

Two Thousand 23

SPP Annual
Report

Slovenský plynárenský priemysel, a.s.
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825 11 Bratislava



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Foreword by the Chairman of the Board of Directors



Vojtech
Ferencz

Dear Ladies and Gentlemen,

The responsible approach to business based on highlighting the security and continuity of gas and electricity supply to all our customers and on the development of new projects for generating electricity and gas from renewable energy sources (RES) with the aim of providing them with sustainable alternatives for the future, have remained priorities of our company throughout 2023.

After the challenging period of 2022, we kept diversifying and optimising the sourcing of natural gas supplies in 2023. As part of securing gas supplies from diversified sources, we concluded gas purchase contracts with five international companies – BP, ExxonMobil, Shell, RWE, and ENI.

We continue to assess all options available to us and after reviewing them thoroughly we will adopt further necessary measures in the interest of safeguarding the energy security of Slovakia and stable supplies. These measures make use of the fact that the Slovak gas network is presently interconnected with all neighbouring countries and allows bi-directional gas transmission at all interconnection points. At the same time, however, I must emphasise that securing diversified gas supply comes at a cost and each year these measures affect our bottom line.

We ended 2023 by increasing our total market share in gas supply to a 10-year maximum, at almost 64%. We supplied electricity to 300 thousand points of supply and our market share in electricity supply to households reached 12%. In total, last year we provided energy to some 1.5 million points of supply and supplied more than 37 TWh of electricity or gas to end customers or other suppliers operating on the Slovak market.

During 2023, we secured acceptable energy prices for vulnerable customers. In electricity supplies to households, SPP acted as a so-called agent, being responsible for purchasing electricity from Slovenské elektrárne, a.s. for the purposes of safeguarding more favourable prices for households in 2023. The electricity and gas supply prices were adjusted by extraordinary measures in the form of price caps introduced on electricity and gas supply using so-called crisis management or obligations in the general economic interest.

The operating profit of SPP reached €38 million for 2023 and the total profit after tax came at €290 million. The emphasis on financial and operating stability, as well as a conservative strategy aimed at minimising market and other risks, both helped us achieve our business and development goals.

We continued developing projects for internal power generation from RES. As concerns wind power generation, one of the cleanest sources with minimal

negative impacts on the environment, SPP initiated several investment projects and, as part of the environmental impact assessment process, the company published 5 projects for the construction and operation of wind parks near the village of Drahovce and near the towns of Galanta and Skalica.

In electricity generation, in 2023 we continued in our projects for building photovoltaic power plants at schools and by the year end we had finished projects at 6 schools, allowing them to enjoy significant savings in electricity costs. Photovoltaic power plant projects for additional 8 schools are ready to be put into operation in early 2024.

In the field of biomethane production in Energy and Biological Waste Recovery Centre (EBWRC) projects, in 2023 SPP and our partner company BRANTNER Slovakia s.r.o. received the decisions in the EIA process for projects in additional locations and we also established the joint venture CEBZ s. r. o. The mission of this joint venture is to build the afore-mentioned technology centres to support a circular economy. These centres are to convert municipal waste that currently ends up in landfills into biomethane and biocompost, among others.

The responsibility associated with our business is directly proportional to our market position, our tradition, and interest in being successful in the future. We used the period of 2023 to further integrate the ESG concept into our activities and processes. In 2023, we were once again a proud partner of the Slovak Paralympic Team, who were getting ready to represent our country at the Summer Paralympic Games in Paris in 2024. I believe that their energy, talent and will to win will translate into successes for the Slovak team. Our position as an energy market leader obliges us to develop philanthropic activities. We supported hundreds of community-benefit projects in various social fields through SPP Foundation and EkoFond SPP.

I would like to take this opportunity to express my gratitude to our customers for the trust they have shown the SPP brand and I would like to assure them that the reliability and quality of services remain our key priority. Likewise, I would like to thank all our company's staff and other colleagues, as it is thanks only to the cooperation and commitment of us all that we were able to fulfil the tasks that stood before us. We all create the SPP brand.



doc. Ing. Vojtech Ferencz, PhD.
Chairman of the Board of Directors and CEO

Company Profile

Slovenský plynárenský priemysel, a.s. (SPP) builds on the more than 165-year tradition of operating in the energy sector, and today is the largest energy supplier in Slovakia. The company guarantees reliable, secure and competitive supplies of gas and electricity, including auxiliary services, to more than 1.5 million points of supply across all market segments and regions in Slovakia. In addition to supplying energy, SPP offers also a wide range of energy services and other complementary services. SPP has been purchasing electricity from renewable energy sources and high-efficiency cogeneration since 2020.

SPP is a joint stock company. The sole shareholder of SPP is the Slovak Republic exercising shareholder rights through the Ministry of Economy of the Slovak Republic, which elects members of the Board of Directors and the Supervisory Board (excluding members of the Supervisory Board elected by employees).

The Board of Directors is the statutory body of SPP. It manages the company's activities and makes decisions on all matters, unless reserved by legal regulations or the Articles of Association for decision-making to the General Meeting or the Supervisory Board.

The Supervisory Board is the supreme control body of SPP. It supervises the powers exercised by the Board of Directors and the performance of business activities by the company. One third of the Supervisory Board, i.e. three members, is elected by SPP employees.

SPP is the sole shareholder of SPP CZ, a.s., which operates as a gas and electricity supplier in the Czech Republic, and the sole shareholder of SPP CNG s. r. o., which focuses on selling and developing the use of CNG and LNG.

SPP also owns a 51% stake in SPP Infrastructure, a. s. while the owner of the remaining 49% is Energetický a průmyslový holding, a.s., through Slovak Gas Holding, B.V., which also exercises managerial control over SPP Infrastructure, a. s.

SPP implements its activities in the field of corporate responsibility and philanthropy through the SPP Foundation and EkoFond SPP. In 2021, ESCO Slovensko, a. s. began business as a joint venture between SPP and ČEZ ESCO, a.s.



Internal Control System

Corporate Governance,
Compliance Programme
and SPP Code of Conduct

SPP has created procedures and measures to protect the company against internal and external risks through its internal control system, comprising of three levels:

- i. System of control mechanisms (measures) introduced at the level of organisational units serving to mitigate risks present in various processes or activities,
- ii. Components of the internal control system, specified below, and
- iii. Internal auditing, which provides the executive management, the Board of Directors and the Supervisory Board with independent reassurances as to what extent the functioning of the control system at the first and second level complies with the requirements of the Board of Directors and executive management.

The components of SPP's internal control system include: risk management, personal data protection, security and security policy (information and cyber security, physical and facility security, occupational health and safety (OHS)), environmental protection, protection from money laundering fraud and other illegal activities, business continuity management (BCM), corporate governance, and the compliance programme. Corporate governance involves the general management of the company, oversight, and guidance. SPP undertook to regularly check compliance with corporate governance principles on an annual basis by signing to the Code of Corporate Governance for State-

Owned Companies in Slovakia. The compliance programme is based on the principles of the SPP Code of Conduct and is established in accordance with the values, goals and strategy of SPP. The compliance programme covers the management of SPP in relation to the specifics of the SPP environment. Based on the compliance programme, SPP demonstrates both inward and outward that it operates in accordance with the requirements of internal and legal regulations and, ultimately, also in accordance with the principles of corporate governance. The SPP Compliance Manager is responsible for the compliance programme, acting independently in his/her activities and reporting directly to the Board of Directors and CEO of SPP.

The compliance programme also includes a system for receiving and dealing with general complaints relating to SPP, as well as complaints relating to violations of the rules and principles of responsible conduct and relating to anti-social activities. SPP has established and published two channels for reporting any complaints, either by electronic means to a specific email address – compliance@spp.sk or in writing by post to the address of SPP's registered office. A complaint may be filed by a whistleblower either in his/her own name or anonymously.

Complaints are handled by the Compliance Manager and there was not a single complaint relating to serious anti-social activity in 2023.

Board of Directors

doc. Ing. Vojtech Ferencz, PhD.

Chairman of the Board of Directors
since 23 November 2023

Ing. Martin Rybár

Vice-Chairman of the Board of Directors
since 23 November 2023

MEMBERS OF THE BOARD OF DIRECTORS

JUDr. Pavel Jurek

since 23 November 2023

Mgr. Boris Machút

since 23 November 2023

Ing. Juraj Ondris, MBA

since 23 November 2023

MEMBERS OF THE BOARD OF DIRECTORS

Mgr. Miroslav Kulla

Chairman of the Board of Directors
until 22 November 2023

Ing. Marián Široký

Vice-Chairman of the Board of Directors
until 22 November 2023

Mgr. Peter Kučera

until 22 November 2023

Ing. Eduard Macejka

until 22 November 2023

JUDr. Slavomír Vorobel, MPH

until 22 November 2023

Executive Management

doc. Ing. Vojtech Ferencz, PhD.

CEO
since 24 November 2023

Mgr. Miroslav Kulla

CEO
until 22 November 2023

Supervisory Board

Dr. h. c. Ing. Tibor Mikuš, PhD.

Chairman of the Supervisory Board

Ing. Ivan Šramko

Member of the Supervisory Board
since 23 November 2023
Vice-Chairman of the Supervisory Board
since 1 December 2023

MEMBERS OF THE SUPERVISORY BOARD

Ing. Miloš Dančo PhDr. Zuzana Ružeková Viera Uhrová

Ing. Róbert Gold, CA

since 23 November 2023

Ing. Štefan Kapusta

since 23 November 2023

Ing. Martin Kohútik

since 23 November 2023

MEMBERS OF THE SUPERVISORY BOARD

Mgr. Iveta Barancová

until 22 November 2023

JUDr. Martin Javorček

until 22 November 2023

Ing. Július Mazán

until 22 November 2023

Mgr. Renáta Zolnaiová

until 22 November 2023

Company Vision and Goals

In 2023, SPP focused primarily on key priorities, namely the reliability and security of electricity and gas supply to all the company's customers and the development of new electricity and gas sources from renewable energy sources (RES).

The company continued to diversify and optimise the sourcing of natural gas supplies in order to be able to guarantee the security and continuity of gas supply to both households and large industrial customers. As part of safeguarding uninterrupted gas supplies, in 2023 SPP extended its cooperation with BP, a company supplying natural gas from North Sea platforms. SPP also extended cooperation with ExxonMobil in 2023 for the supply of gas coming from that company's global portfolio. For the period of 2023-2024, SPP concluded additional diversification contracts for the purchase of natural gas with Shell, ENI, and RWE.

Presently, SPP is capable of readily replacing any gas supply outages from a single supplier with gas deliveries from other contractual partners thanks to concluded contracts with large international corporations and by continuously replenishing the capacity in underground storage facilities. This also applies to outages in the supply of Russian gas, should they occur. SPP continuously assesses the developments on the gas market and the options available to it. After reviewing them thoroughly, the company will adopt further necessary measures in the interest of safeguarding energy security for its customers beyond 2024.

In addition to diversification, SPP continued to fulfil the goals set out in its long-term strategy for business development, the development of RES in solar and wind power, biomethane, the provision of ESCO services, the development of alternative fuels in transport, digitisation etc. It is precisely the investments in these areas that will prove of crucial importance in cutting emissions of greenhouse gases, reducing consumption of fossil fuels, including natural gas, and replacing them with other energy sources.

