of employees in relation to full-time equivalent (FTE).

In the context of working hours, 1 FTE represents a full-time employee, which, in this case, means 37.5 hours per week. This standard FTE (100%) serves as the basis for the calculation of part-time jobs. The breakdown of jobs and their equivalent in FTEs is as follows:

- Full-time job (100%): The employee works 37.5 hours per week, equivalent to 1.00 FTE.
- Part-time job (50%): The employee works 18.75 hours per week, equivalent to 0.50 FTE.
- Three-quarter-time job (75%): The employee works 28 hours per week, equivalent to 0.75 FTE.
- 90%-time job: The employee works 34 hours per week, equivalent to 0.90 FTE.

Number of employees by gender (FTE)	2024
Man	2,697.15
Woman	1,142.77
Other	n/a
In total	3,839.92

Number of employees by contract type, broken down by gender	Man	Woman	Total
Number of employees (number of employees / full-time equivalent)	2,712/2,697.15	1,177/1,142.77	3,889/3,839.92
Number of permanent employees (number of employees / full-time equivalent)	2,629/2,614.15	1,069/1,034.77	3,698/3,648.92
Number of temporary employees (number of employees / full-time equivalent)	83	108	191
Number of non-guaranteed hours employees (number of employees / full-time equivalent)	0	0	0
Number of full-time employees (number of employees) (number of employees / full-time equivalent)	2,687/2,677.77	1,156/1,129.53	3,843/3,807.30
Number of part-time employees (number of employees / full-time equivalent)	25/19.38	21/13.23	46/32.61

Number of employees by contract type, broken down by region	West Slovakia	East Slovakia	Total
Number of employees (number of employees / full-time equivalent)	2,279/2,237.24	1,610/1,602.678	3,889/3,839.92
Number of permanent employees (number of employees / full-time equivalent)	2,279/2,237.24	1,419 / 1,411.678	3,698/3,648.92
Number of temporary employees (number of employees / full-time equivalent)	n/a	191	191
Number of non-guaranteed hours employees (number of employees / full-time equivalent)	n/a	n/a	n/a
Number of full-time employees (number of employees) (number of employees / full-time equivalent)	2,251/2,221.79	1,606/1,599.516	3,857/3,821.3
Number of part-time employees (number of employees / full-time equivalent)	42/29.45	4/3.162	46/32.61

Characteristics of non-employee workers in the undertaking's own workforce (S1-7)

The most common types of non-employees of the Company are the self-employed persons. However, a large proportion of self-employed workers are in the upstream or downstream value chain and these categories of workers are included in the ESRS S2 Disclosure - Workers in the Value Chain. Data on these workers are not available in the reporting period, since the internal systems record them as contractors, and it was not possible to determine which of them are involved in operational activities and which are in upstream value chain. In the next reporting period, the systems will be set up to collect this information. For the reporting period, we estimate the number of self-employed people who are part of own labour force, and, in line with rounding requirements, we report the resulting number to the nearest ten. This figure includes 14 persons identified on the basis of actual data and approximately 10 persons based on an estimate.

Own workforce non-employees	2024
Self-employed persons in total	20
Persons provided by undertakings engaged in "employment activities" (number of employees)	75

Adequate wages (S1-10)

The ZSE Group respects legal principles of fair wage and all employees are paid in accordance with the applicable benchmarks - applicable legislation, minimum requirements (minimum wage) and corresponding to the complexity of the work performed.

Social protection (S1-11)

In the event of loss of income due to major life events, employees of the ZSE Group are covered by social protection:

- a) Compensation of income during sick-leave under the Labour Code and assistance provided for continuous sick-leave in excess of 3 months under the Collective Agreement,
- b) Severance pay under the Labour Code and the Collective Agreement in the event of loss of employment (e.g. due to redundancy),
- c) Severance pay under the Labour Code and the Collective Agreement in the event of loss of employment due to health reasons,
- d) Parental leave under the Labour Code and Collective Agreement,
- e) Retirement pay under the Labour Code and increased retirement pay under the Collective Agreement.

Social protection in relation to these types of events is provided by the Labour Code and the Collective Agreement. The Collective Agreement covers 100% of the employees of ZSE, ZSD and ZSEE. 100% of the employees

of VSEH, VSE and VSD are covered by the Corporate Collective Agreement. In total, 100% of all employees are covered by social protection under Labour Code. The disclosure does not apply to employees of Ekoterm and BK.

Training and skills development metrics (S1-13)

Every full-time employee of the ZSE Group undergoes performance and career development review; this is regulated by Collective Agreement, internal managing documentation. Regular performance assessment by the line manager are carried out annually, half-yearly, quarterly or monthly, depending on the type of position, on the basis of pre-determined performance and development targets communicated to employees. The assessment includes setting objectives for the next period. A record of the planned assessment dialogue is available to each employee in the internal application - Assessment and Remuneration System. The assessment is always linked to performance review (bonus) and the employee does not have to agree with the review. Every employee must be assessed, even in the event of departure or other circumstances. During the reporting period, 100% of employees underwent performance review 2023 and 100% of the planned reviews for 2024 were set. The disclosure does not apply to employees of Ekoterm and BK.

It was not possible to provide a breakdown of the average number of training hours per employee by gender and category for the reporting period. From 2025 onwards, data

collection on development and education will be adapted, and this information will be published for 2025.

Training and skills development metrics *)	2024
The percentage of employees who have participated in regular performance and career development review	100 %
Average number of training hours per employee	28.72 hours

*) excluding of employees of Ekoterm and BK

Health and safety metrics (S1-14)

To the end of the reporting period, health and safety management system (ISO 45001) in the ZSE Group applied to 100% employees of distribution companies (ZSE, VSD), business companies (ZSE Energia, VSE) and ZSE Elektrárne, which represents 85% own workforce of the entire ZSE Group. Health and safety management system (ISO 45001) is subject to external certification which was conducted in the reporting year in the distribution company VSD and is valid until 30 June 2027.

Health and safety metrics ^{*)}	2024
Number of deaths due to work-related accidents or work-related ill health	0
Number and rate of recordable work-related accidents (other workers working on the worksites of the Company, such as workers in the value chain, if they work on the worksites of the Company, to be included too)	19/1.89
Number of cases of demonstrable work-related ill health - of which non-employees	0
Number of days not worked due to work-related injuries and deaths resulting from work-related accidents, work-related ill health and ill health-related deaths	730

^{*)} excluding of employees of Ekoterm and BK

Work-life balance metrics (S1-15)

The ZSE Group is committed to ensuring that its employees have a good work-life balance. Fully in line with the Labour Code

all employees are entitled to family-related leave, which includes maternity leave, paternity leave and parental leave. Carers' leave has not yet been transposed into national legislation, but employees have the possibility to take other forms of leave if they need to care for.

Family-related leave ^{*)}	2024
Maternity leave	35
Paternity leave	74
Parental leave	89
- of which women	69
- of which men	20
Carers' leave	n/a
% share of family-related leave in total number of employees	5.1%
% share of family-related leave in total number men	3.5%
% share of family-related leave in total number women	8.8%

^{*)} excluding of employees of Ekoterm and BK

Incidents, complaints and severe human rights impacts (S1-17)

In the reporting period, there were 9 cases of harassment and no case of discrimination within own workforce. In the ZSE Group, any inappropriate behaviour in the workplace is considered harassment. Discrimination includes unequal treatment based on sex, racial or ethnic origin, nationality, religion or belief, disability, age and sexual orientation. The harassment cases did not involve fines or compensation. In the reporting period, no complaint was reported to the ZSE Group by non-employees that would relate to severe impacts on human rights.

Incidents, complaints and severe human rights impacts ^{*)}	2024
Total number of discrimination cases	0
Total number of harassment cases	9
Total number of complaints submitted via whistleblowing system	7
Total amount of fines, sanctions and compensations as a result of the complaints above	0

^{*)} excluding of employees of Ekoterm and BK

Workers in the value chain (ESRS S2)

1. Strategy

Interests and views of stakeholders (ESRS 2 SBM-2)

The needs of value chain workers are integrated into the ZSE Group's long-term strategy and business model, which is based on ethical practices and compliance with labour law, including safe and fair working conditions, and takes into account the interests and rights of its own workforce, contractors' workers and everyone involved. Value chain workers are considered an important stakeholder group, as their expertise and involvement are crucial for achieving the company's goals.

Material impacts, risks and opportunities and their interaction with strategy and business model (ESRS 2 SBM-3)

The ZSE Group's long-term strategy focuses on commitments to safety, health, employee satisfaction, compliance with standards and regulations, ethical business practices, corporate social responsibility, and environmental responsibility. These areas are among ZSE's key priorities. The strategy is focused on cooperation with contractors who have demonstrated compliance with safety standards, ethical rules, environmental protection, quality and management through

established ISO and other standards. The ZSE Group creates sustainable contractor relationships, emphasises the prevention of risks associated with criminal liability and verifies its business partners within the KYC process (Know Your Counterparty). It improves the contractor management system to protect the health of contractors' workers. It prefers long-term partnerships with companies that actively implement safety measures and protect the health of their employees. Implementing consistent norms, standards, and controls prevents risks of endangering the business model, which depends on reliable contractors and stable supplies. Risks arising from impacts on value chain workers are directly linked to strategy and business model, as they can affect reputation, financial costs and operational stability.

The materiality process assessed material negative impacts and risks related to value chain workers and, based on these, identified working conditions and the protection of the health and safety of workers in the supply chain as a material topic. As part of the materiality assessment, we also focused on workers' rights in the value chain, including protection from child labour and forced labour, which are prohibited by law. The ZSE Group is gradually implementing processes to integrate human rights protection into the internal environment and the supply chain. When assessing materiality, this effort was perceived as a positive impact. The most material negative impacts and risks to contractors' employees include health risks (exposure to hazardous substances and chemicals), occupational risks (working with

electricity and at heights), work equipment (regular inspection of work equipment is essential to reduce the risk of accidents and legal problems) and shortcomings in safety measures at contractors. These risks confirm the need for strict oversight of safety standards and their consistent compliance. These risks confirm the need for strict supervision of safety standards and their consistent compliance and are intricately linked to the business activities and strategy of the ZSE Group. The basis of the ZSE Group's business model is a safe, reliable, and efficient supply of energy, which requires consistent supervision of quality and safety standards throughout the supply chain. Therefore, the ZSE Group emphasizes strict control mechanisms and requirements when selecting and evaluating contractors and integrates occupational safety principles into supplier requirements and contractual terms while supporting continuous improvement of safety standards throughout the value chain.

The scope of the disclosure includes workers in the upstream and downstream parts of the value chain who are affected by the activities of the ZSE Group and through its business relationships. This also includes workers not part of the ZSE Group's own workforce. These are primarily workers of regular contractors who are involved in the logistics and purchasing processes of the ZSE Group, perform activities related to the business of the ZSE Group and on whom the policies, processes and work organisation of the ZSE Group have a real impact. Workers of business partners (for example, employees of contractors or intermediaries from whom the

ZSE Group purchases a commodity) are not included in the scope of disclosure because the ZSE Group's impact in terms of health and safety and the working environment is indirect. Interaction with them is at the level of business transactions, while the KYC system ensures that the ZSE Group only cooperates with partners who comply with its business principles and legislative requirements.

Workers in the supply chain that the ZSE Group can materially influence are primarily contractors' workers and business partners who are directly involved in the ZSE Group's own activities. Through business relationships, workers in the supply chain are mainly affected by the supply of materials, works or services, with the key identified impact being their working conditions and the protection of their health and safety at work. The impact is mainly manifested in minimising safety risks for these workers, including training and providing necessary personal protective equipment. Requirements for work and safety standards and conditions within the ZSE Group's business relationships are key. The occupational health and safety (OHS) of contractors' workers is a primary responsibility, which includes ensuring safe working conditions, providing necessary training and protective equipment, and supervising compliance with safety standards. A responsible approach to managing relationships with upstream partners includes monitoring their working conditions, compliance with safety standards, and supporting the implementation of improvements in occupational health and safety. In the downstream, we emphasise

adhering to ethical practices among our partners within the sales network.

Brief description of workers affected by our activities in the field of OHS:

- Workers working in our operations: employees of contractors (not self-employed individuals) who are involved in various activities such as maintenance, construction work, logistics, and specialised technical services;
- Workers working in the upstream part of the value chain: employees of first-tier key contractors and self-employed individuals involved in activities related to the supply of inputs, goods, works or services necessary for operations and business. This includes, in particular, employees of contractors supplying energy materials such as cables, transformers, switchboards, and electricity meters needed for the proper operation of the distribution system and other manufacturers and entities that provide the required resources at the beginning of the value chain;
- Workers working in the downstream part of the value chain: employees involved in activities that ensure the transportation, distribution, sales support and sale of products and services, in particular workers of logistics and marketing companies, retailers or other entities that mediate our products or services to end customers;
- Employees working in joint venture operations: in joint venture operations within non-controlling interests (SPX, Energotel, Bioplyn Rozhanovce, Transelektro, People2People), we apply the ZSE Group OHS methodology;

- Particularly vulnerable workers: We do not monitor this Group separately, and the same legislative rules and working conditions apply to all other contractor workers.

No special system is in place to describe the main types of workers in the ZSE Group value chain affected by working conditions and occupational health and safety. The basic framework is the subject of the contract, according to which the type of work can be identified. Self-employed persons are recorded in internal systems as regular contractors and are not divided into operational or upstream/downstream activities. Data will gradually be collected in internal records and systems for more detailed characteristics of contractor's employees to identify the categories of those affected by the negative impacts of the ZSE Group's activities and who are particularly vulnerable to risks. In this way, it will be possible to better monitor and map the overall impact of the ZSE Group on the workforce within the value chain.

Given the nature of the ZSE Group's activities, the negative impacts on contractors' employees are primarily occupational safety, weak preventive measures, and inappropriate personal protective equipment. Hence, contractors are required to have a sound OHS system in place, conduct regular safety training for their employees, and conduct safety procedure inspections regularly to minimise risks and ensure a safe working environment for all workers in the ZSE Group's value chain. Systemic material negative impacts in the context of child or forced labour or in connection with incidents or specific business relationships have not been

identified. Potential consequences resulting from the transition to low-carbon business were considered in the materiality process and were not recognised as material.

Through the materiality process, the active implementation of a human rights policy and processes to integrate human rights protection not only into the internal environment of the ZSE Group but also into its supply chain was assessed, and this effort was assessed as a positive impact that strengthens the ZSE Group's commitment to ethical business principles. However, the materiality of this positive impact was not confirmed when identifying material sustainability aspects. Long-term exposure to hazardous materials increases contractor workers' risk of serious health problems. Working with contractors who do not comply with safety regulations and insufficient implementation of control measures can threaten business continuity and lead to delivery delays and higher costs. These material risks concern workers in the upstream part of the value chain in particular.

Workers who work in specific conditions or perform specific activities may be exposed to a higher risk of occupational health and safety. For this reason, the ZSE Group's approach to occupational health and safety (OHS) is also adapted to employees' specific needs and special attention is paid to their regular training and inspections in these areas. Workers in the ZSE Group's operations face an increased risk of injuries and work-related accidents, especially when working on or near live equipment, at height, during maintenance, construction work and in

specialised technical services. These activities include handling heavy materials, working in risky environments such as construction and industrial sites, and in contact with hazardous substances, technologies or equipment. All these workers, who are exposed to specific risks in the upstream part of the value chain, are key actors in the approach to occupational health and safety. The ZSE Group is committed to providing them with the necessary protection and ensuring they have access to adequate training, equipment and support to minimise the risk of injury and illness.

2. Management of impacts, risks and opportunities

Policies related to value chain workers (S2-1)

Key policies related to aspects of value chain workers in the ZSE Group are the Supplier Code of Conduct, the General Terms and Conditions (GTC), and the Occupational Health and Safety Policy. The above standards cover an essential aspect of sustainability - health and safety in the working conditions of workers in the value chain. The scope of the above policies concerns the upstream part of the value chain, and the responsibility for their implementation lies with the ZSE Board of Directors and the individual Division Directors.

To manage material impacts, risks and opportunities related to value chain workers, the ZSE Group has implemented standard General Terms and Conditions (GTC). The GTC contain strict criteria that contractors must meet to ensure sustainability and protection of the labour rights of their employees.

Another adopted policy is the Contractor Code of Conduct, which contains provisions regarding worker safety, transparency of working hours and remuneration, and the prohibition of child, forced and other involuntary labour, discrimination and harassment, and describes a whistleblowing system. Contractors undertake to comply with the Contractor Code of Conduct for their employees, as well as subcontractors they deploy in connection with the fulfilment of their contractual obligations towards the ZSE Group, immediately after concluding the Contract with ZSE. Upon request, Contractors shall submit evidence of the commitment of their employees and subcontractors to this effect. It is an integral part of contracts with contractors, and its compliance is regularly reviewed and, in agreement with contractors, inspected on-site. It is a legally binding document for all contractors of the ZSE Group. The Contractor Code of Conduct encourages contractors to inform their employees about the ZSE Group's whistleblowing mechanism (whistleblower system). It encourages them to use this system if they do not have their own. Both policies are published on the company's website in the public section of the Contractor Portal.

Under applicable laws, the ZSE Group applies the E.ON Group standard in supply chain management, which is implemented in the ZSE Group's internal guidelines. The guidelines describe the supply chain's functions and the management of procurement processes and tenders. During the reporting period, an extension of existing social indicators was implemented, and their monitoring and evaluation will be set as a condition for

tenders through a system solution from 2025. Social criteria will be extended to include aspects of occupational health and safety and education – more specifically, statistical accident rate indicators and their comparison and information on the training of the contractor's employees. The system solution is based on the contractor's contractual obligation to send this information at a certain time. The obligation is part of the tender conditions as part of the company's contractual terms and conditions.

The ESG strategy is the ZSE Group's commitment to achieving sustainability goals in support of a just energy transition and the UN Sustainable Development Goals (SDGs), setting measurable targets for various aspects of sustainability, including sustainable supply chain management. It applies to all consolidated entities within the Group, ensuring a consistent approach to sustainability, accountability and transparency across the Group. The ESG strategy is published on the company's website.

The standards for protecting human rights relevant to value chain workers are defined in the Contractor Code of Conduct, which applies to all contractors and plays a leading role in the relationship between ZSE Group companies and their respective contractors in terms of human rights. The ZSE Group Contractor Code of Conduct is aligned with the UN Global Compact initiative. The ten UN Global Compact principles are derived from the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio de Janeiro Declaration

on Environment and Development and the UN Convention against Corruption. We also publish this document on the contractor portal. The policies regarding value chain workers are not aligned with the international document United Nations (UN) Guiding Principles on Business and Human Rights. Compliance shall be ensured in 2025 as part of a thorough assessment. There was 1 Contractor Code of Conduct violation recorded in the upstream and downstream parts of our value chain during the reporting period.

Processes for engaging with value chain workers about impacts (S2-2)

The gradual introduction of upstream and downstream value chain monitoring monitors whether the business model and strategy ensure a positive working environment for contractors' employees. This monitoring also includes direct communication and obtaining feedback from contractors' employees. Based on this, measures are taken, particularly in changing contractor requirements within the framework of the General Terms and Conditions (GTC) and the Contractor Code of Conduct, which are the most significant policies of the ZSE Group for contractor management. At the same time, contractors are provided with support in implementing good working conditions, which includes training and education in OHS, and they are also supported in improving their performance in terms of sustainability. Through dialogue and obtaining feedback, we identify needs from contractors' employees they believe the ZSE Group should address.

In contractor management-related activities and decisions, value chain workers are directly involved through communication with contractors and their employees, through safety training, regular on-site inspections or in several contractor forums, and through the Contractor Portal, where contractor workers can express their opinions and submit suggestions on various topics, including working conditions and labour rights. Based on the feedback received from contractors' workers, measures are taken, such as extending the aspects of social criteria in tenders or changing the requirements for contractors within the General Terms and Conditions (GTC) and the Contractor Code of Conduct. The stages of contractor worker involvement are different - they must complete mandatory safety training before starting work, safety inspections are carried out during work, and the company receives feedback through direct communication even after the job is completed. The responsibility for involving value chain workers lies with the Purchasing and Logistics Department. Under the General Terms and Conditions, ZSE Group contractors undertake to provide information on the fulfilment of their obligations in working conditions. This information is being collected, monitored and verified on an ongoing basis. From 2025, ZSE Group plans to collect data on the characteristics of contractors' employees as well as information on contractors' performance in the social area (introduction of codes of conduct, introduction of a whistleblower system, introduction of a diversity, equality and inclusion policy and an anti-discrimination policy) within the contractor register.

Processes to remediate negative impacts and channels for value chain workers to raise concerns (S2-3)

In case of occupational accidents involving contractors' workers and unsafe conditions, the ZSE Group treats them in the same way it does with its own employees. Investigation of individual incidents is ensured, and adequate corrective measures are adopted to prevent the recurrence of similar events. Work-related accidents of suppliers' workers are investigated by a commission in compliance with legal requirements, and more serious events are also investigated using the RCA (Root Cause Analysis) methodology. To address complaints and suggestions from value chain workers regarding working conditions and occupational health and safety, the ZSE Group has a "concern" mechanism in place. Contractors' workers can report their concerns or cases of inappropriate working conditions through contact persons of the Purchasing and Logistics Department, the OHS, Quality and Security Department or the whistleblowing system. The received claims are analysed, and corrective actions are taken. This process is described in internal management acts. The Contractor Code of Conduct supports the availability of the whistleblower system. It defines the requirements for contractors in reporting concerns with an emphasis on their accessibility, anonymity and protection of the whistleblower. To assess the knowledge of these mechanisms among value chain workers, the ZSE Group plans to gradually

introduce a process in 2025 through which the system's use, trust and effectiveness will be determined. Here, contractors will be asked to provide information about their reporting processes. Through anonymous questionnaires and/or on-site inspections, the Purchasing and Logistics Department will gradually target contractor employees to assess their perceptions of the reporting structure, educate them, and improve communication with contractors.

Taking action on material impacts on value chain workers (S2-4)

As part of managing its material impacts on value chain workers, the ZSE Group focuses on measures to protect the safety and health of contractors' employees and improve the safety of the working environment. These measures are linked to the company's strategic objectives, KPIs and external ISO certification, thereby contributing to the fulfilment of various business or legislative frameworks. Information on future activities is part of internal planning documents and strategic materials, which are updated according to the development of regulation, market, and internal priorities of the ZSE Group. For this reason, we provide disclosures regarding measures implemented in the reporting period.

Key measures to address material impacts on value chain workers include procurement procedures that include rigorous selection and assessment of contractors based on

clearly defined criteria. Contractors must provide evidence of compliance with labour standards and commitments to improve working conditions. Professional qualifications, financial, and economic standing are inspected, and the assessment is recorded in records and published with the Public Procurement Office (Úrad pre verejné obstarávanie - ÚVO) and the Regulatory Office for Network Industries (Úrad pre reguláciu sieťových odvetví - ÚRSO). This process includes regular audits to verify compliance with these requirements. Internal procedures include internal audits, implementation of corrective actions when problems are identified, active communication, support and training of contractors, complaint tracking, compliance with standards, external third-party assessments, sharing best practices with contractors, and collaboration to improve conditions throughout the value chain. All these measures aim to ensure that working conditions throughout the value chain comply with legislation and international standards and that negative impacts on workers are actively prevented in the value chain. In 2025, we are preparing to adjust the business partner due diligence system (KYC processes) in connection with the integration of human rights requirements. Regular safety training for contractors and inspections focused on safety procedures are preventive measures to reduce the risk of contractor accidents. Establishing responsibility for incidents involving contractor workers and taking prompt corrective action after each incident is key to increasing worker safety in the value chain.

ZSE Group uses a systematic approach to identify and implement measures that respond to specific or potential negative impacts on value chain workers. This process includes regular risk assessments, work environment analyses, obtaining feedback from contractors' workers and active communication with contractors. Identified areas requiring specific measures are addressed with an emphasis on prevention and continuous work environment improvement. ZSE Group focuses on minimising negative impacts by adjusting internal processes, cooperating with partners, and involving subjects in the value chain. As part of its purchasing procedures, the ZSE Group has introduced strict requirements for contractors regarding compliance with safety and labour standards. Their fulfilment is regularly monitored and evaluated, including inspecting workplace safety measures, using personal protective equipment, and work procedures compliant with applicable laws. Each incident, accident or risk report is analysed to identify the causes and implement preventive measures. The ZSE Group supports the prevention of occupational risks at contractors through training and educational programs focused on risk management, competence development and compliance with safety and labour standards. These activities include the exchange of best practices and the introduction of innovations to increase worker safety. The ZSE Group also participates in initiatives to improve safety standards and support sustainability, for example, by implementing green procurement.