Along with the Slovak Ministry of Economy and other relevant institutions, SPP cooperated in preparing measures aimed at mitigating the impact of high energy prices on

households. In reaction to positive market developments, SPP repeatedly lowered the list price for the non-regulated gas and electricity supply segment in Businesses – Small Customers during 2023. We were able to fulfil these tasks thanks to our responsible approach to doing business, as well as the expertise and high-level of commitment of SPP employees. In 2023, the company thus once again confirmed its status as Slovak leader in handling comprehensive utility needs for industry, the public sector and households.



Economic and Financial Results

In 2023, SPP's **revenues from customer contracts** totalled €3 924 million, representing a slight decline by €31 million year-on-year. Revenues were positively influenced by higher natural gas and electricity sales on the wholesale domestic market. The electricity and gas supply prices for vulnerable customers were adjusted for 2023 by extraordinary measures in the form of price caps introduced on electricity and gas supplies through so-called crisis management or obligations in the general economic interest. In addition to direct revenues from electricity and gas supply contracts, revenues therefore partially included compensations from the state budget for capped electricity and gas supply prices. Compared with the previous period, SPP's trade volume in natural gas declined on foreign markets, having to do with continuously falling market prices during the reported period.

Key items in operating expenses comprised gas purchase costs, gas storage costs, and electricity purchase costs. Lower gas purchase costs experienced by SPP in 2023 over the previous year related to lower gas prices on the commodity markets. Gas transmission and storage costs rose on a year-on-year basis due to the diversification of sources and maximisation of gas reserves.

In 2023, SPP reported a positive operating income of €38 million.

Profit from financial operations before tax reached €283 million in 2023 as a result of dividends paid out by SPP Infrastructure. Profit before tax was €321 million. Total income tax liability reached €31 million, of which a special levy comprised €13 million. Profit after tax amounted to €290 million.

Comparison of financial results (in € million)

	2023	2022
Revenues from customer contracts	3 924	3 955
Profit before tax	321	16
Income tax	(31)	9
Profit after tax	290	25

Capital Structure

Total assets of SPP fell to €4 621 million as at the balance sheet date. They were down €1 898 million against the previous period (index of 0.71). Non-current assets amounted to €2 294 million. Among key items in non-current assets were non-current financial investments and real-estate investments, followed by buildings and plants (including unfinished capital construction), other non-current assets, and a deferred tax asset.

Non-current assets comprised 49.6% of total assets. They fell by €103 million against the previous year. The item 'Buildings, plants, machinery and equipment and intangible non-current assets' saw a minimal decline. Other non-current assets dropped by €154 million against the previous period due to a decline in non-current receivables from financial derivatives. Non-current financial investments rose slightly by €4 million against the period of 2022, while the deferred tax asset rose by €48 million.

Capital expenditures totalled €8 million in 2023. The company invested mostly in technical, commercial and IT communication systems, as well as in the reconstruction of SPP's office buildings and facilities.

As of the balance sheet date, **current assets** consisted of receivables, inventories, and cash. Their total volume reached €2 327 million, which accounts for 50.4% of total assets. They fell by €1 796 million against the previous year. This substantial decrease in current assets was caused, among other things, by falling receivables, particularly receivables from financial derivatives and receivables from gas sales.

Shareholders' equity amounted to €2 994 million in 2023, representing 64.8% of the company's total capital. In addition to share capital, equity included the statutory reserve fund, other funds, provision from hedging derivatives, retained earnings, and income of the current period. Shareholders' equity in SPP fell by €170 million year-on-year. The provision from hedging derivatives fell while retained earnings went moderately up.

The company's **share capital** consisted of the capital registered in the Commercial Register, comprising €885 million. It consists of 26 666 536 ordinary shares with a par value of €33.19.

Comparison of Total Capital Structure (in € million)

	2023	2022	2023	2022
Equity	2 994	3 164	64.8%	48.5%
Liabilities	1 627	3 356	35.2%	51.5%

In 2023, liabilities totalled €1 627 million, down €1 729 million against the initial balance. Total liabilities comprised non-current liabilities of €186 million and current liabilities of €1 441 million. The year-on-year change was due to lower non-current and current liabilities from a decline in costs of purchased commodities. Lower gas prices on commodity markets had an impact on the reduced volume of SPP's short-term loans.

Assets Structure Comparison (in € million)

	2023	2022	2023	2022
Non-current assets	2 294	2 397	49.6%	36.8%
Current assets	2 327	4 123	50.4%	63.2%

SPP Shareholder Structure
as of 31 December 2023

100%

Ministry of Economy
of the Slovak Republic

26 666 536 shares

The **balance** of the company's **statutory reserve fund** stood at

€1 198 million

as of 31 December 2023.

Equity Holdings

Subsidiaries, joint ventures, and affiliated companies

SPP Infrastructure, a. s., Bratislava	(SPP share 51%)
SPP CZ, a.s., Brno, Czech Republic	(SPP share 100%)
SPP CNG s. r. o., Bratislava	(SPP share 100%)
ESCO Slovensko, a. s., Bratislava	(SPP share 50%)
CEBZ s. r. o.	(SPP share 50%)

Other subsidiaries

Nadácia SPP, Bratislava	(SPP share 100%)
Ekofond SPP, n.o.	(SPP share 100%)

The company operates an organisational unit in the Czech Republic.

Risk Management

The period of 2023 was characterised by declining volatility on commodity markets, continuing changes in gas supply chains and gas flows into Europe resulting from the conflict in Ukraine, energy security concerns, and subsequent steps taken with the aim of diversifying sources and procuring sufficient gas volumes for the winter of 2023/2024, even at the cost of incurring additional expense. Higher commodity prices led to the need for price compensations for vulnerable customers on the domestic market and uncertainties regarding the economy's capacity to absorb price hikes without significant impacts on economic growth and price inflation.

SPP promptly responded to the situation emerging on the markets by diversifying natural gas sources, modifying the strategy of how the company works with its gas storage facilities and through related changes in implementing the hedging strategy and managing the company's liquidity. Throughout this process, SPP relied on its functional conservative risk management strategy for minimising market and other risks, thanks to which the company handled this extraordinary situation without major impacts on the financial results or company stability.

The adopted risk management strategy that centred on ensuring financial and operating stability, thus remains a key pillar for achieving the company's business and development goals, also with respect to the challenges of 2024.

In conducting its business activities, SPP relies on a stable and functional risk management system. It incorporates a corresponding organisational structure with clearly defined lines of responsibility, as well as effective procedures for risk identification, analysis, evaluation, handling, monitoring, review, recording and reporting. These procedures make it possible to eliminate financial losses or other negative consequences of a potential manifestation of risks so that they do not significantly affect SPP's capacity to conduct its business activities and provide services to customers.

The risk management system addresses all known risks to which the company is or may be exposed.

Its implementation falls to the independent Risk Management Sub-Department.

In managing its risks, SPP focused mostly on the following in 2023:

- a. Market risks that manifested in 2023 in the form of volume and price risks in purchases, sales, and gas storage facility management (mainly due to uncertainties in volumes offtaken by end consumers as a result of rising commodity prices), as well as in the field of prices in the form of a significant year-on-year change in market prices coupled with high volatility thereof. In 2023, SPP continued in its strategy to minimise open positions by implementing a conservative hedging policy and by managing limited open positions in the portfolio within set limits;
- b. Credit risks relating to the potential inability or unwillingness of business partners to timely meet their contractual obligations towards SPP. SPP manages this risk using its internal credit risk assessment process and by setting the payment and price conditions for defined counterparties and segments with the aim of minimising both credit and potential market risks. Where necessary in order to hedge against excess credit risk, the company uses third-party guarantees, bank guarantees, and the mutual offsetting of receivables;
- c. Liquidity risks pertaining to the potential default of SPP in meeting the company's liabilities towards third parties. SPP manages this risk by continuously monitoring the liquidity situation, including the application of stress tests with subsequent management of credit lines, existing contractual relations, and other;
- d. Operating risks arising from deficiencies in internal processes, information systems, from possible human error or from the occurrence of adverse phenomena in the external environment that impact internal processes;
- e. Other risks, in particular strategic, regulatory, and legal risks.

Energy Trading

SPP – THE LEADER IN ENERGY SUPPLIES

In 2023, SPP once again confirmed its position as a responsible and reliable energy market leader in Slovakia with about 1.5 million points of supply. SPP also continued to diversify and optimise the sourcing of natural gas supplies in 2023, making it capable of guaranteeing the security and continuity of gas supplies to all company customers, from households to large industrial customers.

In the past year, SPP supplied almost 30 TWh of gas to end gas customers or other gas suppliers in Slovakia. SPP's total market share rose to around 64%. Electricity sales to end customers totalled 1.8 TWh. The share of SPP in the household electricity segment came to roughly 12%. With this result, the company confirmed its stable position among the TOP 4 electricity suppliers. Of all suppliers, most customers have chosen SPP as their new electricity supplier since the opening up of the energy market. At the end of last year, the company supplied electricity to almost 300 000 points of supply. Moreover, as part of extraordinary government measures aimed at mitigating the impact of high electricity prices on household customers, SPP supplied almost 5.2 TWh of electricity to other suppliers of electricity to households, while most of this electricity came from Slovenské elektrárne, a.s. In total, SPP thus supplied more than 7 TWh of electricity to end customers or other electricity suppliers in Slovakia.

DEVELOPMENTS IN THE GAS AND ELECTRICITY MARKET

The period of 2023 saw an ongoing year-on-year decline in total gas and electricity consumption in Slovakia, although at a slower rate. This development was due to persisting efforts by customers to achieve energy cost savings, but also due to higher-than-average temperatures. These factors outweighed the economic recovery, which was less affected by subdued inflation. After all-time record values in 2022, wholesale gas and electricity prices gradually returned to the lower levels seen two years ago with less volatile development. The European gas market was well supplied since the demand in the power and other sectors was balanced on the supply side by diversification of sources, mainly through greater imports

of liquefied natural gas (LNG) to the continent. The utilisation rate of European underground storage facilities ahead of the 2023/2024 heating season was above-standard at almost 100%. We succeeded in achieving well in advance the established target to have storage facilities filled to 90% as of 1 November 2023. The improvement of energy efficiency and the reduction of gas consumption are still key measures pursued by the European Union (EU). However, EU member states also agreed on the continuation of intervention measures to protect consumers from high gas prices. In 2023, the prices of other energy commodities and emission allowances fell as well, having a positive impact on electricity prices, along with the improved availability of production capacities (in particular, from renewable energy sources).

GAS PURCHASING AND STORAGE

SPP has long been actively trading gas on international commodity markets, where it achieves both the short-term and long-term optimisation of sources available to the company. The primary purpose of purchasing gas in 2023 was to keep covering demand and to create reserves for the domestic market. As part of securing uninterrupted gas supply, SPP extended its cooperation with BP and ExxonMobil from 2022 to 2023 and 2024 and concluded additional diversification contracts for the purchase of natural gas with Shell, ENI, and RWE. To balance temperature differences between the summer and winter seasons, SPP uses the storage capacities at its disposal in Slovakia. In addition, the company also has other storage capacities abroad. SPP managed to fill its storage capacities to 100% ahead of the winter season and maintained the balance of reserves at historical highs until the end of 2023.