In the materiality process, health risks and insufficient safety standards were identified as material risks to value chain workers. To mitigate them, external and internal audits were carried out during the reporting period to ensure compliance with OHS rules at contractors, where discrepancies with applicable laws or safe working practices were identified, corrective measures were determined to introduce compliance with working procedures, which are regularly inspected, and in the event of repeated violations of applicable laws, sanction procedures were applied following the applicable Conditions for the Provision of Works. Before starting the planned work, the ZSE Group organises joint meetings to identify and analyse safety risks to ensure safe workplaces and a communication channel for resolving OSH issues. Induction training is being extended to all supply chain workers, joint working meetings are being held to resolve OHS issues at workplaces, and a higher standard of personal work equipment is being introduced when working on and near live equipment. With regard to material opportunities, the ZSE Group continues to integrate human and labour rights protection into the supply chain.

Overview of key measures and initiatives:

Measures	Measure contribution
Contractor assessment app	tracking, monitoring and quality control
Regular assessment and inspections	monitoring, inspections
Contractor OHS events	prevention and awareness-raising
OHS workshops and training for contractors at a higher risk at work	prevention, raising OHS awareness
Audits, Certification	verifying the compliance with applicable laws
Training and education of workers from the Purchasing and Logistics Department	improving skills

The above key measures, aimed at preventing or mitigating material negative and positive impacts on value chain workers, did not require significant capital expenditures, operating costs or other financial resources during the reporting period.

No serious human rights issues were reported during the reporting period, and no business relationships were terminated due to violations of the ZSE Group’s Contractor Code of Conduct. No formal concerns related to the upstream and downstream parts of the value chain were reported through the reporting system. Responsibility for managing impacts on value chain workers lies with the Leaders of the Strategic Purchasing and Public Procurement Teams in the Purchasing and Logistics Department. The teams are trained in labour standards, human rights, working conditions, occupational safety and other relevant areas. We provide safety training to contractors. We use SAP and internal system applications to collect data and assess contractors.

3. Metrics and targets

» Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities (S2-5)

Intending to reduce negative impacts and promote positive impacts on value chain workers, the ZSE Group set itself the goal of improving the working conditions of contractors’ workers through extended social criteria in procurement and tendering procedures in the reporting year. The set target covers an important aspect of sustainability – safe working conditions for value chain workers. At the same time, this target aims to increase the share of social purchases in the total number of contracts and tenders in the ZSE Group. The baseline was set from historical data on monitoring social aspects set in contractual terms and conditions, such as payment terms of subcontractors. This target monitors the effectiveness of integrating social aspects into the ZSE Group’s purchasing and supply decisions and expands existing social indicators, their monitoring and evaluation. The set target should lead the supplier to improve the working conditions of its employees actively. The suppliers’ employees were directly involved in its setting through consultations and feedback. The set target is an ESG KPI; its targets were set for short-term, mid-term and long-term and submitted to the Sustainability Committee. The company’s management approved them as part of its ESG strategy. During the reporting period, the share of social purchases

was 47.46% of the total number of contracts in the ZSE Group. The achieved value exceeded the original estimates for the short, medium, and long term and these values shall be adjusted in the disclosures for the reporting period 2025 to reflect current developments and a realistic view of further improvement. Based on the actual results for 2024, a review of the ESG strategy will be conducted in 2025 to ensure its relevance.

Defined target

č.	Material topic	ESG Key Performance Indicator (ESG KPI)	Rationale	Baseline 2024	Target 2030	Target 2035
18.	Workers in the value chain (ESRS S2)	Improving working conditions of contractors' workers through extended social criteria in procurement and tendering procedures <u>Metric:</u> Increase the number of social purchases on the overall number of orders (tenders)	The KPI monitors the effectiveness of integrating social aspects into our purchasing and contractor decisions. We will systematically extend the social criteria to include aspects of OHS and training - specifically statistical accident rate indicators and their comparison, as well as information on the training of the contractor's employees. The system solution will be based on the contractor's contractual obligation to send this information at a certain time. The obligation will be anchored in the terms of tender procedures as part of the company's general terms and conditions. The baseline value was set based on the expected assumption for 2024.	24%	34%	44%

Consumers and end-users (ESRS S4)

1. Strategy

Interests and views of stakeholders (ESRS 2 SBM-2)

The ZSE Group systematically considers the interests, opinions and rights of consumers and end-users in its strategy, business model and processes; compliance with their rights (consumer protection) and respect for their human rights (personal data protection) are key. In the internal value setting of the ZSE Group, "the customer is at the centre of attention and services, and products are provided to them simply, sustainably and digitally". The ZSE Group strictly complies with the legislation on consumer protection and competition while having a functional system of submissions and a protector of customer rights (customer ombudsman) in place and, where necessary, actively

cooperates with regulatory and supervisory authorities, such as the Regulatory Authority for Network Industries (Úrad pre reguláciu sieťových odvetví - ÚRSO) and the State Trade Inspection (Štátna obchodná inšpekcia - ŠOI).

Consumers and end-users are key stakeholder Groups, and their needs were identified as significant within the materiality process. The company's strategy, business model and processes are aimed at minimising negative impacts on consumers and promoting positive effects, for example, by ensuring and providing reliable, accessible and high-quality services (Customer Experience), protecting consumer rights and ensuring equal access to products and services. The identification and assessment of impacts included analysing key areas such as personal data protection, access to good information, personal safety when using the company's products and services, and responsible marketing practices. The

strategy of the ZSE Group's sales companies towards the consumer is measured through the customer experience indicator (Net Promoter Score/NPS) on a regular basis. The ZSE Group's sales companies, including online stores (sales companies), take appropriate measures to address material impacts. These are specific steps such as process modifications, improving communication channels, implementing higher data protection standards, or introducing additional measures to support service availability.

Material impacts, risks and opportunities and their interaction with strategy and business model (ESRS 2 SBM-3)

The dual materiality assessment included an assessment of several positive and negative impacts across business segments and the value chain. The evaluation results highlight significant issues related to the products and services provided by ZSE Group companies.

All identified and assessed impacts, risks and opportunities are located within ZSE Group's own activities and the electricity and gas sales, electricity distribution, administrative activities (e.g. call and customer service centres) and non-commodity services segments. The materiality process identified significant actual and potential impacts, risks, and opportunities arising from ZSE Group's strategy and business model, which are related to the diverse interactions of ZSE Group companies with consumers. These impacts reveal key areas for service improvement risk minimisation and, at the same time, contribute to adapting the strategy and business model to consider consumer needs and contribute to business sustainability.

The potential negative short-term impact is represented by risks related to personal data violations, where there is a risk of loss, confidentiality, availability and integrity, which could lead to a violation of consumer privacy, legal consequences or damage to

the reputation of the ZSE Group. The strategy reflects this impact by implementing robust data protection and cybersecurity measures that minimise risks and strengthen consumer trust.

Positive impacts include various aspects of consumer interaction that the business has identified as significant. These include:

- Disclosing true and correct information, ensuring transparency and fostering trust;
- Responsible marketing processes and fair behaviour, eliminating the risk of misleading consumers and supporting customer loyalty;
- customer access to good information through tools such as a customer rights officer (ombudsman), who serves as a point of contact for resolving customer disputes and questions;
- Consumer health and safety are part of the company's strategy, with quality standards ensuring the safety of products and services.

The relationship between material impacts, risks, opportunities and the business model of the ZSE Group is based on adaptability and the ability to respond to consumer impacts. The strategy, business model and processes are continuously adjusted to mitigate identified risks and exploit opportunities to strengthen customer trust and foster sustainable growth. In this way, ZSE Group companies actively respond to consumer needs and contribute to enhancing customer relationships.

In connection with the requirement to describe the types of consumers and/or end-users who are impacted by ZSE Group

companies' products and services, the basic framework is the sales segment, within which we divide customers into:

- Households (residential segment)
- Small and medium enterprises (SMEs)
- Key customers

Consumers and/or end-users are customers of the residential segment (households) who use the services of the ZSE Group's sales companies in electricity distribution and supply, gas supply, non-commodity services and administrative activities, such as customer centres. ZSE Group customers from the household segment are users of services that potentially negatively affect their rights to privacy and personal data protection and require accurate and accessible information about ZSE Group's products or services. We do not separately monitor the category of consumers who are particularly vulnerable to health, privacy, marketing, and sales strategies or with other special characteristics. Still, access to them is regulated by internal management acts.

Within the basic framework, the types of consumers and/or end-users of products and services of ZSE Group companies can be divided into:

- Electricity consumers
- Gas consumers
- Electricity distribution customers (connection, reliable electricity distribution, electricity distribution services, electricity metering)
- End-users of energy solutions (photovoltaics, air conditioners, heat pumps, boilers, battery storage, EV charging)

- End-users of energy and additional services
- End-users of e-mobility charging stations

The products and services of ZSE Group companies and the provision of electricity distribution and related services do not directly harm people, nor do they increase the risk of chronic diseases. They indirectly impact greenhouse gas emissions, which the company is trying to limit through decarbonisation measures such as purchasing guarantees of origin. Non-commodity services associated with the supply of works (photovoltaics, air conditioners, heat pumps, boilers, etc.) may contain fluorinated gases or operate with high DC voltages.

When delivering commodities, ZSE Group companies provide customers with advice. When delivering works (non-commodity services), ZSE Group companies provide complete instructions for use and information about the risks associated with the product. We provide customers with instructions and product labels on the websites www.vse.sk and www.zse.sk and when installing selected energy solutions. When providing distribution services, we provide customers with complete advice, available at www.vsdas.sk and www.zsdis.sk.

The protection and relations of the supplier with vulnerable consumers are regulated by law. ZSE Group companies comply with the Code of Conduct of the Advertising Council (Rada pre reklamu) and do not apply or target advertising to children and financially vulnerable persons. ZSE Group companies and cooperating advertising agencies cooperate in

resolving complaints sent to the Advertising Council and respect the decisions of the self-regulatory body. Vulnerable consumers may be affected by price changes in commodities in wholesale markets. However, these risks are mitigated by national regulation of commodity prices for vulnerable and selected vulnerable consumers, and the ZSE Group's active involvement is minimal.

Consumers are affected by personal data protection, which was identified as a material potential negative impact in the materiality process. Impacts related to the processing of consumer personal data were identified mainly in administrative services and activities. ZSE Group companies collect customers' personal data exclusively for specific purposes and on legal grounds that are transparently communicated to the data subjects. Each company takes appropriate technical and organisational measures to protect data from risks related to the loss of their confidentiality, availability and integrity. Personal data protection is considered a systemic impact, requiring comprehensive approaches, such as internal control mechanisms, regular audits and training, which minimise the risk of loss, misuse or theft of data and ensure compliance with data protection regulations. It can also be characterised as an extended impact, as it concerns the entire data processing system, which is integral to providing products and services. Measures related to personal data protection are also transferred to intermediaries, typically external suppliers or partners, who are involved in data processing.

The ZSE Group contributes to consumer social inclusion, safety, and awareness through various activities that positively affect the entire household segment. Ensuring equal access to products and services without discrimination was assessed as a positive impact. Although the materiality of this impact was marked as lower, the ZSE Group promotes equality in access to services. Fair and responsible behaviour in marketing activities was identified as having a positive impact and is material in terms of public and environmental safety. Responsible marketing practices and informing consumers about the risks of business activities are essential to ensure their safety and trust. Through responsible marketing practices, the ZSE Group's sales companies ensure transparent communication and implement fair marketing campaigns without misleading consumers. They also enable flexible payment plans for people in difficult financial situations and support the use of renewable energy sources. Consumer and end-user safety has been identified as material distribution and non-commodity services and is focused, for example, on the maintenance and modernisation of the distribution network, thereby minimising the risk of outages and failures and ensuring access to energy. With regard to the impact of information on consumers and end-users, the ZSE Group's sales companies provide their customers with clear and understandable information, invoices with all necessary data, offer online tools and mobile applications for monitoring energy consumption and expenses, also provide information on energy savings and efficient use of appliances,

and ensure transparent communication on the possibilities of using renewable energy sources. The availability of information has been identified as having a material positive impact on the activities of customer service centres, as the energy sector requires transparent and responsible disclosure of information. The Customer Rights Officer (Ombudsman), as a protector of customer rights, serves as a contact point for providing responsible and reliable information to customers resolving complaints, and this positive impact has been identified in the activities of electricity distribution and electricity and gas supply, where customers appreciate the opportunity to resolve their problems effectively and impartially. Thanks to the above activities, the ZSE Group strengthens the position of its customers and helps them make informed decisions that lead to reduced costs, higher safety, and a better quality of life.