ACTIVITIES IN THE CZECH REPUBLIC

SPP has been operating in the Czech Republic through its subsidiary since late 2008. The volume of gas supplied in 2023 by SPP CZ, a.s. totalled around 3.1 TWh. Thanks to its business activities, the company succeeded in winning new customers that rank among the largest gas consumers in the Czech Republic. This result confirmed the company's position among respected and stable energy suppliers. SPP supplies gas to customers in Czechia in all segments, including gas traders, large industrial companies, customers in the small businesses and organisations segment, and also households. The company

has been successful in offering electricity supplies to its customers, gaining large business customers during the reported period. Within the retail segment, the company supplies gas and electricity to almost 20 thousand points of supply.

PUTTING THE CUSTOMER FIRST

In the past year, SPP scored significant successes that helped the company strengthen its market position and improve services provided to its customers. SPP's efforts in the field of marketing and customer experience produced excellent results in 2023.

One of the most striking successes of the year was the triumph of SPP Nivy Customer Centre in the Visa Slovak Top Shop public vote. This award serves as proof of the precise reconstruction and innovation of SPP Customer Centres that the company pursued, which also motivates it to continual improvement.

SPP provides services to its customers via a total of 20 SPP

Customer Centres. SPP Nitra Customer Centre was moved to a shopping mall and SPP Dunajská Streda Customer Centre moved to new, modernised premises.

In 2023, SPP worked intensely on developing further its My SPP portal that provides customers with simpler and faster access to company's services. SPP strives to continuously innovate and deploy state-of-the-art technology, such as the automated processing of certain requests, as well as biometry. As of today, more than 181 000 customers have registered with My SPP portal. SPP's efforts in the field of customer service were once again awarded in 2023 by the world-renowned company KMPG for **Best customer service in the energy sector**.

SPP DIGITAL CLEANUP CAMPAIGN

In marketing campaigns, the company scored success with its SPP Digital Cleanup campaign. The campaign provides the public with information and instructions on how to save energy and, at the same time, lower CO₂ generation by limiting the use of digital technologies. This initiative also

supports sustainable behaviour and fulfilment of ESG targets, to which the company has committed itself.

INNOVATION OF MEDIA MIX AND CUSTOMER EXPERIENCE

In developing its media mix in SPP's marketing communication, the company focused on several key areas that provided it with more efficient communication with customers.

In the **Small Businesses and Organisations** segment (Small Customers), SPP continued in 2023 to provide its customers with one of the best offers on the market. Based on their own preferences, customers could choose from the range of SPP products based on discounts from the standard price list or based on fixed prices over a contractually agreed period. Customers remained interested in the advantageous electricity offer from SPP. Last year, the company supplied electricity to about 16 500 points of supply in the business segment. Some customers in this segment became part of our initiative to restore the protected forests of Slovakia.

The products and services offered by SPP to **corporate customers** were built on expertise, an individualised service, long-term good relations, and trust based on the guaranteed secure and uninterrupted supply of energy. SPP received positive feedback in this segment thanks to its progressive and flexible approach to creating business offers and contractual terms and conditions for customers, reflecting current market prices.

SPP's aim is to continue providing high quality professional services and innovations that produce added value to company customers. With these initiatives, SPP will be able to maintain its leadership position in the energy sector and provide value to its customers.

PRICES AND REGULATION

The supply of gas to customers in the household segment and to other vulnerable customers meeting the legislative conditions for regulated prices continued in 2023 to be subject to price regulation by the Regulatory Office for Network Industries (RONI).



Also subject to price regulation in 2023 by the Regulatory Office for Network Industries (RONI) was the supply of electricity to customers in the household segment and other vulnerable customers meeting the legislative conditions for regulated prices.

In reaction to the exceptional hike in electricity and gas prices, the Government of the Slovak Republic and the Ministry of Economy of the Slovak Republic adopted various measures aimed at lowering final prices for households and certain vulnerable customers below regulated prices, which would otherwise have reflected the extraordinarily high electricity and gas prices on the markets in 2022, if it was not for government's measures adopted in 2023. The extraordinary measures significantly reduced the negative impact on vulnerable gas and electricity customers.

In 2023, SPP acted as a supplier of last resort in gas supplies, in accordance with RONI's decision. Supplies of gas in this mode are subject to price regulation by RONI. SPP supplied gas in the last resort mode without any interruptions or restrictions.

DEVELOPMENT OF PRODUCTS AND SERVICES FOCUSING ON SUSTAINABILITY

In 2023, SPP again successfully operated as a purchaser of electricity produced from renewable energy sources (RES) and high-efficiency combined heat and power (CHP) production. The company provided its reliable services to more than 2 000 manufacturers throughout Slovakia. The company supplied electricity produced from RES in Slovakia and covered by guarantees of RES electricity origin directly

to its customers via its *Clean Electricity* and *Clean Electricity S* services. The purchaser's activities enabled SPP to become a major player in the trading of electricity produced from renewable sources. SPP extended its service portfolio to include the *Clean Electricity S* service, which not only gives customers coverage of a fixed volume in MWh, but it also means that they support projects for the construction of photovoltaic panels on public buildings, mostly schools. A fixed amount will be regularly transferred each month for this very purpose from customers' payments. In 2023, the first school to receive a local photovoltaic source from SPP was selected by public vote.

As part of the *Clean Electricity* and *Clean Electricity S* services, the company sends personalised video advice to its customers, giving them tips on how to behave more environmentally-friendly. This means customers get information on potential savings calculated on the basis of their consumption data. SPP supported this service with the successful online campaign "*Origin of Electricity Also Matters*", which emphasised its important environmental aspect. In addition to personalised information on how to cut costs and CO₂ emissions, customers also receive a personalised

certificate of support for renewable energy sources or support for projects for the construction of PTV electricity sources at schools.

In 2023, the **SPP Carbon Footprint+** service proved crucial in linking the portfolio of SPP products and services to the company's activities in the field of sustainability, environmental protection and corporate social responsibility. The essence of this service, coming in the form of advice

provided on how to save energy and behave more sustainably in all walks of life, affecting the size of one's generated carbon footprint, underwent an overhaul in terms of design and contents. In 2023, customers were receiving high-quality content on a quarterly basis, as a result of cooperation between the company and inspiring experts in the given fields. A common denominator behind this information was to emphasise the efforts in minimising one's carbon footprint. Another essential part of the SPP Carbon Footprint+ service is the company's commitment to plant on behalf of customers who ordered this service or the *Ecofee* service package, such number of trees in the protected forest of Slovakia that corresponds to a specific product. Together with customers, SPP has so far planted more than 1 200 000 saplings. The Clean Energy, Clean Energy S, Carbon Footprint, and Ecofee services also included a personalised video and a personalised certificate informing about the service's benefits, the number of trees planted annually in accordance with the contractual commitment, as well as about the proportion covered by renewable energy sources.

More than 183 000 customers of SPP participated in the **Savings** campaign. Via this campaign, the company rewards customers who managed to save energy in the course of the year. The great majority of involved customers are those who are convinced of their need to reduce their carbon footprint and are also motivated by SPP's newsletters to join the campaign. In 2023, the company also developed its product portfolio aimed at a younger target group in order to raise awareness of the sustainability topic. SPP approaches this target group with a different product mix, tonality, as well as in an innovative manner, attempting to reflect the trends and advances in customer experience in the digital environment.

Business Development



High-capacity LNG and CNG filling station in Prešov.

In 2023, SPP continued to pursue business development projects aimed at improving energy efficiency and the development of power production from renewable energy sources (RES), in line with the SPP Vision and Strategy 2030 and targets in the field of improving sustainability. SPP is interested in contributing to the fulfilment of the Slovak Republic's targets in the field of lowering greenhouse gas emissions and environmental protection, in particular via its business development projects. By developing specific projects and implementing specific steps leading to their successful implementation, SPP ranks among the most important power companies to respond to sustainability challenges, the new energy era and the growing significance of sources involving renewable electricity and renewable gases in Slovakia's energy mix.

ENERGY SERVICES

By utilising its own capacities, SPP is successful in offering customers products and services related to the design of energy solutions, assessment of energy sources, decarbonisation of sources, energy audits, as well as energy saving advice. SPP is also involved in projects aimed at co-generation and trigeneration, i.e., sources that simultaneously produce electricity, heat and cold (CHP).

In 2023, SPP successfully connected the new multi-functional building at Prístavná 1 in Bratislava to the supply of energy produced by the company's own high-efficiency co-generation units, thereby improving their operating efficiency, as well as the company's bottom line. To generate electricity and heat, as well as cooling, the co-generation units on SPP's grounds in Bratislava use modern technology transforming the primary medium (natural gas) into final forms of energy.

In addition to its own capacities, SPP has been investing in the development of services that improve energy efficiency via ESCO Slovensko, a.s. – a joint venture between SPP and ČEZ ESCO, a.s.

WIND ENERGY

In 2023, SPP became widely recognised by the public at large as a major player in wind park projects after initiating the development of 7 wind parks (WP) with a planned output of

more than 250 MW at three locations in Western Slovakia. These are long-term projects that must undergo a broad environmental impact assessment, year-long wind measurement, and challenging official permission processes. It is a positive sign that the Slovak Republic acceded to the European Wind Charter at the end of 2023. This initiative includes the acceleration of permission processes, a more transparent environment for developing wind power plant projects, as well as commitments of member states to build new capacities during the 2024-2026 period.

Last year's membership in WindEurope brought a major impulse to SPP and made the company more visible in the field of wind energy, while also serving as a source of know-how and contacts. SPP joined this association as the first commercial company from Slovakia. SPP attended the September meeting of the Board of Directors of WindEurope, at which it was promised support by WindEurope in the field of wind energy projects in Slovakia.

SPP is interested in being a key entity in building and operating wind power plants in Slovakia, thus contributing to energy security, self-sufficiency, and an optimal energy mix for Slovakia.

SOLAR ENERGY

Following the successful implementation of pilot photovoltaic power plants (PVPP) on SPP's grounds in Košice and Bratislava, in 2023 the company initiated the construction of another internal PVPP with 630 kW of installed power on the company's grounds in Michalovce. After successful installation in late 2023 and the performance of functional tests, SPP intends to put it into operation at the turn of Q1 and Q2 2024. The company also succeeded in receiving a non-repayable contribution from the Recovery Plan. Moreover, SPP has prepared and is going to implement additional PPVP projects in the coming year, located on the company's grounds in Martin, Nitra, Spišská Belá, and Košice.

Along with the company's own PPVP, the projects implemented by SPP at schools throughout Slovakia serve as a prime example of clean and cheap power production. In 2023, the company implemented and put into operation 6 PPVPs with a total installed output greater than 160 kW and initiated implementation of additional 8 PPVP projects at schools with a total installed output of 182 kW. At the same time, SPP has been in talks with 10 more schools.

BATTERY ENERGY STORAGE SYSTEM (BESS)

SPP initiated a project for a 4 MW BESS to be located on the company’s estate in Spišská Belá where it is to provide support services for Slovenská elektrizačná prenosová sústava, a.s. (SEPS). The facility is expected to be put into operation in Q4 2024.

MOBILITY

The year 2023 was a milestone in the history of alternative mobility in Slovakia. SPP launched into operation three liquified natural gas (LNG) filling stations. By doing so, the company successfully completed the fuelCNG project that aimed to establish a pilot network of LNG filling stations distributed along the main corridors of the TEN-T network within the Slovak Republic. Motorists thus have filling stations at their disposal in Trnava, on the D2 motorway at Brodské, and in Prešov. The fuelCNG project received support from the European Commission and is co-financed from the Connecting Europe Facility (CEF) programme. The LNG stations also support filling vehicles with compressed natural gas (CNG). The high-capacity filling stations serve both for heavy freight vehicles and ordinary passenger cars. Along with the rising volume of sold LNG, SPP became a leader in Slovakia in the segment of supplying gas for transport. The company plans to strengthen this position by building 2 more LNG filling stations.

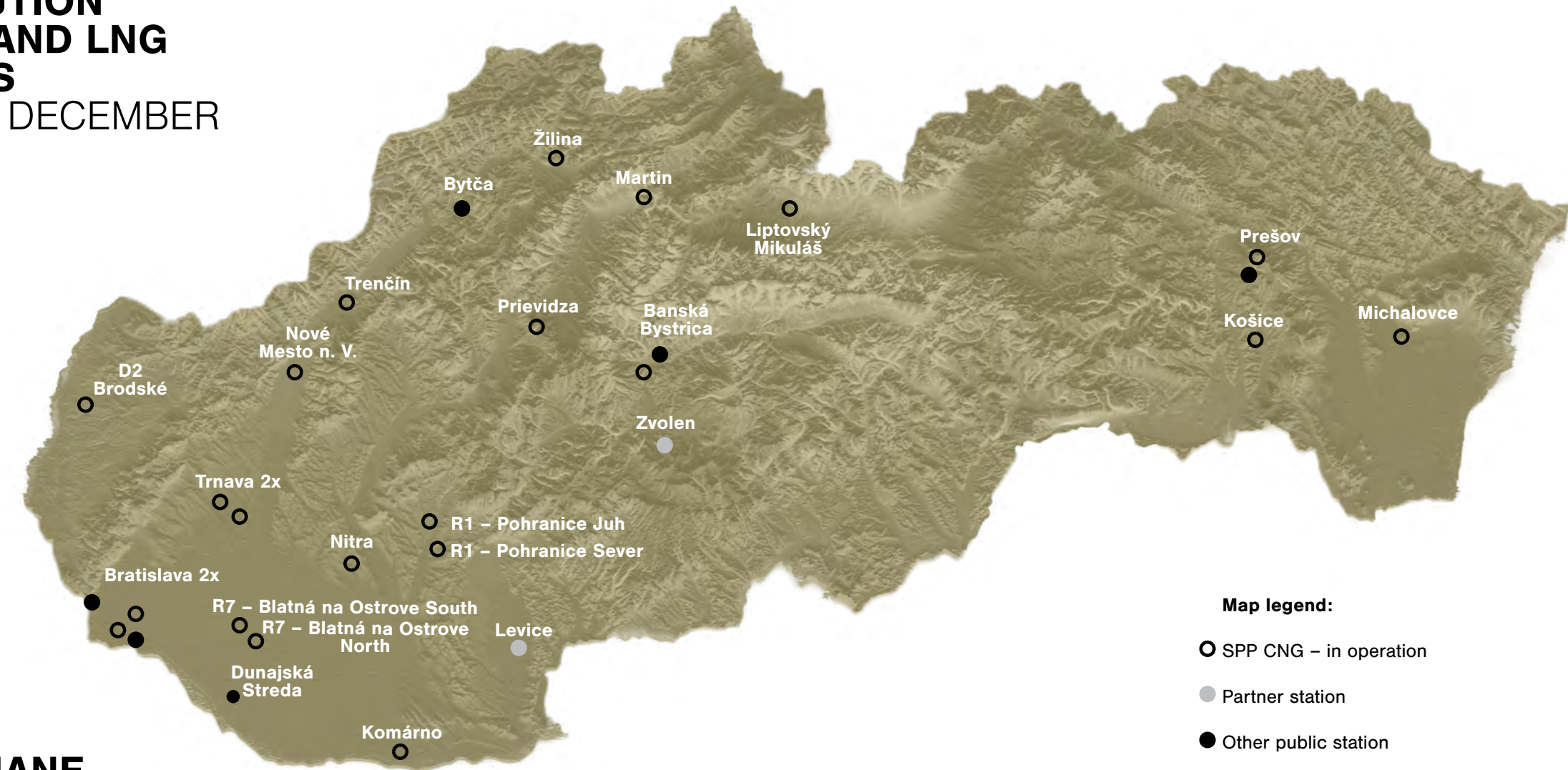
In 2023, SPP continued to support the utilisation of CNG as an alternative to traditional fuels. Through its subsidiary SPP CNG s.r.o. (SPP CNG), the company ensured continuous and reliable operation of the network of CNG filling stations. SPP CNG launched a CNG fuel to the market containing 1% sustainable biomethane in 2023. Motorists now pump fuel at SPP CNG filling stations that produces 22% less CO₂ emissions compared to presently supplied gasoline and diesel fuels. CNG sales totalled 4.728 million kg in 2023 and were up 17.9% against 2022. The current development of SPP’s network of CNG filling stations focuses on bus transport and municipal waste collection. In 2023, SPP CNG opened a high-capacity CNG filling station at Zlatovská cesta in Trenčín, which is used by a fleet comprising 43 CNG buses

operated by the public transport company in Trenčín, among others. The network of public CNG filling stations in Slovakia comprised 29 stations at the end of 2023.

In addition to LNG and CNG, SPP develops its own electromobility strategy. That is why a decision was made to

implement a pilot project for an ultra-fast charging station in Prešov to complement the previously built charging stations. It is expected to be put into operation in Q4 2024.

DISTRIBUTION OF CNG AND LNG STATIONS AS OF 31 DECEMBER 2023



BIOMETHANE

In 2023, SPP established a joint venture with BRANTNER Slovakia for mechanical-biological treatment of waste to produce biomethane from the organic component of mixed municipal waste, as well as from bio-waste sorted at source. This joint venture, CEBZ s.r.o., is therefore able officially to assume responsibility for developing waste treatment centres. We managed to get a non-refundable financial contribution from the Environment operational programme for the construction of an optical sorting line in Nové Zámky (the project was awarded to BRANTNER Nové Zámky). This line will be put into operation in the first half of 2024 and, after the completion of the biological stage, it will spell a new quality for waste management in Slovakia that meets the highest legislative requirements. In 2023, SPP already held lawful environmental impact assessment standpoints

for three of the four planned centres in Nové Zámky, Martin, and Poprad, having a positive impact on the acceleration of their procurement and construction.

An important milestone in the supply of biomethane is to obtain registration and certification in the International Sustainability and Carbon Certification System (ISCC EU), which enables SPP to participate in sustainable supply chains through the ISCC EU system as a biofuel (biomethane) trader. ISCC EU is recognised for all EU member states. At the same time, SPP is registered in the register of renewable gases operated by SPP - distribúcia, a.s., enabling it to fulfil all customer inquiries relating to the procurement of renewable gases.

Engaged Employees, the Key to SPP's Success



Employee event: On the Same Wave.

In 2023, the main challenge for SPP was to keep employees motivated and engaged, as well as to provide them with support in adapting to rapidly changing market trends. The management's open and transparent communication with employees, the development and education of employees, and the granting of support and benefits, ensured continuity for the company in the provision of customer services and the fulfilment of established corporate goals.

EMPLOYEE RELATIONS

SPP employees enjoyed benefits in accordance with the Collective Agreement in force for the 2023-2024 period. The agreement mainly focuses on remuneration, benefits in the field of recuperation and health care, such as preventive premium employee medical checks, appreciation of employees on the occasion of their work anniversaries, vacations, and extra days off. Employee benefits include contributions to supplementary pension savings. SPP also does not overlook employees who find themselves in a difficult life situation. To help them cope, the company provides them with support in the form of financial contributions. Working from home is a standard option, in accordance with market practice and conditions set by the employer.

SPP remains a member of the *Coalition of Employers for Mental Health*. In cooperation with the *League for Mental Health*, the company brought online discussions to employees on various interesting topics concerning mental health. In cooperation with the League for Mental Health, the company also participated in the preparation of the unique *First Aid for Mental Health* programme, by training an internal lecturer and preparing for implementation in 2024.

The company has regularly provided employees with verified and up-to-date information supporting a healthy lifestyle, such as through the traditional event *SPP Health Days*. As part of *SPP Health Days*, employees had the chance to have their health checked and get inspired by lectures on many interesting topics on physical and mental health. The opportunity to use the Multisport Card contributed to promoting a healthy lifestyle among employees.

As part of the corporate culture management and development project, SPP organised a new round of the annual internal competition – *Best Team of 2022* and *Best Employee of 2022*. The aim of the competition is not just to award and highlight the work of the company's best employees, but also to support personal initiative shown by individual employees and teamwork in fulfilling set goals. Last year, the company introduced a new category – *Best Colleague of 2022*, highlighting the human contribution of colleagues to corporate culture.

DEVELOPMENT AND TRAINING

In 2023, SPP continued to implement training activities in line with the needs of the company and its employees.

The training was aimed both at improving vocational and professional skills, as well as personal development. Key topics in which SPP employees advanced themselves included the diversity and inclusion topic.

Another important training and development area concerned support for sharing internal know-how through the *Colleagues to Colleagues* platform, which allows employees to share their knowledge in the form of online lectures.

In 2023, SPP organised for the first time the *Impulses 2023* internal conference. This conference offered employees the opportunity to learn about the latest business expertise and new trends in business in an inspiring environment. Lecturers at the conference included both external speakers and SPP employees. Among the lectures that generated greatest interest was the artificial intelligence topic and its application in the daily work process.

The company continued to support informal relationships and strengthen the mental and physical health of employees.

SPP employees also participated in the *Leaders of Tomorrow* development programme, as part of which people from the corporate environment become leaders of young people and accompany and support them in achieving their goals.

SPP opened the sixth year of its development programme for employees with promising skills – *SPP High Potentials*. In 2023, SPP allowed university students to do their internships at the company as part of the *SPP Graduate Programme*. The company also deepened its cooperation with universities by conducting the Energy Sector Club semester project and by lectures in the field of personnel management at selected university faculties.

In addition, SPP organised standard employee training in the field of occupational health & safety and cyber security, as well as in the field of compliance. In the upcoming period, SPP will continue to focus on improving the skills of its employees in areas important for maintaining the company’s competitiveness and customer trust.