The financial assessment identified and assessed risks and opportunities with different effects on the company, with personal data protection representing a material risk. A data protection violation may have legal consequences, such as fines and other sanctions for violation of obligations set out in the GDPR of up to 4% of the total turnover of the ZSE Group, as well as the obligation to compensate for material or non-material damage to the affected individuals, which could lead to increased costs. It is also possible to perceive the potential financial impacts associated with the loss of reputation and trust on the part of customers and employees.

Other assessed factors, such as access to energy and unethical marketing practices, were identified as immaterial risks and opportunities in terms of materiality but are still significant from the perspective of sustainable business and the long-term reputation of ZSE Group companies. Access to energy was assessed as an opportunity that stems from ensuring affordable, reliable, sustainable energy for all and positively impacting economic results. Energy transformation and the transition to renewable energy sources generate business opportunities for the company. This factor supports higher demand for products and services and electricity in the context of the shift away from fossil fuels, which can lead to revenue growth and a positive impact on the company's cash flows and overall performance. Misleading information represents a risk that arises from unethical marketing practices and their possible consequences. Responsible marketing practices informing customers about business activities' risks ensure their trust and safety. Consumers also benefit from fair and ethical behaviour in information and advertising, strengthening their loyalty and supporting the company's long-term reputation.

Personal data protection is a fundamental right of all consumers without distinction. Therefore, it is impossible to define specific groups that are more exposed to harm in this area. This principle applies universally, and the ZSE Group ensures the same level of personal data protection for all its consumers. Personal data protection as an identified material risk concerns all consumers and

end-users of products and services offered by ZSE Group companies. In terms of age, it can be stated that ZSE Group companies do not direct their services to the segment of persons under the age of 16 when personal data processing may be associated with specific risks and procedures. In terms of the special characteristics of consumers, there is a group of so-called vulnerable customers to whom special conditions for the provision of services may apply pursuant to Act No. 251/2012 Z.z. on Energy, as amended.

2. Management of impacts, risks and opportunities



Policies related to consumers and end-users (S4-1)

The basic policies regarding consumer protection are implemented at the state legislation level. These policies include the regulation of vulnerable and selected vulnerable consumers, ensuring their protection through applicable laws and regulatory frameworks. ZSE Group companies strictly comply with personal data protection regulations such as Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons about personal data processing and on the free movement of such data, and repealing Directive 95/46/EC (GDPR), Act No. 18/2018 Z.z. on Personal Data Protection and on the amendment of certain acts, consumer rights, protection against discrimination, quality standards and other legal norms that guarantee the protection of consumer rights.

The key policies in the ZSE Group related to material aspects of sustainability related to consumers are the rules for ensuring personal data protection, our Code of Conduct and internal management acts on consumer rights, product development and marketing communication. The above rules and guidelines cover the identified material aspects of sustainability – information impacts on consumers and end-users – privacy and access to reliable information, personal safety of consumers and end-users – health and safety and social inclusion of consumers and end-users – responsible marketing practices. The scope of the above policies within the value chain of the ZSE Group concerns the downstream and own activities, and the responsibility for their implementation lies with the ZSE Board of Directors and individual Division Directors. As a key stakeholder group, consumers are the end users of the ZSE Group's products and services, expecting good, safe, and ethical practices.

To protect consumers' rights regarding personal data protection, the ZSE Group has implemented an Order of the Board of Directors on Ensuring personal data protection, the purpose of which is to define the responsibility and procedures for protecting personal data against unauthorised or unlawful processing as well as accidental loss, destruction or damage. The policy applies to the entire value chain, and the ZSE Board of Directors is responsible for its implementation. Information on personal data processing, including the methods of exercising the rights of the data subject under the GDPR, is disclosed on the ZSE Group's website. In

connection with providing products and services, the ZSE Group collects and uses the personal data of interested parties, customers, newsletter subscribers, application users and, where applicable, other natural persons. The document "Personal Data Protection" is disclosed on individual companies' websites and provides information on the conditions for processing customers' personal data under the GDPR Regulation and the Personal Data Protection Act. Consumers thus have an overview of what personal data the company uses, what it does with them, to whom it provides them, and to understand their rights, through which they can exercise control over processing their personal data.

The standards for protecting human rights relevant to consumers and/or end-users are defined in the Code of Conduct, which defines responsible and ethical behaviour towards consumers and plays a leading role in the relationship between ZSE Group companies and their customers in human rights. The ZSE Group places maximum emphasis on compliance with consumer protection legislation. Correct behaviour towards customers is key, as is the importance of offering them appropriate and effective solutions. ZSE Group provides customers with transparent, understandable, and complete information so that no issues important to their decision-making are omitted. The ZSE Group does not apply deceptive or misleading practices to customers. The Code of Conduct is aligned with the UN Global Compact initiative, and this document is disclosed on the ZSE website.

The ZSE Group has fully implemented policies for protecting all consumers' privacy and personal data without distinction and for Data Protection Impact Assessment (DPIA). The personal data protection policy and the personal data protection notice ensure personal data protection. The appointment of a customer rights officer (customer ombudsman) in the distribution companies of the ZSE Group represents an internal system for processing and resolving consumer complaints and problems, which allows them to communicate their concerns. If their rights are violated, rectification can be ensured. This position represents a contact point for written submissions and overall customer assistance. Internal management acts regulate the entire process and set a deadline for handling complaints within 30 days.

Internal management acts regulate the development of new products while marketing communication consumer rights are regulated in the complaint procedure; for online services, these are the terms of use of web services. Among the policies, the policy of continuous education of sales and service channels and, for the development of scientific and research projects, the introduction of a quality management system (ISO 9001), occupational health and safety management (ISO 45001) and environmental management system (ISO 14001) in the VSE and ZSE Energia sales companies, which confirm compliance with international standards, are worth mentioning.

The ZSE Group's general approach to consumer engagement is to measure

consumer feedback through customer experience (NPS) or by measuring satisfaction and feedback directly after interaction with a ZSE Group company, providing advice and education through campaigns and "direct" emails. Measures regarding protection and rectification related to human rights impacts adopted in ZSE Group's business companies support fair and ethical behaviour towards customers. ZSE Group's policies on consumers and/or end-users are not aligned with the international document United Nations (UN) Guiding Principles on Business and Human Rights. Compliance will be ensured in 2025 as part of a thorough assessment. In the downstream part of ZSE Group's value chain, no violations of the Code of Conduct concerning customers or cases of non-compliance with the UN Guiding Principles on Business and Human Rights that would affect consumers and/or end users were recorded during the reporting period. There were no significant changes in consumer-related policies during the reporting period.



Processes for engaging with consumers and end-users about impacts (S4-2)

Consumer engagement processes are a key tool for improving customer relationships in the ZSE Group. These processes enable consumers to actively participate in decision-making, improve products and services, and meet their needs and expectations. Key consumer engagement processes include:

- Customer support allows consumers to get help with problems, questions, or requests,

ensuring their needs are addressed immediately. Customer service for ZSE Group companies includes a telephone line, email support, and online chat.

- Collecting consumer feedback through various channels such as satisfaction surveys, reviews, and polls or directly through customer support lines allows consumers to express their opinions, rate services and products, and suggest improvements.
- The Customer Rights Officer (Ombudsman) allows consumers to express complaints and requests for rectification when they are dissatisfied with the services of the ZSE Group.
- Before launching new products, market research and consumer tests help ZSE Group companies obtain information about consumer needs, preferences and opinions, allowing them to adapt products or services to customer expectations better.
- Providing reliable information and educational materials regarding products, services, and their proper use, as well as energy consumption and saving, helps consumers make informed decisions.
- Social media consumer engagement and real-time interaction actively engage consumers, where they can express their opinions, ask questions, and engage in discussions about products and services. These platforms foster customer dialogue, contributing to a better understanding of consumer needs and expectations.

Consumer engagement is diverse and depends on specific processes, products or services and customer relationships. Each

phase and type of engagement has a different frequency and intensity, aiming to improve the consumer experience and ensure long-term relationships and business success.

The main framework is the pre-purchase phase of the service, the purchase phase and the post-purchase phase, and it can be a one-off or regular engagement. Product development includes customer engagement in pilot projects in preparation for launching new products ad hoc. Customer engagement in piloting new products is implemented in the internal process of VSE; in other areas, a general consumer engagement process is not yet in place; the timeframe for implementing a general consumer engagement process in the ZSE Group is 2026.

Customer surveys are conducted regularly to track the development of customer satisfaction indicators (CSAT). Feedback on the resolution of customer requests is collected in cooperation with an external company, and this activity is carried out on a daily basis.

The responsibility for consumer engagement and results-based approach of ZSE Group companies lies with the directors of ZSE Group companies. The effectiveness of consumer engagement processes is assessed through various quantitative and qualitative indicators directly linked to business results, such as engagement rates, satisfaction, loyalty and sales growth.



Processes to remediate negative impacts and channels for consumers and end-users to raise concerns (S4-3)

The legislative, regulatory instrument of Quality Standards governs the general approach and process for providing or contributing to rectification in the event of significant adverse impact on consumers and/or end-users. The ZSE Group's strategy is to eliminate the consequences of the adverse impact as soon as possible.

The general approach and processes for providing rectification in the event of a loss of personal data are to ensure a rapid response and minimise adverse consequences, including an assessment that the rectification provided is adequate. In the ZSE Group, this is ensured by the Data Protection Officer, who is involved in all matters related to personal data protection. In the event of a data breach, each controller in the ZSE Group is required by law to notify the supervisory authority and, where applicable, the data subjects without undue delay and, where possible, no later than 72 hours after becoming aware of the data breach. For this purpose, there is a process for detecting, reporting and assessing the risk of incidents involving a personal data breach and reporting them to the Office for Personal Data Protection and, where relevant, to the data subjects.

We have the following mechanisms in place to address complaints and concerns and to ensure the remediation of negative impacts on consumers and end-users:

1. Customer centres (face-to-face contact)
2. Call centre (telephone access in some companies with AI support)
3. Website and related forms (Electronic access, online chat and chatbot)
4. Electronic personalised forms
5. Back office (letters)
6. Customer rights officer (ombudsman) to deal with customer complaints
7. Direct access to DPO / Data Protection Officer

Consumers can also report their concerns or needs through a reporting system, which protects individuals from retaliation. Within their business relationships, ZSE Group companies support the availability of such channels where they can easily express their concerns, needs and requests through customer services, online support, websites and support via mobile applications.

Ensuring the effectiveness of these channels and evaluating the problems solved is carried out in the ZSE Group, for example, through daily feedback on customer requirements in cooperation with an external company, through regular customer surveys, analysis (also with AI support) of customer contacts and requirements, or through training and development of employees in customer communication and problem-solving. As part of these contacts with consumers, their trust and knowledge of these tools for expressing their concerns or needs is also verified.

» Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions (S4-4)

In managing its material impacts, risks, and opportunities in relation to consumers and end-users, the ZSE Group focuses on measures for personal data protection, access to energy and transparent consumer information through the sale of products, supported by responsible marketing and transparent provision of reliable information to consumers. The key measures of the ZSE Group cover the identified material aspects of sustainability - information impacts on consumers and end users - privacy and access to reliable information, personal safety of consumers and end users - health and safety and social inclusion of consumers and end users - responsible marketing practices. They are linked to the company's strategic objectives and KPIs, thereby contributing to the fulfilment of various business or legislative frameworks. Information on future activities is part of internal planning documents and strategic materials, which are updated according to the development of regulations and the market and internal priorities of the ZSE Group's sales companies. We provide disclosures regarding the implemented measures to maintain competitiveness and protect strategic information. The ZSE Group's

sales companies follow mid-term plans and predictions to minimise risks and impacts on the market, thereby ensuring access to safe, reliable and affordable energy. Part of the issue is addressed by national energy price regulation, which the company fully complies with and supports. Commodity price development predictions are made in customer segments that are not subject to regulation, and through appropriate product consulting, the ZSE Group sales companies try to reduce the impact of changes in commodity prices on end customers.