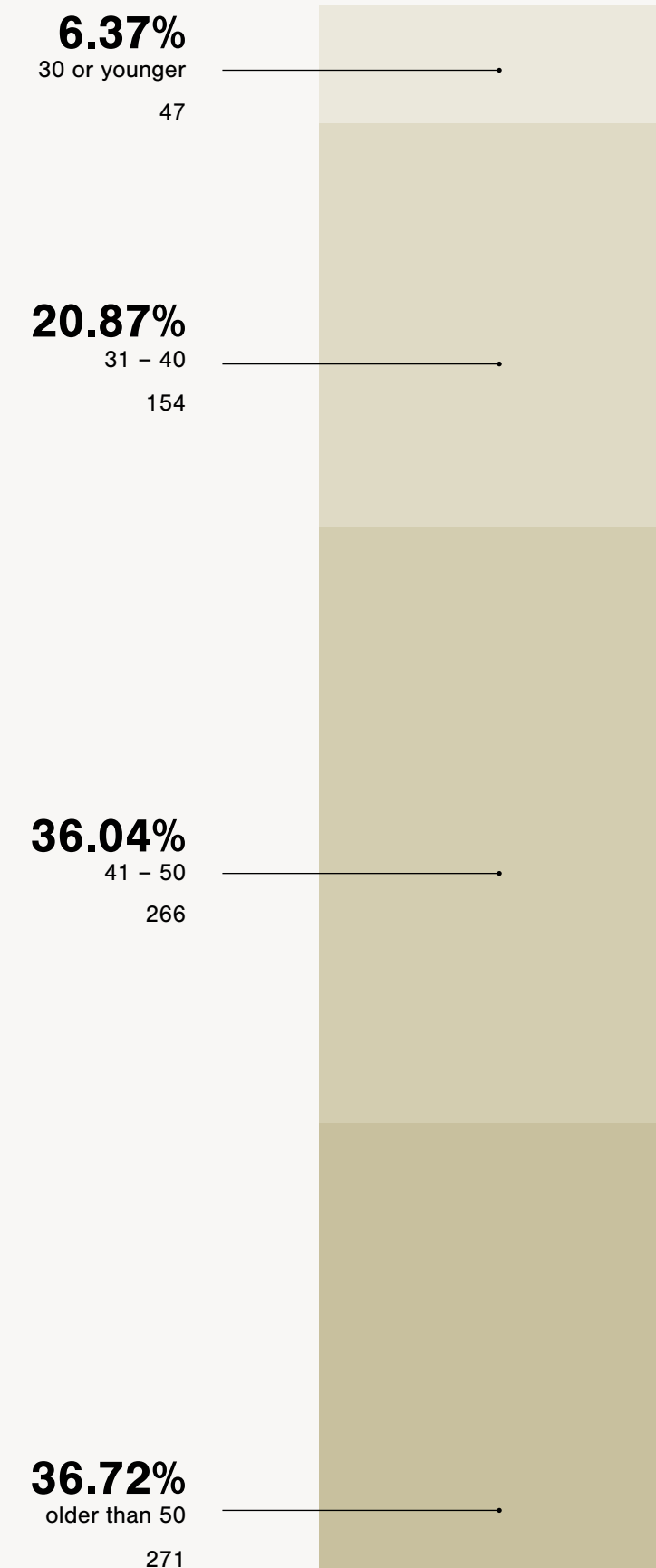
EMPLOYEE STRUCTURE

As of 31 December 2023, the company had 738 employees. Of those, 477 were women – representing 64.63% of the total workforce.

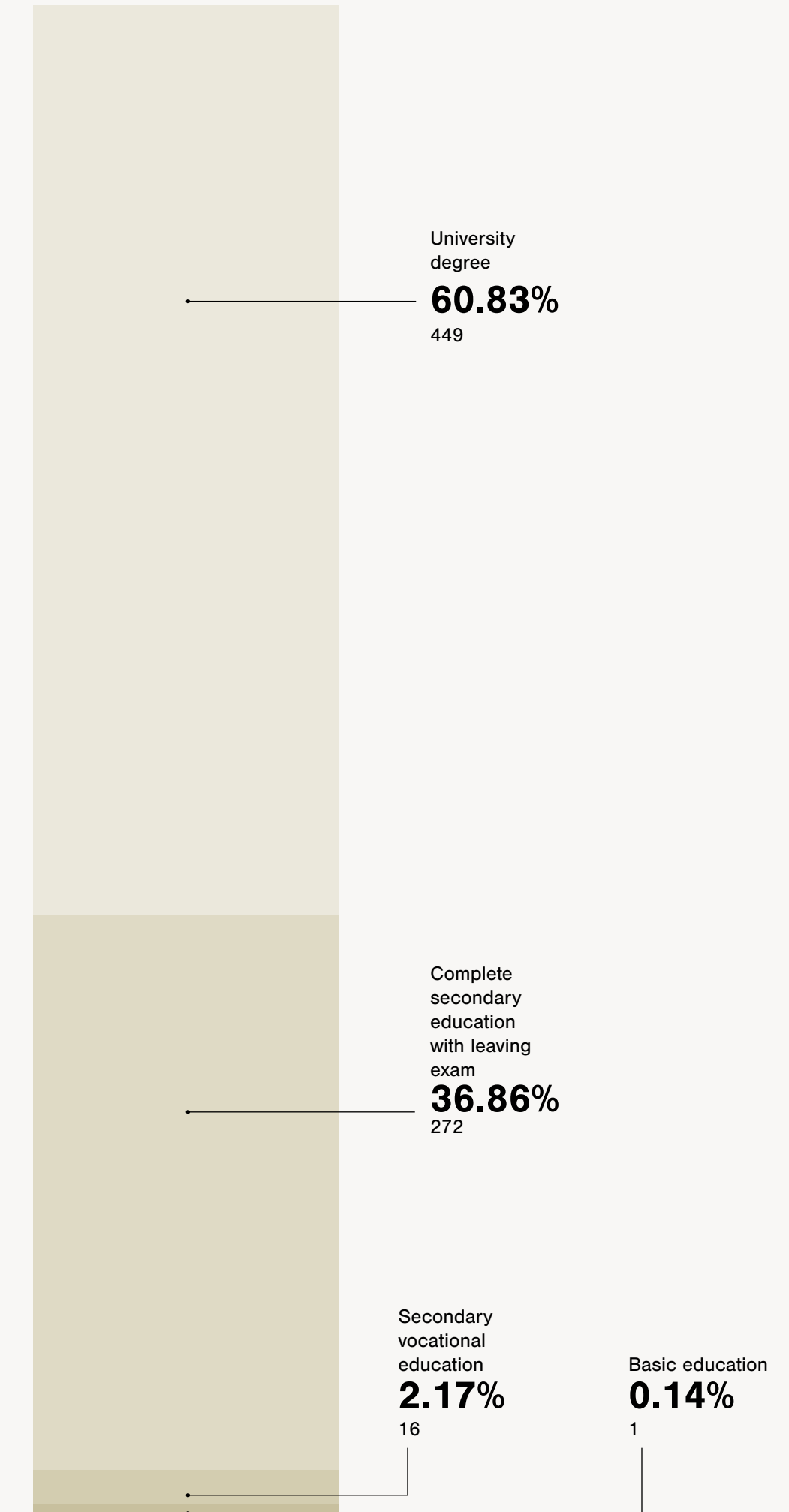
The average employee age as of 31 December 2023 was

45.92 years of age.

Employee Age Structure
as of 31 December 2023



Employee Qualification Structure
as of 31 December 2023



Sustainability and Corporate Social Responsibility

In the interest of providing transparent information to the public on non-financial matters relating to SPP's activities, SPP published the second comprehensive Sustainability Report in 2023, compiled in accordance with GRI standards. The Sustainability Report includes the assessment of SPP's environmental impacts, the calculation of SPP's carbon footprint, relations towards employees and business partners and assistance to communities through the activities of Nadácia SPP (SPP Foundation) and Ekofond SPP. Reflecting on key impacts of SPP, the *SPP Sustainability Report 2022* also includes the future goals of SPP for improving business sustainability and for reducing greenhouse gas emissions:

- **2050** – to achieve 100% reduction in total greenhouse gas emissions compared to 2021.
- **2040** – to achieve 100% reduction in emissions resulting from SPP's internal consumption compared to 2021.
- **240 GWh** – biomethane production from 6 EBWRC (Energy and Biological Waste Recovery Centres) projects for the production of renewable gas that we will put into operation by 2030; of which 3 EBWRC projects will be operational by 2026.
- **200 MW** – total installed output of sources for our electricity production from RES to be put into operation by 2030; of which half will be put into operation by 2026.
- **1.5 MW** – total installed output of sources for electricity production from RES for internal consumption at our own sites, to be put into operation by us by 2026.
- **5 MW** – total installed output of the battery storage facility to be put into operation by us by 2026.
- **€460 million** – financial value of investments in the production of energy from RES to be spent by 2030 (independently or in cooperation with partners); of which €230 million will be spent on investments in RES energy production by 2026.
- **700 000** – number of saplings planted in protected forests in 2023.
- **30%** – share of women holding middle and top management positions by 2026.
- To minimise paper consumption and to become a paperless company by 2026.
- To introduce and evaluate sustainability standards in the supply chain by 2026.

The company perceives the regular preparation of its Sustainability Report as a means to assess the impacts of SPP's business activities and to fulfil established goals. The company therefore plans to continue compiling them in the coming years.

Pursuant to obligations arising from Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment (hereinafter the "Taxonomy Regulation" or "EU Taxonomy"), SPP assesses and publishes information about the proportion of its turnover, capital expenditures and operating expenditures for the 2023 period associated with taxonomy-eligible or taxonomy-aligned economic activities in the *EU Taxonomy Compliant Reporting* section found on page 24 of this Annual Report.

The taxonomy-eligible economic activities are provided in the list published in the Climate Delegated Act amending the EU Taxonomy Regulation and in the Complementary Disclosures Delegated Act as regards specific public disclosures in certain energy sectors. The said list only includes a very limited list of activities, which to a large extent does not cover business activities of SPP in the field of electricity and gas supply, which formed a substantial portion of SPP's turnover. The list of taxonomy-eligible activities likewise does not cover investments regarding real estate management and IT systems, which formed a substantial portion of capital expenditures and operating expenditures of SPP. With this in mind, SPP pursued activities in 2023 that are featured in the list published under the EU Taxonomy only to a very limited extent.

In 2023, SPP continued developing projects for the company's own production of electricity and gas from renewable sources in accordance with the targets adopted in the SPP Sustainability Report 2021 and 2022. Specifically, the company was issued multiple decisions in 2023 in the EIA process as regards energy and biological waste recovery centres to produce biomethane and it also initiated the EIA process in several projects for wind power generation. SPP implemented 6 PVPPs in 2023 for its customers at schools and through its subsidiary ESCO Slovensko, a. s., it implemented PVPPs for customers providing a total output of 3 MW. More details regarding SPP's activities

and their environmental impact will be published in *SPP Sustainability Report 2023*.

As an energy market leader, SPP is aware that part of being a responsible and sustainable business lies in its relationships with people, communities, and the country in which it operates, which is why the company perceives its corporate responsibility and activities on the development of the ESG concept as its long-term commitment.

SPP pursues activities in the field of social responsibility, philanthropy and sponsorship mostly based on long-term partnerships, either directly or via the non-profit organisations of which it is a founder, i.e. *Nadácia SPP* (SPP Foundation) and *Ekofond SPP*, as well as the *SPP Gallery* and the *Slovak Gas Museum*. These mostly relate to protecting the natural and cultural heritage of Slovakia, environmental protection, supporting culture, art, education, communities, disadvantaged groups, and sports activities.

PROTECTING NATURAL HERITAGE AND THE ENVIRONMENT

Together with customers, SPP has so far planted more than 1 200 000 saplings in the forests of Slovakia

Thanks to the SPP Carbon Footprint+ service, SPP and its customers together supported the planting of more than **1 200 000** saplings in 2023. SPP planted saplings in the protected forests of Slovakia for every customer who chose this product in 2023. When planting new trees, SPP makes sure that it populates forests where mature trees have the opportunity to make a real contribution to reducing greenhouse gas emissions and to protecting the atmosphere and biodiversity. These areas were always of European importance – NATURA 2000 – or protected bird nesting areas with species such as the golden eagle, wood grouse and other protected bird species.