To prevent significant negative impacts on consumers, as well as to manage material risks related to the protection of consumers' personal data, we at the ZSE Group focus mainly on assessing the risks associated with the processing of personal data, conducting a data protection impact assessment (DPIA) where required by GDPR, adopting technical and organisational measures to ensure personal data protection and regularly reviewing them according to current risks, raising employee awareness of risks and their obligations in relation to personal data protection, performing inspections and informing management.

The ZSE Group has implemented several actions and initiatives intending to improve consumers' living conditions and access to essential services and products and promote social equality. The main actions include providing affordable and reliable access to energy, supporting sustainability and reducing energy costs for households. In addition, the ZSE Group companies offer products that

contribute to environmental sustainability and reduce energy consumption. The ZSE Group operates foundations to support social, educational and other projects, and their activities also include supporting sustainable projects through the Green Electricity product in ZSE Energia and Green Energy in VSE. VSE has introduced price benefits for the blind and visually impaired. For customers with limited financial resources, VSE and VSD offer a prepaid product for electricity supply. Trading companies advise on setting up advance payments, the correct rate, instalment schedules and payment deferrals. They also responsibly inform consumers about available products and services, thereby improving their awareness and choice. Through a customer ombudsman and regular surveys focused on customer needs and satisfaction, the ZSE Group ensures that their requirements are addressed, thereby contributing to improving social inclusion and the protection of consumer rights.

In marketing communication, we comply with the ZSE Group Code of Conduct rules and refrain from unfair advertising practices.

The effectiveness of the implemented measures and initiatives is monitored by the sales and distribution companies of the ZSE Group through the measurement of customer parameters and feedback, e.g. through the NPS indicator, and assessed through annual reporting of collected contributions and by re-evaluating supported organisations.

The ZSE Group has implemented comprehensive processes to identify the

necessary actions for protecting personal data. These processes include regularly reviewing internal procedures and identifying risks associated with personal data processing within marketing and sales. The general approach of the ZSE Group is to comply with applicable personal data protection laws and take into account best practices in data protection, which also includes the implementation of security measures at all levels of data processing. ZSE Group companies take measures where necessary at their level and in cooperation with other relevant parties, such as regulatory authorities or industry associations, to ensure personal data protection on a broader framework. Specific corrective measures are developed for each identified issue and are subsequently implemented and monitored for effectiveness. The processes for providing rectification are clearly defined and accessible to consumers, thus enabling a quick and effective resolution of any breaches of personal data protection. All these measures are part of a broader strategy to protect consumers and ensure their rights in personal data processing.

Overview of key implemented measures and initiatives during the reporting period:

Measures	Measure contribution
GDPR activities (legislation)	reducing the negative impact and risk associated with information
Marketing measures (ZSE solar roofs scheme, Green energy in VSE)	positive impact on the social inclusion of consumers
Campaigns (Photovoltaics campaign, Solar roofs, green energy)	positive impact on the social inclusion of consumers
Product and service development (Developing photovoltaics, green electricity / green energy, and virtual battery products)	positive impact on the personal safety of consumers
Process digitalisation (Automation and digitalisation of small and local source connection processes)	positive impact related to information provided to consumers

The measures required material capital, operating costs, or other financial resources during the reporting period. We are not yet tracking financial resources by individual measures.

Key actions aimed at consumers include measures and activities in GDPR, responsible marketing and transparent disclosure of information, as well as in relation to consumer safety and health. In marketing communication, we comply with the ZSE Group Code of Conduct rules, refrain from unfair advertising practices, do not apply comparative advertising, and avoid controversial communication topics. Actions within energy consulting are also key, and we provide support to clients in switching to environmentally friendly and low-emission appliances, especially in heating and drinking water heating and electricity generation from renewable sources and in supporting e-mobility.

We disclose transparent product information on our websites and communication channels. Each product contains business and contractual terms and conditions; if it is a HW product, we provide instructions for use. Sales and service channel employees have all the information disclosed on the internal “knowledge” portal. At the same time, we have a system in place to measure customer satisfaction through the NPS indicator (Net Promoter Score). These activities aim to strengthen consumer trust and protect them under legislative requirements and ethical standards.

ZSE Group companies do not sell, purchase or disclose personal data for marketing purposes. Personal data processing for marketing purposes is conducted on the legal basis of the consent of the data subject or legitimate interest. In both cases, the data subject has the right to withdraw

consent or object to such processing. When marketing communication is carried out via electronic communication networks (by telephone, email), we proceed pursuant to the provisions of Section 116 of Act No. 452/2021 Z.z. on electronic communications and, where necessary, we use the marketing prefix 0888 when making calls as a registered entity.

In connection with transparent disclosure of information, responsible marketing practices and access to reliable information, the ZSE Group companies publish price lists, business conditions and relevant market information on time and provide advice at points of sale and through sales representatives. Consumers are provided with instructions for use of all products and services with the potential for negative impacts. In the case of the use of door-to-door sales and telecommerce, the ZSE Group companies have control and corrective mechanisms in place that significantly reduce the risks of fraud and other negative impacts. Within the framework of online solutions, the ZSE Group applies the principles of personal data protection, contact policy, authentication policies and cybersecurity standards.

The ZSE Group records personal data breaches separately for each controller. If a personal data breach may lead to a risk for the data subjects, such a breach is reported to the Personal Data Protection Office of the Slovak Republic (Úrad na ochranu osobných údajov SR). 1 such personal data breach was reported in the reporting period. We publish more information in the section “Cybersecurity: Justified complaints regarding violation of customer privacy and the loss of customer data”.

The ZSE Group’s approach to managing significant impacts, significant risks, and utilising significant opportunities related to consumers is based on the principles of responsibility, respect for consumer rights and strategic risk assessment to ensure the long-term prosperity of the ZSE Group without jeopardising consumer interests.

1. Personal data protection:
 - strict compliance with legislation, including ensuring consumer consent
 - clear and transparent communication about the collection, use and protection of consumers’ personal data
 - informing consumers about their rights concerning data processing
 - training of employees who come into contact with personal data
 - regular security audits and tests to identify possible vulnerabilities that could compromise personal data protection.
2. Transparent information disclosure:
 - Clear and understandable communication
 - regular updating of information about products, services and policies
 - timely disclosure of price lists, terms and conditions and relevant market information
 - availability of information (websites, mobile applications, social networks, printed materials and customer lines)
 - regular publication of assessments through sustainability reports
3. Responsible marketing practices:
 - strict compliance with legislation and monitoring of upcoming European regulations
 - training employees in customer

- communication
- accuracy and truthfulness of advertisements and campaigns
- transparency of prices and conditions
- non-misleading sales techniques
- compliance with ethical norms and standards
- consumer rights such as the right to information, the right to withdraw from the contract and the right to a fair resolution of complaints or product problems
- support for sustainability and social responsibility

4. Access to reliable information:

- publishing detailed information about products and services, including their features, benefits, risks, prices, availability and terms of provision
- printing and distribution of leaflets, brochures, product certificates
- customer support and advice
- providing "guides" such as the website www.zse.sk, which contains subpages to support energy efficiency through products Green Electricity/Green Energy for Households, Energy Certificate for Households, Charging Stations/EV Charging, Photovoltaics) or www.setri.sk - ZSE Green Ideas, which is a specialised portal on energy efficiency, the aim of which is to educate users towards sustainability and more responsible behaviour towards nature
- providing clear information on the possibilities of filing a complaint or exercising claims for redress in case of problems or disagreement with services or products

5. Consumer health and safety:

- provision of user manuals, technical parameters or certificates for products and services
6. Access to affordable and reliable energy:
- provision of products and services that save customers on electricity consumption costs and, support the use of electricity from renewable sources or smart energy savings in households, and support the shift away from fossil fuels
 - additional services help customers avoid unexpected expenses, make their lives easier and increase their comfort
 - Among the positive results of measures related to access to energy, it is necessary to mention the decrease in electricity consumption in Slovakia, when the work of individual energy market participants combined with the economic downturn generated a positive trend in electricity consumption.

3. Metrics and targets

Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities (S4-5)

As for managing negative impacts, promoting positive impacts and managing significant risks and opportunities related to consumers and end users, the ZSE Group's business companies have a set goal to increase the satisfaction of residential customers with the products and services provided. The set goal covers essential aspects of sustainability – consumer privacy, access to

reliable information, consumer personal safety and responsible marketing practices, while it also supports customer engagement. We do not currently have a separate metric and target value for consumer privacy protection as an aspect of sustainability with an impact on human rights, as our existing processes and measures in personal data protection ensure compliance with applicable laws and internal standards. In the future, we will consider introducing a relevant metric to monitor performance in this area. Customer satisfaction is measured by the NPS (Net Promoter Score) indicator, which measures the level of customer satisfaction with products and services offered by ZSE Group companies and the willingness of customers to recommend the company to others. NPS measures consumer loyalty and brand perception and provides a long-term view of the customer experience, thus reflecting their perception of access to information and fairness and transparency of marketing communication. The difference in the NPS between the ZSE Group and the market leader at the time of measurement determines the targets. Improving the customer experience helps to identify areas where customers are dissatisfied and focus on their improvement. Satisfied customers are more likely to remain loyal and recommend the company to others. Since the indicator value itself is a number that is influenced by cultural, national market and socioeconomic variables, and therefore, there is no globally set value, the ZSE Group decided to evaluate the target as the difference in the indicator between the ZSE Group and the market average at the time of measurement. The measurement is carried out by a survey based on a representative sample

of customers from the residential segment through an independent research agency. The survey is carried out twice a year, with the targets being the average of the results of both measurements.

Defined target

č.	Material topic	ESG Key Performance Indicator (ESG KPI)	Rationale	Baseline 2024	Target 2030	Target 2035
19.	S4 Consumers	<p>Customer satisfaction with provided products and services.</p> <p><u>Metric:</u> We measure customer satisfaction with the NPS indicator. We measure the difference in the NPS indicator between the ZSE group and the market average at the time of measurement.</p>	<p>This KPI measures the level of customer satisfaction with the products and services provided by the company. Improving the customer experience helps identify areas where customers are dissatisfied and focus on improving them. We measure customer satisfaction with the Net Promoter Score (NPS). The baseline is the actual "gap to market basket" value for NPS for the household segment in 2024..</p>	Difference +1 (36 vs. 35)	Interval difference (-5/+5)	Interval difference (-4/+5)

In the baseline year, the value shown is the actual measurement result achieved in the reporting year. In 2024, both ZSE and VSE brands achieved NPS +1 point above the market average.





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Business conduct (ESRS G1)

1. Governance

The role of the administrative, supervisory and management bodies (ESRS 2 GOV-1)

The ZSE Group carefully promotes ethical principles and values in all aspects of its business activities. The ZSE's administrative, management and supervisory bodies play a key role in ensuring responsible business conduct and effective corporate governance. As the supreme body, the General Meeting decides on the company's fundamental issues determined by the Articles of Association, the Commercial Code or special laws. The Board of Directors manages the company's activities, decides on all issues not reserved to other bodies and ensures compliance with the established rules of business conduct. The Supervisory Board, as a controlling body, supervises the activities of the Board of Directors and the Company's business activities. The organisation and management of the Company is governed by the Organisational Manual, which serve as the basic document setting out the rules of organisation and internal management. The management model is supported by a system of internal documentation, which includes the Orders of the Board of Directors, Chief Executive Officer and the Division Directors, as well as directives, manuals and work procedures. The internal control and risk management system in place supports compliance with legal and ethical standards.

The organisational structure includes a Compliance Team and an Internal Audit Department that assess the effectiveness of internal control systems, management processes, and identify operational risks. Accountability, compliance with legal ethical standards are fundamental pillars of ZSE's business conduct and corporate culture. The Company continuously improves its compliance standards and strengthens its compliance programme, thus promoting responsible management and long-term credibility.

Members of the administrative, management and supervisory bodies are subject to the requirements of the Commercial Code (integrity, legal capacity) and there are no requirements regarding business conduct within the current corporate and internal documentation.

2. Management of impacts, risks and opportunities

Description of the processes to identify and assess material impacts, risks and opportunities (ESRS 2 IRO-1)

The identification of material impacts, risks and opportunities in business conduct is based on shared values, ethical principles and transparency that define expected behaviour and reinforce trust in the Company's business practices. They also foster positive

relationships with customers, partners and stakeholders, contributing to long-term credibility and integrity. The business conduct assessment considered aspects such as corporate culture, whistleblower protection, political engagement, supplier relationship management including payment practices, corruption prevention and employee training on business conduct and compliance. The identified impacts, risks and opportunities were mainly related to the electricity distribution, gas and electricity supply, administrative and non-commodity services segments. Within the value chain, the identified impacts, risks and opportunities were mainly in the downstream part of the value chain and in the own activities.

The system of the whistleblowers protection is an essential part of the efficient business conduct management. The anonymity of whistleblowers is guaranteed and their protection from retaliation is a priority. Failure to comply with this policy could jeopardise employee safety, undermine corporate culture and cause a loss of trust. Ensuring whistleblowers anonymity and protection contribute to corporate culture and internal control mechanisms.

In the area of political engagement, ZSE strictly rejects any form of financial or non-financial support to political parties, their representatives or candidates for political office. This approach eliminates the risk of conflicts of interest, reduces the risk of corruption and maintains transparency and public trust. Political influence and lobbying activities were not identified as a material

topic in the materiality process as part of the disclosure requirements. Supplier relationship management is key to developing mutually beneficial cooperation that promote quality and efficiency. Published rules and policies, such as General Terms and Conditions (GTC), procurement principles, sample contracts and Supplier Code of Conduct, set the framework for evaluating, selecting and engaging with suppliers, thus fostering confidence in the entire supply chain. Efficient supplier relationship management enhances the quality and effectiveness of the cooperation. The Company actively implements anti-corruption measures, including employee training and the principle of zero tolerance to corruption. These measures minimize the risks of corruption incidents, protect the Company's reputation and promote transparency, competition and strengthen public trust.

The ZSE Group has identified a number of short-term risks, including risks related to whistleblower protection which may lead to legal and financial consequences, mismanagement of supply relationships with potential supply chain disruptions and cost increases, as well as geopolitical factors. Failure to address incidents can lead to legal actions, fines and reputational damage. On the other hand, the implementation of preventive measures against corruption and regular employee training represents a material medium-term opportunity. These initiatives increase public trust, improve the Company's reputation and minimise the costs associated with corruption incidents. Consistently managing risks and taking advantage of these opportunities are key to ensuring the

long-term stability and effectiveness of the Company.

Business conduct policies and corporate culture (G1-1)

Key policies related to aspects concerning business conduct in the ZSE Group are mainly the Code of Conduct, Supplier Code of Conduct, Occupational Health and Safety Policy, Environmental Responsibility Policy, General Terms and Conditions (GTC), Incorporation of Green Procurement Aspects into Individual Contracts, Rules for submitting, reviewing and registering of complaints related to the whistleblower protection, Compliance Management in the ZSE Group, ESG strategy as well as internal management documentation concerning, for example, protection of consumer rights. Corporate social responsibility policies are covered in the Community Development Programmes and Community Engagement Programmes. All of the above policies cover the identified material aspects of sustainability - corporate culture, whistleblower protection, management of relationships with suppliers including payment practices, corruption and bribery - prevention and detection including training, and corruption and bribery - incidents. The scope of the above policies covers the ZSE Group's own activities and the external environment in which the ZSE Group operates, and the responsibility for their implementation rests with the ZSE's Board of Directors and divisions' directors.

Responsibility and compliance with legal and ethical standards are for the ZSE Group

crucial as its business itself, constitute one of the essential components of the Company's corporate culture and represent attributes of quality management of the ZSE Group's companies. The primary goal of Compliance in the ZSE Group is to prevent violation of rules by the companies of the ZSE Group, detect them and respond to them reasonably. With respect to the above, it is in the interest of the ZSE Group and our responsibility not to act in a misleading or fraudulent way towards customers, business partners, investors or other stakeholders. The ZSE Group sees negligence or wilful violation of the rules very sensibly since such conduct could lead not only to the fines but also to breach of trust of our partners towards the ZSE Group or damage of our reputation which we have been building on the market in the long-run.

The ZSE Group's Code of Conduct is a fundamental document on business conduct, providing easy-to-understand guidance on all key compliance topics relevant to the ZSE Group. These include human rights, anti-corruption, fair competition, fair relations with business partners and corporate criminal liability. The ZSE Group Code of Conduct obliges all employees to contribute to a non-discriminatory and safe working environment and to respect human rights. Every employee is obliged in their employment contract to behave in accordance with the rules of the Code of Conduct. As part of the Code of Conduct, the ZSE Group has adopted Anti-Corruption Measures which, where applicable, also takes into account the UN Convention against Corruption.

Other relevant internal regulations are the Orders of the Board of Directors concerning the reporting and investigation of unlawful conduct (including incidents of business conduct) or conduct in conflict with the Code of Conduct, including whistleblower protection under Act No. 54/2019 Z. z. on the Protection of whistleblowers, as amended. The ZSE Group's anti-corruption and anti-bribery policy is covered by the Anti-Corruption Measures policy within the Code of Conduct. The internal document Compliance Management includes a regulation describing education and training on compliance rules and business conduct. In terms of relevant regulations, the ZSE Group has adopted a Programme in the area of protection against money laundering and terrorist financing (within the meaning of Act No. 297/2008 on protection against money laundering and terrorist financing, as amended).

The ZSE Group has adopted and implemented a Code of Conduct and a Supplier Code of Conduct, taking into account the ZSE Group's focus on corporate responsibility and sustainability principles. The ZSE Group shapes and reinforces its corporate culture from the top ("tone from the top"), emphasising the application of the Code of Conduct in practice, and communicates the Code of Conduct to ZSE Group employees on an annual basis. The values are further communicated to employees by lower management and executives. Culture development is implemented in the ZSE Group by training employees about ethics in business and responsible behaviour. Employee awareness is also continuously built up through promotion

and internal communication of compliance topics on the intranet via articles, newsletters and emails. The ZSE Group also promotes its corporate culture by introducing an internal whistleblowing system, including the adoption of an internal regulation and the designation of independent persons from the Compliance Team to review whistleblowers' reports. Violations of the Code of Conduct and relating internal regulations are considered a breach of work discipline in the ZSE Group.

Strengthening the corporate culture is also done through internal "board chats" where employees can directly address their questions to the Company's management. A survey on the development and wider implementation of corporate culture in the ZSE Group was conducted at a management conference in October 2024. Managers answered questions such as "Which of the following expressions best describes the culture in which you work?" and "What would you like to improve in the Company?". Answers offered a choice between values such as stability, flexibility, diversity, equal opportunity, customer focus, innovation, sustainability, transparency, safety, collaboration, trust, etc. This survey will allow to effectively assess and develop the corporate culture based on specific needs and opinions, and all levels of the employee structures will be included in the ongoing activities.

The ZSE Group has clear and transparent mechanisms in place to identify, report and investigate concerns about illegal conduct or conduct that is in conflict with the Code of Conduct, the Supplier Code of Conduct

or other internal regulations. The Code of Conduct is available on the Companies' websites and covers a number of compliance topics relevant to the ZSE Group. Another goal of the ZSE Group is to actively promote internal guidelines directly by employees, raising awareness about ethical dilemma or whistleblowing. Employees, as well as external stakeholders, have the opportunity to safely report suspicions through multiple communication channels. The whistleblowing system of ZSE Group companies offers an opportunity to report violations of laws, regulations and other misconduct to ZSE Group' employees as well as to third parties such as suppliers, their employees or other third parties. If employees have a reasonable suspicion of conduct that is not in compliance with our internal regulations, laws or Code of Conduct, they are encouraged to report their suspicions immediately through the ZSE Group companies' internal channels. Each complaint is carefully assessed and reviewed by the Compliance Team or other relevant units. The ZSE Group's internal policies guarantee the anonymity of whistleblowers and protect them from any retaliation. The Company also informs internal and external parties of the possibilities to make complaints and how to protect them, thus promoting trust in processes and strengthening the integrity of the corporate culture.

In the ZSE Group, the review of complaints is carried out by the relevant responsible person from the Compliance Team, together with the Investigation Committee. The responsible person is independent and bound by confidentiality. In the ZSE Group,

there is zero tolerance for retaliation against whistleblowers who make a complaint in good faith. There is zero tolerance for any obstruction of whistleblowing too. This rule is part of the ZSE Group's internal guidelines. In the event that retaliatory measures are taken against a whistleblower, the whistleblower has the option of reporting the matter to the responsible person who will investigate the matter, similar to other complaints. In addition to the above, the responsible person shall also carry out checks on a sample of whistleblowers to ensure that retaliatory measures are not applied in an informal way.

Complaints are received through dedicated separate reporting channels - web form, email, mail, or in person, if the whistleblower is an employee or other internal whistleblower. The person responsible will register and record all received whistleblowing reports in a special registry, with emphasis on the protection of the whistleblower's identity and confidentiality. Throughout the investigation process, strict confidentiality is maintained regarding the identity of the whistleblower, the persons concerned and the facts found. If the complaint requires additional information or evidence, the person responsible contacts the whistleblower without delay (if it is not an anonymous complaint). If, following the review by the person responsible, the whistleblowing report is to be submitted to authorities, the person responsible shall ensure protection of the whistleblower's identity, in line with the laws. The whistleblower's consent is needed to submit the report to authorities; should the whistleblower refuse to grant such consent, anonymised report will be

submitted. In the ZSE Group, whistleblowing and whistleblowing review procedures (including investigations) also cover incidents of business conduct as well as corruption and bribery. These incidents are also dealt with by the responsible person in cooperation with the Investigation Committee.

Training on business conduct is mandatory for all newly hired employees of the ZSE Group. The form of training is via e-learning. In terms of content, this training covers an introduction to compliance and the ZSE Group's Code of Conduct, with regard to the key issues - anti-corruption measures, conflict of interest and whistleblowing. Subsequently, annual retraining (either in the form of e-learning or retraining in person) is conducted for employees each year). The content of the training is primarily related to the compliance rules contained in the ZSE Group Code of Conduct, including anti-corruption measures. Whistleblowing and related issues are also part of the annual compliance training. Training is also provided to responsible persons, who can participate in the external training offered annually, and/or workshops within the compliance community of experts in the E.ON Group.

The functions that are most vulnerable to corruption and bribery in the ZSE Group, mainly due to their access to sensitive information, influence on decision-making processes, control over financial and material flows, contact with the public sector and third parties (suppliers, customers), include:

1. Boards of Directors (governing bodies) and supervisory boards of the ZSE Group

2. Executives (teams leaders, department heads, heads of unions, including divisions' directors)
3. Finance's units
4. Corporate Development & Public Affairs Division
5. HSEQ & Security Division
6. Regulation's units
7. Purchase's units
8. Sales and Trade's units
9. Facility Management's units
10. Asset management's unit (including telecommunication infrastructure)
11. Management, operation and construction's units in distribution companies of the ZSE Group
12. Customer relations' units (including inspection of grid connection)



Management of relationships with suppliers (G1-2)

In accordance with applicable law of the ZSE Group, the E.ON Group standard are applied to manage supply chain management, which has been implemented through our internal guidelines and managing documentation. They describe supply chain functions as well as the management of procurement processes and tenders. Standards for human rights, working conditions, environmental protection and sound business practices are defined in the Supplier Code of Conduct which applies to all contractors and plays a key role in the relationship between ZSE Group companies and their contractors. We require our contractors to deliver high quality goods, labour and services, reliable deliveries, and timely payment of debts to

their subcontractors, the Social Insurance Institution or the Tax Administration. All tenders, including detailed terms and conditions and technical specifications, are regularly published on the websites of ZSE Group companies, specifically on the Supplier Portal. Transparent and sustainable business relationships are of paramount importance to the ZSE Group. As part of our supplier care, we are working on the development of a new supplier assessment application, prioritising occupational health and safety, which the suppliers will be able to use to self-manage the necessary documentation. The companies of the ZSE Group organise an annual supplier workshop targeting contractors with higher occupational risk or those who have had an accident at our sites and facilities, or have been sanctioned during the year for a breach of OHS rules.