EKOFOND SPP CONTRIBUTED TO THE RESTORATION OF EXTINCT WETLANDS

Ekofond SPP contributed to the restoration of extinct wetlands in the area of Istragov near Gabčíkovo, namely

by building an irrigation canal. At the same time, it supported the planting of 2 600 native tree species at this location – white, black, and gray poplars. Native poplar species have a much greater ability to regenerate naturally, which is why there is a much larger number of them per unit area, meaning their root systems provide better water and soil protection. The Danube floodplain forests are among the last remnants of floodplain forests in Central Europe. They are not unlike rainforests by their uniqueness, beauty, vast number of species living in them, and high biomass production. They also play a significant role in maintaining drinking water supplies while creating natural flood protection.

Ekofond SPP considers it beneficial to link activities in the field of sustainability and environmental protection to education. Since 2022, all educational activities of Ekofond SPP have been under the umbrella of the *Ekofond SPP for the Future* educational programme, which is unique as its purposeful activities combine elements of environmental education, teamwork, critical thinking topics in working with information while creating a link to values in the field of morality, ethics, and journalistically-responsible work. This programme aims to encourage and deepen interest in environmental topics, disseminate “energy literacy” and support the sharing of goals, projects, activities, and information among peers and associates or even the broader communities by using media, in particular social media. The programme’s ambition is to gradually open various topics focusing on energy (not just as a physical quantity), energy efficiency, environmental protection, and sustainability.

Since 2020, SPP Ekofond has been actively engaged in beekeeping at two apiaries located on SPP’s grounds in Bratislava and Košice. In addition to beekeeping itself, it actively educates about this topic not only by sharing interesting educational materials on its website, but also in the form of experiential learning – including *Medobranie* (Honey Collection) events, lectures by selected experts on current topics, best honey competition, and via educational performances for schools participating in the *Greenfluencers and Energy* competition.

In the course of 2023, Ekofond SPP focused attention on bee protection due to uncontrollable spreading of the invasive Asian hornet species (*Vespa velutina nigrithorax*) in Europe, causing enormous ecological and economic damage. This is a predator that hunts for various insect types (at least 159 different species were identified, e.g. honey bees and wild bees, wasps, bumblebees, hornets, ants, flies, mosquitoes), thereby reducing honey production and eliminating natural pollinators. Moreover, it bites the fruit and so degrades the harvest. It even poses a threat to anyone approaching less than 5 metres from a hive.

For this reason, Ekofond SPP announced the “*Support for preventing damages caused by the invasive Asian hornet in the Slovak Republic 2023/2024*” grant scheme, which aims to support voluntary fire departments in municipalities and cities to purchase technical equipment necessary for safe handling when capturing and disposing of the Asian hornet and its nests. This support also includes raising awareness of the invasive species through communication activities.

In 2023, Ekofond SPP continued in its project focusing on ecological beekeeping and, in cooperation with the Slovak University of Agriculture in Nitra, it initiated the process of gradually transforming SPP’s grounds into low-maintenance patches that effectively capture rainwater, support variety and biodiversity, and act as a rich source of food for bees living in the company’s apiaries.

The *SMART ENERGY* exhibition, which is on display not only in the Slovak Gas Museum but also at four secondary schools where the Energy Equipment of Buildings Technician study course is taught, reflects the interest among children and youth in innovations in areas such as energy efficiency, smart technologies, and smart solutions in energy utilisation. SPP has been engaging its customers in the processes of reducing energy consumption and the utilisation of renewable energy sources at schools. Those customers who decide to reduce their energy consumption and CO₂ emissions by purchasing selected products and services also support the development of photovoltaics at schools. **Through selected SPP products, they contribute to setting up local photovoltaic sources at schools.** SPP implements this project

– a competition with public voting – together with Ekofond SPP, a non-profit organisation. In the very first year of the competition, i.e. in 2023, a total of 85 primary and secondary schools registered and shared prizes worth almost €45 000.

PROTECTION OF CULTURAL HERITAGE OF SLOVAKIA AND PROMOTION OF CULTURE AND ART

SPP Foundation has been a partner of the Fénix – Cultural Monument of the Year for 17 years

The SPP Foundation (Nadácia SPP) has long supported the protection of Slovakia's cultural heritage. For the 17th time in 2023, the SPP Foundation was the general partner of the Fénix – Cultural Monument of the Year competition announced by the Ministry of Culture of the Slovak Republic. The aim of the competition is to award the efforts of owners of national cultural monuments, volunteers and local governments that invest not only considerable funds into rescuing monuments, but also their energy and time, thereby helping to preserve the country's cultural heritage for future generations. As a general partner, the SPP Foundation awards the prize for the most beautiful renovated/restored monument under the official name "Fénix - SPP Foundation Award" based on a public vote. For more information about the Fénix – Cultural Monument of the Year competition and about restored national cultural monuments, please visit www.kpr-fenix.sk.

The SPP Foundation supported the *CE ZA AR 2023 Architecture Award* project as part of the supporting partnerships framework. The project aims to outwardly present the work of members of the Slovak Chamber of Architects and to show it to the public through an annual exhibition and so also to potential investors and local government representatives. At the same time, the project aims to educate the public at large on the mission of architects and to promote sound solutions. The CE ZA AR prize is awarded in 6 categories.

The **SPP Gallery** has played an integral part in supporting art and culture since 2000. Since its opening, it has hosted almost



The Church of St. John the Baptist in Liptovský Ján won the 16th annual Fénix – Cultural Monument of the Year award for comprehensive restoration. Based on the public vote, it also became the most beautifully restored monument, which received the Fénix – SPP Foundation Award.

165 exhibitions in various fields of the fine arts. Paintings, photographs, illustrations, and sculptures have all found their place in the gallery. For instance, visitors could admire the exhibition showing photographs taken by Katarína Líšková entitled *Jungle Stories*, which complemented the presentation of the 15th anniversary of the project run by Slovak archaeologists in Guatemala. Visitors to the exhibition could immerse themselves into the Guatemalan jungle through photographs, replicas of artefacts discovered during archaeological research, as well as authentic sounds of the jungle. The SPP Gallery organised 5 exhibitions in 2023. The most successful exhibition was the exhibition of the works by *Andy Warhol* – a cult figure of the 20th century. Art lovers could admire 55 collection items, including paintings, photographs, and exhibition prints, which were lent to the gallery by the Andy Warhol Museum of Modern Art in Medzilaborce. The historically most successful exhibition attracted more than 7 000 visitors.

In 2023, SPP was a general partner of the prestigious international *Bratislava Music Festival*, as well as the main partner of Architecture and Design Days – *DAAD 2023*.

The **Slovak Gas Museum** has been mapping the past and present of the gas industry in our country for over 27 years. With more than 600 exhibits, this museum is one of a kind in Slovakia. Nowadays, it also focuses on educating children and young people in areas of energy efficiency, environmental protection, and sustainability. In 2023, more than 1 000 visitors visited the museum.

SUPPORTING SPORTS

SPP HAS BEEN A MEMBER OF THE PARALYMPIC FAMILY FOR 19 YEARS

SPP has been a key partner of the *Slovak Paralympic Committee* for 19 years. SPP was once again the general partner of the Slovak Paralympic Team at the XIII Winter Paralympic Games in Peking. It was also thanks to this support that Slovak representatives managed to win 6 medals, including 3 gold medals. SPP sees the provision of support to Paralympic athletes as an opportunity to draw

attention to problems encountered by people with disabilities in their daily life.

Since 2021, SPP has been the *main partner of the sprinter Ján Volko*. The fastest-running Slovak regularly achieves top results at European and world events. Through this partnership, SPP is interested in supporting not only elite athletes, but also the development of talent and in promoting physical activity among children and young people at a community level. In 2023, the SPP Foundation once again announced the *You Too Engage In Sports!* grant scheme aimed at supporting and developing physical activities among children and youth.

SUPPORT TO COMMUNITIES AND DISADVANTAGED GROUPS

In 2023, the SPP Foundation announced various grant schemes such as *Together With SPP For Communities* (SPPoločne pre komunity) for supporting good neighbourly relations and connecting different generations in Slovak communities, *One Step Ahead* (O krok vpred) for rehabilitation of children and adults suffering from neurological disorders of the locomotor system, *Let's Do It With SPP* (SPPravmeTo) for educational facilities that implement formal and non-formal education programmes for children and youth, the *Employee Grant Programme* for SPP employees so that they are able to provide assistance where they deem it necessary, and the *Crutch* (Opora) grant scheme for social service providers, organisations, and institutions dedicated to assisting people with special needs. In total, the SPP Foundation supported more than 1 100 entities in 2023 with financial contributions amounting to €3 028 573. More info at www.nadaciaspp.sk.

In 2023, SPP also supported the *Way Out* (Cesta von) association that helps children from marginalised groups and improves their chance to break out of generational poverty through education.

OCCUPATIONAL HEALTH AND SAFETY

Through its occupational health and safety policy in 2023 and the set goals in the field of fire protection, SPP ensured a safe and healthy working environment in accordance with the requirements of generally binding legal regulations in the field

of occupational health and safety and in the protection, promotion, and development of public health. SPP raised its fire protection requirements in buildings and facilities with an emphasis on adapting the legitimate interests of the company and persons working based on contracts and agreements with contractual partners. In the course of 2023, we did not register any work injury or any cases of adverse health conditions associated with work.

One extraordinary event took place in SPP in 2023. A fire broke out in the office building in Bratislava, which the emergency units of the Fire and Rescue Department of Bratislava managed to put out and the measures adopted prevented the fire from reigniting and spreading further. Although this extraordinary event caused minor damage to property, it did not cause any bodily harm or loss of life of employees. SPP is a process-managed company that is regularly inspected by the certification system within the integrated management system (IMS) according to international standards ISO 9001:2015 (Quality management system), ISO 14001:2015 (Environmental management system), ISO 45001:2018 (Occupational health and safety management systems) and ISO/IEC 27001:2013 (Information security management system) in the field of operation and management of information systems for gas, electricity, and service sales processes. In 2023, external audits conducted by certification companies confirmed the performance and effectiveness of the introduced IMS system with a recommendation to continue the certification.

ENVIRONMENTAL PROTECTION

Environmental protection constitutes a regular component of SPP's top priorities. In 2023, the adopted environmental management system underwent a successful supervisory audit as per the ISO 14001:2015 standard, by which the company confirmed its compliance with the requirements of the applied standard. Aiming to continuously improve our environmental behaviour, in 2023 we certified the Eco-Management and Audit Scheme (EMAS) for the company headquarters in Bratislava. The Eco-Management and Audit Scheme is a voluntary instrument of the European



Planting trees together with TANAP Administration in Biela Voda Valley.

Union that assists in evaluating, managing, and improving the environmental performance of a company. It is a suitable tool for achieving environmental and economic objectives, managing significant environmental aspects, risks and opportunities, and achieving compliance with legislative and other requirements.

We consider reducing greenhouse gas emissions via several tools to be an important part of the company's strategy. One of these tools is the participation in sustainable supply chains via the International Sustainability and Carbon Certification System (ISCC EU) as a biofuel (biomethane) trader. In 2023, SPP was registered and certified under the International Sustainability and Carbon Certification (ISCC EU) scheme.