The General Terms and Conditions (GTC) define payment terms across the board, for all common suppliers, and do not specify the relationship to small and medium-sized enterprises. The ZSE Group usually makes payments to its normal suppliers within 60 days of receipt of the invoice. In line with the Company's payment discipline and thanks to the implemented internal system, the established contractual payment terms are consistently respected and a formalised policy to prevent late payments is not in place. The ZSE Group's companies select their suppliers on the basis of transparent, objective and non-discriminatory criteria. However, they also pay attention to the performance of contractors in the area of HSE, provision of appropriate working conditions, environmental aspect,

respect for human rights, labour and other general binding standards or anti-discrimination and anti-corruption policies.

The ZSE Group is obliged to ensure that there is no conflict of interest in tendering procedures that could distort or restrict competition or violate the principle of transparency and the principle of equal treatment. Within the context of the ZSE Group, the person concerned is an employee of the ZSE Group who is directly involved in the preparation or implementation of the tender or another person who provides supporting activities in the preparation or implementation of the tender, a person with decision-making powers who can influence the outcome of the tender without necessarily being involved in its preparation or implementation. If the person concerned becomes aware of a conflict of interest, he or she shall report it to his or her superior who shall be obliged to take appropriate measures and remedies to prevent the conflict of interest from persisting. This shall be confirmed by a declaration on honour from a member of the selection board. Before entering into a contractual relationship with the successful tenderer and after checking the partner from a compliance perspective, the contract shall be signed.

The ZSE Group reviews identity and integrity of its potential contractors (Know Your Counterparty/KYC) in order to ensure that the ZSE group's contractors meet the standards related to the rules concerning the areas such as corruption, money laundering, tax and underpayments, economic sanctions and

terrorist financing. If suppliers are found to be in violation of environmental standards or our corporate principles, the Company requires them to take corrective action. The Company strives to identify relevant risks and their regular assessments help to detect actual or expected violations. At the same time, the Company checks whether new contractors meet minimum requirements, thus reducing potential risks in the areas of health, safety, environmental and corporate social responsibility. Depending on the size of the transaction and the risk, contractors must complete one or more questionnaires. Suppliers may also be required to obtain environmental and other certifications (ISO 14001 or EMAS, ISO 45001). In the reporting period, no business relationships were terminated in the ZSE Group due to breaches of the Supplier Code of Conduct. In the reporting period, the goods purchased from local suppliers (seated in Slovakia) accounted for 56% of the total value of the goods.

In its business strategies, the ZSE Group emphasises the systematic integration of sustainability and translates this approach into its procurement policies and procedures. In order to improve the value chain in the area of social aspects of employees of ZSE Group's suppliers, new social aspects were adopted during the reporting period and incorporated into the sample contracts and the database was expanded to include a record of them. The Company's goal is to ensure that procurement practices are not only efficient and transparent, but contribute to long-term sustainability and good working conditions for workers within the value chain too. The

Company expects its suppliers to commit to minimum ESG standards, including respect for human rights. In 2025, the Company plans to introduce due diligence to review and assess the social conduct of suppliers within its workforce. In the reporting period, we executed made 345 orders with a green or social criterion, which represents 51% of the total number of orders.

The training of employees in the field of purchasing takes the form of education and participation in professional training courses. In 2024, purchasing staff participated in training that focused on sustainable procurement, the use of green procurement and socially responsible procurement tools, and the setting of environmental and social criteria within the procurement. Incentives for procurement staff will be translated into key performance indicators (KPIs). In general, the linking of KPIs to evaluation is motivating.

Prevention and detection of corruption and bribery (G1-3)

The system for preventing allegations or incidents of corruption and bribery in the ZSE Group includes, in particular, measures to help ensure that all stakeholders are aware of the anti-corruption policies, understand their content and are aware of the consequences of violating them. Among the most important are:

- Communication with employees, regular training, publication of anti-corruption policies on the intranet, ensuring that these documents are regularly updated and

easily searchable, distribution of the Code of Ethics (printed or online version), which includes anti-corruption policies, to all employees upon joining the Company;

- Including provisions on anti-corruption policies in contracts with suppliers, partners and other external entities, clearly defining the consequences of non-compliance with these policies, including possible termination of the contract or legal action, requiring acceptance of the Supplier Code of Conduct, which includes anti-corruption commitments;
- Posting the anti-corruption policy on the Company's publicly accessible website, including contact information for reporting potential violations;
- A system for reporting and addressing corrupt practices for employees, contractors and third parties without fear of retaliation;
- Internal audits and controls to monitor compliance with anti-corruption rules;
- Plain, clear language in anti-corruption documents to make them easy to understand for target groups.

In the ZSE Group, the review of complaints is carried out by the relevant responsible person from the Compliance Team, together with the Investigation Committee. Throughout the investigation process, strict confidentiality is maintained regarding the identity of the whistleblower, the persons concerned and the facts found. If the complaint requires additional information or evidence, the person responsible contacts the whistleblower without delay. A report on the investigation for the management of the relevant ZSE Group company is drafted. In addition to the

report, the management will also receive a proposal for recommendations and corrective measures in order to remedy the situation and prevent the undesired situation from recurring (for example recommended organisational changes, changes in IT systems, drawing responsibility for employees who violate the regulations, etc.). The person responsible and the members of the Investigation Committee are identified in the internal documentation. These are representatives from the Compliance Team, Internal Audit Department and the Division of Law, Compliance and Data Protection. The members of the Investigation Committee are not members of the management of ZSE Group companies.

Corruption and bribery policies relevant to employees are published in the ZSE Group's internal applications. At the same time, employees are informed about the policies on the ZSE Group's intranet, e.g. also in the form of articles and graphics summarising internal whistleblowing rules or anti-corruption measures. Information relevant to suppliers and business partners regarding corruption is published in the General Terms and Conditions (GTC) and the Supplier Code of Conduct, both of which are available on the Company's website in the Supplier Portal and are a binding part of contractual relations.

The ZSE Group has introduced mandatory annual training for all employees (including senior employees and executive management of the ZSE Group) on the Code of Conduct and Compliance Rules with the aim of ensuring Company-wide awareness of the rules and to build a common culture of integrity,

responsible business conduct and zero tolerance for illegal conduct. In the future, the Company plans to introduce a special training for the positions at risk of corruption and bribery, which will be a follow-up of the Company-wide training. The current content of the Company-wide training includes an introduction to the topic of compliance and the Code of Conduct, the issue of corruption and bribery with regard to anti-corruption measures, the topic of conflicts of interest and whistleblowing on illegal and unethical conduct in the ZSE Group (including reporting channels and whistleblower protection). The topics are further discussed through basic definitions, current internal regulations in force in the ZSE Group, practical examples and clarification of the consequences for breaches of the rules. The e-learning training module also includes test questions to test the knowledge of employees and management.

All persons holding the positions at risk of corruption and/or bribery are subject to Company-wide training on compliance rules and the Code of Conduct, which also covers anti-corruption measures. In the ZSE Group, 12 positions at risk of corruption or bribery have been identified and of all persons holding these at-risk positions participate in annual training on the Code of Conduct and compliance rules, which means that the percentage of positions at risk covered by training programmes is 100%. The Company-wide training requirement on compliance rules and the Code of Conduct, which also covers anti-corruption measures, is applied to all senior members of the Board of Directors (nominees of E.ON). The members of the ZSE

Group's Supervisory Boards nominated by E.ON or elected by employees undergo the above-mentioned training too.

3. Metrics and targets

As part of its ESG strategy, the ZSE Group also focused on business conduct as a material aspect of sustainability and set two performance indicators (KPIs) for employees' trainings in the area of compliance and implementation of corruption and bribery training for the Company's risk positions. Both objectives cover important aspects of sustainability – corporate culture, whistleblower protection and corruption and bribery. The ZSE Group's targets with respect sustainability material aspect - management of relationships with suppliers are set out in ESRS S2. Metrics and targets for payment practices were not set in the reporting period as the ZSE Group makes payments systematically within the established due dates and in accordance with the contractual terms (see G1-6) and this standard will continue to be maintained by the ZSE Group.

Defined target:

č.	Material topic	ESG Key Performance Indicator (ESG KPI)	Rationale	Baseline 2024	Target 2030	Target 2035
20.	G1 Governance	Regular re-training of employees in the Code of Ethics and compliance rules. <i>Metric:</i> Percentage of employees who underwent the training, out of the total number of employees	By introducing training and monitoring participation through KPIs, we spread awareness and build the knowledge of our employees in the prevention of collusion and unethical conduct. The KPIs help ensure that employees are aware of both the employer’s ethical and internal policies and the importance of adhering to these policies. The training also promotes integrity, ensures compliance with legal regulations and reduces the risk of ethical and legal misconduct. The baseline has been set based on the expected assumption for 2024.	At least 90% of all employees	At least 90% of all employees	At least 90% of all employees
21.	G1 Governance	Prevention of corruption/ bribery among employees who are exposed to an increased risk of corruption and bribery by a special training. <i>Metric:</i> Percentage of employees who underwent a training (positions exposed to corruption/ bribery risk)	Selected at-risk positions can be exposed to an increased risk of corruption or bribery. Through the KPIs, we deepen employee awareness of risk activities, thus aiming to reduce the likelihood of corruption or bribery occurring in employee activities in the workplace. Training as a preventive element also contributes to building a culture of ethical behaviour and responsible business conduct. For the baseline year, the development of a training concept for at-risk positions has been set as an objective. For 2025, the implementation of training for at-risk positions was set as a target, and from 2026 onwards, a minimum participation rate of 80% was set as a target of employees holding the position exposed to corruption/bribery risks.	Development of a training concept for employees holding the positions exposed to corruption/ bribery risk	At least 90% of employees holding the positions exposed to corruption/ bribery risk	At least 90% of employees holding the positions exposed to corruption/ bribery risk

In the reporting period, 98% of all ZSE Group employees underwent a training on compliance. As part of the development of the concept for training for risk functions, a concept was being developed in the reporting year with the aim of implementing training for risk functions in 2025.

» Cases of corruption and bribery (G1-4)

No cases of convictions, sanctions or other breaches of anti-corruption regulations were recorded in the reporting period in the ZSE

Group. In view of the above, no measures have been taken in the Group to address violations of anti-corruption and anti-bribery procedures and standards. The key measures taken to prevent violations of anti-corruption and anti-bribery procedures and standards in the ZSE Group are mainly measures to minimize the likelihood of future violations, such as improving anti-corruption training and education of employees, updating internal rules such as the Code of Conduct, anti-corruption policies and procedures, strengthening processes for due diligence of suppliers and partners, and strengthening

internal controls and audits to identify and prevent corrupt practices.

» Payment practices (G1-6)

The ZSE Group does not keep a standard supplier category register or a category of vulnerable suppliers. For internal purposes, a distinction is made between common suppliers in the context of logistics and purchasing processes and commodity suppliers in the context of trading activities. The ZSE Group usually makes payments to

its common suppliers within a maximum of 60 days after receipt of the invoice and this payment procedure applies to all common suppliers regardless of their category (small, medium or large enterprises). This standard ensures a level playing field for all common suppliers of logistics and purchase. The outgoing payment process follows a standard procedure based on the due date of invoices. The process is uniform and does not differentiate between the type of enterprise, whether small, medium or large, or the category of supplier. Suppliers have the option of using ‘supplier financing’, which is

a mechanism that allows them to prefinance before the invoice due date. Within this process, the bank will pay the supplier earlier, taking into account the fee for this service. The Group then pays the invoice to the bank on the original due date. An analysis of a sample of payments from ZSE Group distribution companies showed that the average invoice payment period ranges from 47 to 60 days.

As part of its electricity sales and gas sales activities, the ZSE Group signs specific business contracts - framework contracts for the supply and takeover of electricity and gas for members of the European Federation of Energy Traders (EFET) - for the provision of input commodities. The standard payment terms in the framework contract are the 20th day of the calendar month or the 5th working day following the receipt of the invoice. Since it is a trading activity, purchasing procedures and available capacity are determined by the rules of the trading locations and the specific liquidity at that location or market, and the specific payment terms are determined on a case-by-case basis in accordance with the risk management processes. It was not possible to provide the average invoice maturity for this category of suppliers for the reporting period.

All payments in the ZSE Group are always made in accordance with standard terms and conditions and there are no delays or deviations. The above standard payment terms also apply to contractual partners from other countries or geographical regions. The percentage of payments made by the ZSE Group in accordance with the standard terms and conditions is 100%. The ZSE Group has no

pending legal proceedings for late payments in the reporting period. A late payment within the meaning of the Commercial Code is a payment that has not been made within the contractual or statutory due date. A late payment shall not be deemed to be a payment that the Company has not paid because the contractual partner failed to meet its contractual obligations (breach of contract, failure to comply with the terms of the contract or pending litigation) or where the Company is not liable for the delay for other legitimate reasons.

Cybersecurity (entity specific topic)

1. Strategy and management of impacts, risks and opportunities

Cybersecurity is of critical importance to the ZSE Group as it protects energy systems, digital assets, sensitive employee and customer data, and ensures the smooth operation of the Company. It plays a key role in electricity distribution, energy production, energy trading, electromobility, customer services, and internal processes. Information on cybersecurity, which was identified as a significant specific topic during the process of materiality assessment, is disclosed in accordance with the Global Reporting Initiative standards (GRI 3-3, GRI 418) and meets the qualitative requirements defined in Annex B of ESRS 1.

Stakeholder engagement

In the materiality process, cybersecurity was confirmed as a final significant aspect of the ZSE Group's sustainability through stakeholder engagement. Stakeholder engagement is a key element of our strategy and everyday work. We use various tools and mechanisms to involve them and ensure awareness of the implemented measures and their effectiveness, such as through sustainability reports. Regular warnings about incidents and vulnerabilities come from the holding company E.ON, the National Security Authority (Národný bezpečnostný úrad, NBÚ), and the Slovak National Cybersecurity Centre (Slovenské národné centrum kybernetickej bezpečnosti, SK-CERT). It is the ZSE Group's responsibility to report the status in our

IT environment and any measures taken. Shareholders are regularly informed about the security status and related activities. We sign so-called cybersecurity agreements with suppliers of critical IT solutions, which outline provisions containing security requirements for the delivered solutions. We engage employees through the intranet and specific communication campaigns.

Actual and potential, negative and positive impacts on the economy, the environment, and people, including impacts on their human rights

Cybersecurity presents both challenges and opportunities that can affect economic stability, public trust, and data protection. Negative impacts include inadequate protection against cyber threats, leaks or misuse of personal and sensitive data, and cyberattacks on the critical infrastructure. On the other hand, positive impacts include protection of digital assets and sensitive information, effective management of cyber risks, and robust protection of systems and personal data.

Inadequate cybersecurity protection can lead to financial losses, legal consequences, fines, or disruption of citizens' daily lives, while long-term protection of employee and customer data has positive medium-term significance. The increasing sophistication of cyberattacks threatens critical infrastructure, which could lead to power outages and security breaches. Digitalisation and smartification of systems therefore require robust measures to minimise

risks. Effective management of cyber risks strengthens public trust, improves the Company's image, and supports its financial stability. Neglecting cybersecurity could lead to serious legal and financial issues that would threaten the long-term stability of the Company. ZSE Group is actively working to minimise these risks and seize opportunities to strengthen protection and build trust with investors and customers.

Cybersecurity is a complex challenge that impacts all parts of the value chain within the ZSE Group. Effective risk management not only provides protection against negative impacts but also offers significant opportunities to strengthen trust and stability within the Company. It plays a crucial role across all business segments of the ZSE Group. In the electricity distribution, electricity generation, and gas and electricity trading segments, the biggest challenges are the protection of critical infrastructure and prevention of outages. Administrative services and internal processes also face the misuse of data. These activities are most closely linked with negative impacts. In our own activities, we place emphasis on protecting employee and customer data, ensuring the availability of information, and managing cyber threats, which are present across several segments. In the upstream part of the value chain, cybersecurity risks are linked to technologies and infrastructure provided by partners, where contractors can represent a weak link, and inadequately secured systems could threaten the integrity of energy infrastructure. This can include the use of unsecured systems by contractors or the penetration of cyber threats through external connections. In

the downstream part of the value chain, the impacts of cybersecurity are reflected at the customer and consumer level, where the protection of consumer personal data is an absolutely crucial area. The stability and quality of electricity supply, along with informing consumers about risks and prevention, are essential for the daily lives of consumers.

2. Policies, principles, or commitments related to cybersecurity

The ZSE Group's security policy establishes the basic framework for managing assets essential to the operation of networks and information systems, and defines the key roles and responsibilities within the information security management system. It includes procedures and responsibilities for reviewing security documentation and implementing security measures throughout the entire lifecycle of operational subsystems.

The ZSE Group's cybersecurity strategy includes:

- Developing the Information Security Management System (ISMS);
- Compliance with the legislation;
- Developing the Cybersecurity Team and Security Operations Centre (SOC);
- Effective detection of cybersecurity incidents;
- Cybersecurity projects.

The ZSE Group is a so-called operator of essential services according to the Cybersecurity Act No. 69/2018 Z.z. One of the conditions for meeting legislative requirements is undergoing an audit. In

2023, a repeat audit of compliance with legal requirements was conducted by an independent external company and auditors certified by the National Security Authority (NBÚ). The results of the audit confirmed the high compliance of the implemented measures with the requirements of the Act. The next audit will be conducted in 2025.

The roles and responsibilities within the ZSE Group regarding cybersecurity and data protection are defined in an internal set of policies and guidelines. The entire ZSE Group adheres to information security standards established in 2018, which are based on the Cybersecurity Act, as well as a series of ISO 27000 standards. Documents such as orders of the Board of Directors and orders of directors specify how security activities should be carried out, define specific security requirements for handling differently classified information, and regulate the basic responsibilities of employees regarding data protection. These documents define measures, procedures, and competencies related to data protection. Each of the ZSE Group companies has implemented a system to receive complaints from customers and other data subjects regarding the protection of privacy and processing of personal data.

Cybersecurity is an integral part of the entire organisational structure. The Cybersecurity Team works closely with other departments such as IT (information technology, or office world) and OT (operational technology, such as control systems in the distribution system). In both distribution companies, the so-called Cyber Security Manager is appointed under the Cybersecurity Act. Such approach

ensures that cybersecurity is part of the day-to-day operations and decision-making processes across the entire organization. A Data Protection Officer (DPO) has been appointed in each ZSE Group company where this is necessary given the nature, scope or purposes of the processing activities. Their task is not only to monitor the compliance of the processing of personal data with the EU's General Data Protection Regulation (GDPR), but also to carry out other activities set out in Article 39 of the GDPR.

3. Measures taken to manage the related impacts

With the right strategy, technology, implemented measures, and trained employees, the ZSE Group is able to manage negative impacts, defend against cyberattacks, eliminate the adverse effects of incidents, and ensure an uninterrupted supply of electricity to our customers. The integration of cybersecurity into the Company's processes is an inseparable part of our activities.

The ZSE Group pays great attention to the protection of personal data of employees and customers, ensuring their privacy, providing accurate and transparent information about services, risks, and business activities in the energy sector, and raising public awareness. This includes the implementation of strong authentication algorithms, the use of cryptography, and penetration testing to verify the protection of personal data. These activities represent key measures in relation to the positive impacts of the ZSE Group. The Company has implemented a central tool for logging the activities of networks, information

systems, and their users. This tool ensures security monitoring of the internal cyber space and system operations.

Overview of key measures:

Measures	Contribution
SIEM analytics	Detecting security events
Phishing campaigns	Prevention
Developing ISMS	Management
Developing SOC	Monitoring
Security campaigns	Prevention and awareness raising
Segregation and monitoring of technical networks	Firewall renewal
Education	Expert training

Resources are continuously invested in the area of cybersecurity. The measures for the reporting period required significant capital expenditures as well as operational costs, totalling approximately EUR 1.2 million.

- We use advanced SIEM (Security Information and Event Management) analytics to detect security events of higher complexity, which arise from identifying unusual behaviour and correlations of events related to known attacks. SIEM registered nearly 10,000 security events over the course of the year.
- Automated phishing campaigns are part of our preventive activities. Since 2023, we have deployed a so-called phishing bot that sends tailor-made phishing emails and, with the help of artificial intelligence, assists in training employees and raising awareness about phishing cyberattacks. In 2024, four campaigns were carried out for all users, resulting in a total of over 48,000 phishing

emails and 28,000 educational emails.

- In 2024, the cybersecurity department focused on further developing the security systems implemented in previous periods, specifically the building of the Information Security Management System (ISMS).
- The Security Operations Center (SOC) ensures the monitoring, detection, analysis, and response to cyber threats and security incidents in real time and is responsible for protecting the ZSE Group’s infrastructure from cyberattacks. It ensures that the appropriate response is made to security incidents.
- A security concept is being prepared for the SCADA system upgrade project, which will ensure that all security requirements are met during the upgrade of the information system. The plan includes the implementation of a tool for monitoring vulnerabilities in the SCADA information system and technologies. This tool will identify technical vulnerabilities in

information systems and their components, enabling better management of security risks.

- Proper protection of systems and networks within the ZSE Group is crucial for ensuring the stability of the electricity supply. The Company collaborates with expert organisations on audits, forensic analyses, and penetration tests, as well as with government agencies and other key partners to share information about potential threats and monitor best practices in security.
- The cybersecurity unit focused on increasing security awareness among employees. In 2024, an intensive “Oktokyber” communication campaign took place as part of Cybersecurity Awareness Month. The Company places emphasis on employee education through e-learning and specialised training.

4. Processes for monitoring the effectiveness of implemented measures

We systematically monitor the effectiveness of the implemented measures and use the following processes for this purpose:

1. Network and information system security monitoring: the implementation of a central tool for logging the activities of networks, information systems, and their users. This tool ensures security monitoring of the internal cyber space and system operations;
2. Log outage control: the supplier continuously monitors missing and inactive log sources, which are grouped according to the duration of the outage;
3. Managing documentation in the area

of data protection: the Company has implemented orders of the Board of Directors and directors’ orders that define the basic responsibilities of employees in relation to data protection. These documents outline measures, procedures, and competencies related to data protection;

4. Internal audits and sustainability reports: as part of internal audits, we monitor the performance of processes and their parameters, such as the complexity of mutually influencing factors. We transparently publish information in sustainability reports;
5. Gradual digitalisation and the introduction of innovations lead to the redesign of affected processes and open up opportunities for improving resource utilisation efficiency

5. Targets and indicators of progress

Medzi hlavné dlhodobé ciele skupiny ZSE v oblasti kybernetickej bezpečnosti patrí budovanie systému riadenia bezpečnosti informácií (ISMS), monitorovanie informačnej bezpečnosti, ochrana údajov a zvyšovanie bezpečnostného povedomia..

The main long-term goals of the ZSE Group in the field of cybersecurity include developing the Information Security Management System (ISMS), monitoring information security, data protection, and increasing security awareness.

The ESG strategy represents the ZSE Group’s commitment to cybersecurity and defines a performance indicator (KPI) as a voluntary

measurable target in relation to training. This KPI for cybersecurity tracks the percentage of employees who have successfully completed e-learning training in cybersecurity and data protection. The goal is to maintain an annual training repetition rate with a success level of at least 80% for all employees, prospectively until 2030 and 2035. The participation rate in the reporting period was 80%.

Defined target

Nr.	Material topic	ESG Key Performance Indicator (ESG KPI)	Rationale	Baseline	Target	Target
				2024	2030	2035
22.	Cybersecurity – Data protection (Entity specific topic)	Completion of e-learning at the required level in the areas of data protection and cybersecurity. <u>Metric:</u> The percentage of employees who successfully completed the e-learning on cybersecurity and data protection out of the total number of employees to whom the training was assigned.	The KPI tracks the proportion of employees who successfully completed the e-learning training compared to all ZSE Group employees to whom the training was assigned, ensuring they are familiar with the rules and procedures for protecting Company data and systems. The training is regularly repeated on a yearly basis. The required level means the test was successfully completed. The target is to have at least 80% of employees successfully complete the test in the given calendar year. The initial value was set based on the 2024 expectation.	80%	80%	80%

Justified complaints regarding violation of customer privacy and the loss of customer data

In the reporting period, a total of 161 data protection breaches were reported. Out of this number, 1 breach was reported to the Office for Personal Data Protection due to the risk posed to the affected individuals. This incident was detected internally and was not filed as a complaint regarding violation of privacy or data loss. In other cases, the concerns were raised by external parties (customers), and the risk was deemed negligible; it was therefore not necessary to report them to the Office for Personal Data Protection. In none of the mentioned cases was the risk assessed as relevant from the cybersecurity perspective.

ZSE Annual Report 2024 including Consolidated Sustainability Reporting and Separate and Consolidated Financial Statements (Official PDF version)