Waste management in SPP is a targeted process aimed at complying with the principles of environmental protection and the waste management hierarchy. Conditions for the collection of separated waste have been created inside company premises. By gradually expanding the sorted waste

components, SPP has been reducing the volume of mixed municipal waste, promoting conservation of natural resources, and protecting ecosystems. In 2023, the company expanded waste collection to our sites in Zvolen and Košice. In the same period, a total of 10 collection containers – ashtrays for cigarette butts – were installed in Bratislava, Zvolen, and Košice, serving to collect these butts and allowing their subsequent recycling in the production of EcoButt Fibers® acetyl cellulose fibre. This fibre is used in the production of asphalt mixtures of SMA (Stone Matrix Asphalt) type, PA (Porous Asphalt), and other mixtures with a high binder content.

SPP conducts annual optimisation of waste management aimed at the maximum recovery of produced waste and the setting of required capacities of collection containers at SPP sites.

The company operates small and medium sources of air pollution. In the course of 2023, the high level of operating

safety and rigorous inspections of operated technical facilities have, along with investments, created the prerequisites for reducing emissions of all monitored pollutants released into the air.

Environmental protection, sustainable development and energy efficiency at all levels have become an integral part of SPP's long-term development strategy.

Post Balance Sheet Events

No events occurred after 31 December 2023 that would have a significant impact on the company's individual financial statements.

Financial Statements

Individual Financial Statements of SPP (selected data in € million)

	Year ended 31 December 2023	Year ended 31 December 2022
Revenues from customer contracts	3 924	3 955
NG and E compensations	777	0
Other gains and losses	(94)	1 135
Purchase of natural gas, purchase of electricity and consumption of material and energy, change in inventories, capitalisation	(4 396)	(4 891)
Storage of natural gas and other services	(123)	(106)
Depreciation and amortisation	(9)	(9)
Personnel costs	(35)	(34)
Adjustments to bad or doubtful receivables, net	(3)	9
Provisions and impairment losses, net	(3)	(39)
Operating profit	38	20
Profit/(loss) from investments	303	3
Cost of financing	(20)	(7)
Profit/(loss) before tax	321	16
Income tax	(31)	9
PROFIT FOR THE PERIOD	290	25

Consolidated Financial Statements of SPP Group (selected data in € million)

	Year ended 31 December 2023	Year ended 31 December 2022
Revenues from customer contracts	4 182	4 116
NG and E compensations	777	0
Other gains and losses	(96)	1 133
Capitalisation	4	6
Purchase of natural gas, purchase of electricity and consumption of material and energy	(4 633)	(5 046)
Depreciation and amortisation	(9)	(9)
Storage of natural gas and other services	(127)	(109)
Personnel costs	(37)	(36)
Adjustments to bad or doubtful receivables, net	(3)	9
Provisions and impairment losses, net	(4)	(39)
Operating profit	54	25
Profit/(loss) from investments	10	3
Share in profits of affiliated companies and joint ventures	193	317
Cost of financing	(21)	(8)
Profit/(loss) before tax	236	337
Income tax	(34)	9
PROFIT FOR THE PERIOD	202	346
Net profit belonging to:		
SPP shareholders	202	346
Minority holdings of other owners of subsidiaries	-	-
Total	202	346

EU Taxonomy Compliant Reporting

Information about the proportion of turnover, capital expenditures, and operating expenditures associated with taxonomy-eligible or taxonomy-aligned economic activities in 2023.

The information about the proportion of turnover, capital expenditures, and operating expenditures of SPP for the year ended 31 December 2023 describes the proportion of activities associated with taxonomy-eligible economic activities under the first two environmental objectives (climate change mitigation and climate change adaptation) as per Article 8 of the EU Taxonomy.

Under the EU Taxonomy, an eligible economic activity (hereinafter “Taxonomy-eligible economic activity”) is an economic activity described in delegated acts supplementing the EU Taxonomy, regardless of whether the economic activity meets some or all technical screening criteria set out in these delegated acts.

An economic activity aligned with the EU Taxonomy (hereinafter “Taxonomy-aligned economic activity”) refers to

any activity that meets all of the following requirements under Article 3 of the EU Taxonomy:

- contributes substantially to one or more of the environmental objectives,
- does not significantly harm any of the environmental objectives,
- is carried out in compliance with minimum safeguards, and
- complies with technical screening criteria in the Climate Delegated Act supplementing the EU Taxonomy regulation.

SPP assessed the activities against Taxonomy-eligible economic activities as defined and set out in the Climate Delegated Act (Annex I – Climate Change Mitigation and Annex II – Climate Change Adaptation) and in the Complementary Disclosures Delegated Act as regards specific public disclosures for certain energy sectors (hereinafter “Complementary Delegated Act”). The summary proportion of Taxonomy-eligible and Taxonomy-aligned activities in individual indicators of SPP is listed in Table 1. The resultant list of all Taxonomy-eligible economic activities is summarised in Table 2. The activities listed in Table 2 below contribute to the turnover, capital expenditures, and operating expenditures of SPP.

Table 1 – Proportion of Taxonomy-eligible and Taxonomy-aligned activities in 2023 (turnover, capital expenditures, operating expenditures)

Year ended 31 st December 2023	Total (in € million)	Proportion of Taxonomy-eligible (non-aligned) economic activities (in %)	Proportion of Taxonomy-aligned economic activities (in %)	Proportion of Taxonomy-non-eligible economic activities (in %)
Turnover	4 182.00	0.07%	0.00%	99.93%
Capital expenditures	9.60	4.31%	8.58%	87.12%
Operating expenditures	9.63	11.68%	0.04%	88.28%

Table 2 – Taxonomy-eligible economic activities of SPP

Economic activity	Description	Relevant to KPI	NACE code
4.1 Electricity generation using solar photovoltaic technology	Production of electricity using photovoltaic technology for consumption by SPP and for external customers.	Capital expenditures, Operating expenditures	35.11 42.22
4.3 Electricity generation from wind power	Construction or operation of electricity generation facilities that produce electricity from wind power for external customers.	Capital expenditures, Operating expenditures	35.11 42.22
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	Operation of a co-generation and tri-generation unit for combined production of electricity, heat and cooling for consumption by SPP and for external customers.	Turnover, Capital expenditures	35.11 35.30
6.5 Transport by motorbikes, passenger cars and commercial vehicles	Financial and leasing activities associated with the operation of SPP's vehicle fleet.	Operating expenditures	64 77.11
7.7 Acquisition and ownership of buildings	Buying real estate and exercising ownership of that real estate.	Turnover, Operating expenditures	68

1 ACCOUNTING POLICIES OF SPP

Key performance indicators include the turnover indicator, capital expenditures indicator, and operating expenditures indicator. The templates provided in Annex II to the Disclosures Delegated Act were used to present indicators for the purposes of EU Taxonomy.¹ With respect to the fact that SPP also performs activities specified in the Complementary Delegated Act, the applicable disclosures in Table 6 are provided in accordance with the respective delegated regulation.

1.1 TURNOVER

The proportion of Taxonomy-aligned economic activities in the total turnover of SPP was calculated as the proportion of net turnover from products and services associated with Taxonomy-aligned economic activities (numerator) to the total turnover from customer contracts (denominator) for the year ended 31 December 2023.

The Taxonomy-eligible economic activities defined in the energy sector include, in particular, the production,

installation, construction and operation of facilities, while not including activities associated with electricity and gas supply. SPP generates a key portion of its turnover by supplying electricity and gas to end customers, which is a Taxonomy-non-eligible activity regardless of whether it involves the supply of electricity or gas from renewable sources. For this reason, the vast majority of SPP's economic activities in 2023 cannot be classified as Taxonomy-eligible or, possibly, Taxonomy-aligned.

In the course of 2023, SPP continued implementing projects for the company's own small-scale local energy production from renewable sources. Specifically, this concerned the following projects:

- Photovoltaic projects at selected elementary schools in Slovakia, to enable these schools to use electricity coming directly from RES and so reduce their current electricity costs by up to 30% on average,
- Project for the photovoltaic power plant on SPP's grounds in Michalovce, which anticipates the generation and distribution of electricity to the public grid,

- Initial stages in the development of projects for the production of electricity from wind power being developed by SPP in Drahovce, Galanta, and Skalica,
- Project for the supply of heat and cooling to the multi-functional building Prístavná 1 (Energocentrum on SPP's grounds in Bratislava).

SPP also moved forward with additional projects for the company's own generation of electricity and gas from renewable sources in accordance with targets adopted in the SPP Sustainability Report 2021 and 2022. One of these projects includes the establishment of the company CEBZ s. r. o. ("CEBZ"), a joint venture between SPP and the BRANTNER Group. CEBZ will continue developing energy and biological waste recovery centres based on the principle of a circular economy, which are to produce, inter alia, biomethane made of biodegradable waste. In connection with CEBZ, SPP made an investment exceeding €2 million. These projects will be gradually put into operation in the coming years. The project for the supply of heat and cooling to the multi-functional building Prístavná 1 represents a Taxonomy-eligible, yet Taxonomy-non-aligned economic activity.

¹ Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.

Table 3 – Turnover KPI				Substantial contribution criteria						Criteria relating to DNSH principle						Minimum safeguards yes/no	Taxonomy aligned proportion of turnover Year N (in %)	Taxonomy aligned proportion of turnover Year N-1 (in %)	Category (enabling activity)	Category (transitional activity)
				(1) (in %)	(2) (in %)	(3) (in %)	(4) (in %)	(5) (in %)	(6) (in %)	(1) yes/ no	(2) yes/ no	(3) yes/ no	(4) yes/ no	(5) yes/ no	(6) yes/ no					
Economic activities	Code(s)	Absolute turnover (in € million)	Proportion of turnover (in %)																	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.00	0.00%																	
A.2 Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities)																				
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	35.11 35.30	0.61	0.01%																	
7.7 Acquisition and ownership of buildings	68	2.19	0.05%																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities) (A.2)		2.80	0.07%	Not applicable																
Total turnover of Taxonomy-eligible activities (A.1 + A.2) (A)		2.80	0.07%													0.00%				
B. TAXONOMY-NON-ELIGIBLE-ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		4 179.20	99.93%																	
Total (A + B)		4 182.00	100.00%																	

Environmental objectives:

(1) Climate change mitigation
 (2) Climate change adaptation
 (3) Water and marine resources

(4) Pollution
 (5) Circular economy
 (6) Biodiversity and ecosystems

1.2 CAPITAL EXPENDITURES

The capital expenditures indicator was calculated as the proportion of capital expenditures associated with Taxonomy-aligned economic activities (numerator) to total capital expenditures as defined by the EU Taxonomy (denominator) for the year ended 31 December 2023.

The denominator comprises capital expenditures associated with investments in real estate and IT systems that form a major portion of SPP's capital expenditures. Those are mostly additions to tangible and non-tangible assets recognised under the standards IAS 16 Property, Plant and Equipment, IAS 38 Intangible Assets and IFRS 16 Leases.

The numerator comprises the portion of capital expenditures associated with assets or processes related to Taxonomy-aligned economic activities. The said capital expenditures form part of the plan for expanding the Taxonomy-aligned economic activities that will be implemented in the period of the coming five years. The projects for local electricity sources from solar power and from wind power that are completed or in development represent a Taxonomy-aligned economic activity. These projects are in accordance with technical criteria laid down by the Climate Delegated Act given their significant contribution to the mitigation of climate change, and they do not cause any major harm to other objectives:

- Climate change adaptation (projects are not threatened by physical climate risks from Appendix A to the Climate Delegated Act),
- Transition to a circular economy (materials come from trustworthy manufacturers focusing on sustainability and recyclability), and
- Protection of biodiversity (projects do not interfere with natural reserves and are mostly installed on the roofs of buildings).

The project for the supply of heat and cooling to the multi-functional building Prístavná 1 represents a Taxonomy-eligible, yet Taxonomy-non-aligned economic activity.

Table 4 – Capital expenditures KPI

Economic activities	Code(s)	Absolute CapEx (in € million)	Proportion of CapEx (in %)	Substantial contribution criteria						Criteria relating to DNSH principle						Minimum safeguards yes/no	Taxonomy-aligned proportion of CapEx Year N (in %)	Taxonomy-aligned proportion of CapEx Year N-1 (in %)	Category (enabling activity)	Category (transitional activity)			
				(1) (in %)	(2) (in %)	(3) (in %)	(4) (in %)	(5) (in %)	(6) (in %)	(1) yes/ no	(2) yes/ no	(3) yes/ no	(4) yes/ no	(5) yes/ no	(6) yes/ no								
A. TAXONOMY-ELIGIBLE ACTIVITES																							
A.1 Environmentally sustainable activities (Taxonomy-aligned)																							
4.1 Electricity generation using solar photovoltaic technology	35.11 42.22	0.77	8.06%	100.00%	0.00%					-	yes	-	yes	-	yes	yes	8.06%	3.11%	-	-			
4.3 Electricity generation from wind power	35.11 42.22	0.05	0.52%	100.00%	0.00%												0.52%	0.00%					
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.82	8.58%	100.00%	0.00%					-	yes	-	yes	-	yes	yes	8.58%	3.11%	-	-			
A.2 Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities)																							
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	35.11 35.30	0.41	4.31%	Not applicable																Not applicable			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities) (A.2)		0.41	4.31%																				
Total CapEx of Taxonomy-eligible activities (A.1 + A.2) (A)		1.24	12.88%																				
B. TAXONOMY-NON-ELIGIBLE-ACTIVITIES																							
CapEx of Taxonomy-non-eligible activities (B)		8.37	87.12%	Environmental objectives: (1) Climate change mitigation (2) Climate change adaptation (3) Water and marine resources (4) Pollution (5) Circular economy (6) Biodiversity and ecosystems																			
Total (A + B)		9.60	100.00%																				

1.3 OPERATING EXPENDITURES

The operating expenditures indicator was calculated as the proportion of operating expenditures associated with Taxonomy-aligned economic activities (numerator) to total operating expenditures as defined by the EU Taxonomy (denominator). The operating expenses under EU Taxonomy include expenses associated with the maintenance and repair of buildings, machinery and equipment, with short-term lease and rental, and research and development. In the case of SPP, these operating expenditures mostly comprise expenditures associated with the maintenance of buildings and short-term lease expenses.

The numerator comprises a portion of SPP's operating expenditures associated with assets or processes related to Taxonomy-aligned economic activities, and forms part of the capital expenditures plan to expand Taxonomy-aligned economic activities. The projects for photovoltaic power plants that are completed or in development represent a Taxonomy-aligned economic activity. The numerator comprises limited operating expenditures associated with the implementation thereof. Operating expenditures associated with rental and leasing of the vehicle fleet and the project for the supply of heat and cooling to the multi-functional building Prístavná 1 under construction were classified as Taxonomy-eligible, yet Taxonomy-non-aligned economic activities.

Operating expenditures associated with the purchase of outputs of Taxonomy-aligned economic activities are likewise classified as Taxonomy-aligned operating expenditures. Given the shortage of publicly available information from suppliers in respect of the alignment of provided services with the EU Taxonomy, SPP does not report this type of operating expenditures. In the coming years, SPP will require the company's suppliers to provide information on whether their outputs represent a taxonomy-aligned economic activity.

Table 5 – Operating expenditures KPI

Economic activities	Code(s)	Absolute OpEx (in € million)	Proportion of OpEx (in %)	Substantial contribution criteria						Criteria relating to DNSH principle						Minimum safeguards yes/no	Taxonomy aligned proportion of OpEx Year N (in %)	Taxonomy aligned proportion of OpEx Year N-1 (in %)	Category (enabling activity)	Category (transitional activity)			
				(1) (in %)	(2) (in %)	(3) (in %)	(4) (in %)	(5) (in %)	(6) (in %)	(1) yes/ no	(2) yes/ no	(3) yes/ no	(4) yes/ no	(5) yes/ no	(6) yes/ no								
A. TAXONOMY-ELIGIBLE ACTIVITIES																							
A.1 Environmentally sustainable activities (Taxonomy-aligned)																							
4.1 Electricity generation using solar photovoltaic technology	35.11 42.22	0.004	0.04%	100.00%	0.00%							yes		yes		yes	yes	0.04%	0.04%				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.004	0.04%	100.00%	0.00%													0.04%	0.04%				
A.2 Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities)																							
6.5 Transport by motorbikes, passenger cars and commercial vehicles	64 77.11	0.31	3.19%	Not applicable																Not applicable			
7.7 Acquisition and ownership of buildings	68	0.63	6.55%																				
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	35.11 35.30	0.19	1.94%																				
OpEx of Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities) (A.2)		1.13	11.68%																				
Total OpEx of Taxonomy-eligible activities (A.1 + A.2) (A)		1.13	11.72%																	0.04%	0.04%		
B. TAXONOMY-NON-ELIGIBLE-ACTIVITIES																							
OpEx of Taxonomy-non-eligible activities (B)		8.50	88.28%																				
Total (A + B)		9.63	100.00%																				

Environmental objectives:

- (1) Climate change mitigation
- (2) Climate change adaptation
- (3) Water and marine resources

- (4) Pollution
- (5) Circular economy
- (6) Biodiversity and ecosystems

Table 6 – Proportion of fossil gas related activities in turnover KPI, Capital expenditures KPI and Operating expenditures KPI

	Carried out by undertaking yes/no	Amount and proportion						Amount (in € million)	%
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)			
		Amount (in € million)	%	Amount (in € million)	%	Amount (in € million)	%		
Economic activities									
Nuclear and fossil gas related activities									
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	yes	Not applicable							
Taxonomy-aligned economic activities (denominator)									
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels (proportion in the denominator of turnover KPI)	Not applicable	0.00	0.00%	0.00	0.00%	0.00	0.00%	Not applicable	
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels (proportion in the denominator of CapEx KPI)		0.00	0.00%	0.00	0.00%	0.00	0.00%		
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels (proportion in the denominator of OpEx KPI)		0.00	0.00%	0.00	0.00%	0.00	0.00%		
Total (amount and proportion in the denominator of turnover KPI)		0.00	0.00%	0.00	0.00%	0.00	0.00%		
Total (amount and proportion in the denominator of CapEx KPI)		0.00	0.00%	0.00	0.00%	0.00	0.00%		
Total (amount and proportion in the denominator of OpEx KPI)		0.00	0.00%	0.00	0.00%	0.00	0.00%		
Taxonomy-aligned economic activities (numerator)									
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels (proportion in the numerator of turnover KPI)	Not applicable	0.00	0.00%	0.00	0.00%	0.00	0.00%	Not applicable	
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels (proportion in the numerator of CapEx KPI)		0.00	0.00%	0.00	0.00%	0.00	0.00%		
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels (proportion in the numerator of OpEx KPI)		0.00	0.00%	0.00	0.00%	0.00	0.00%		
Total (amount and proportion in the numerator of turnover KPI)		0.00	0.00%	0.00	0.00%	0.00	0.00%		
Total (amount and proportion in the numerator of CapEx KPI)		0.00	0.00%	0.00	0.00%	0.00	0.00%		
Total (amount and proportion in the numerator of OpEx KPI)		0.00	0.00%	0.00	0.00%	0.00	0.00%		

Table 6 – Proportion of fossil gas related activities in turnover KPI, Capital expenditures KPI and Operating expenditures KPI

	Carried out by undertaking yes/no	Amount and proportion					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (in € million)	%	Amount (in € million)	%	Amount (in € million)	%
Economic activities							
Taxonomy-eligible but not taxonomy-aligned economic activities							
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels (proportion in the denominator of turnover KPI)		0.61	0.01%				
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels (proportion in the denominator of CapEx KPI)		0.41	4.31%				
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels (proportion in the denominator of OpEx KPI)	Not applicable	0.19	1.94%			Not applicable	
Total (amount and proportion in the denominator of turnover KPI)		0.61	0.01%				
Total (amount and proportion in the denominator of CapEx KPI)		0.41	4.31%				
Total (amount and proportion in the denominator of OpEx KPI)		0.19	1.94%				
Taxonomy non-eligible economic activities	none						

2 MINIMUM SAFEGUARDS

The assessment of economic activities with respect to their alignment with the EU Taxonomy also includes the evaluation of compliance with minimum safeguards. The minimum social safeguards include those procedures that should ensure that economic activities take place in accordance with:

- OECD Guidelines for Multinational Enterprises (2011),²
- UN Guiding Principles on Business and Human Rights (UNGPR)³, including principles and rights established in the eight core conventions of the International Labour Organisation as set out in the Declaration on Fundamental

- Principles and Rights at Work⁴, and
- International Bill of Human Rights.⁵

The assessment of compliance with minimum social safeguards was performed for the following four areas:

1. Human rights (including labour and consumer rights),
2. Corruption and bribery,
3. Taxation,
4. Fair competition.

In assessing compliance with minimum social safeguards, SPP followed a two-dimensional assessment approach. This means the company took into account the implementation of

adequate procedures to prevent negative impacts, but also the dimension of outputs that is used to monitor the outputs.

SPP understands the responsibility it carries from the position of the biggest energy supplier in Slovakia and in its daily business activities it not only declares, but also closely monitors, compliance with the principles of ethical behaviour that form part of the SPP Code of Conduct. The Code includes all four main areas of minimum social safeguards.

² <https://www.oecd.org/daf/inv/mne/48004323.pdf>

³ https://www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

⁴ https://www.ilo.org/wcmsp5/groups/public/-ed_norm/-declaration/documents/normativeinstrument/wcms_716594.pdf

⁵ <https://www.ohchr.org/sites/default/files/Documents/Publications/Compilation1.1en.pdf>

Independent Auditor's Reports



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Independent Auditor's Report

To the Shareholder, Supervisory Board, Board of Directors and to the Audit Committee of Slovenský plynárenský priemysel, a.s.:

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Slovenský plynárenský priemysel, a.s. (the Company), which comprise the balance sheet as at 31 December 2023, income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the separate financial statements, including material accounting policy information.

In our opinion, the accompanying separate financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU ("IFRS EU").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the Act on Statutory Audit No 423/2015 Coll. and on amendments to the Act on Accounting No 431/2002 Coll., as amended by later legislation ("the Act on Statutory Audit") related to ethics, including Auditor's Code of Ethics, that are relevant to our audit of the separate financial statements, and we have fulfilled other requirements of these provisions related to ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation of the separate financial statements that give true and fair view in accordance with IFRS EU, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK REPORT

Spoločnosť zo skupiny Ernst & Young Global Limited
Ernst & Young Slovakia, spol. s r.o., IČO: 35 840 463, zapísaná v Obchodnom registri Mestského súdu Bratislava III, oddiel: Sro, vložka číslo: 27004/B a v zozname audítorov vedenom Slovenskou komorou audítorov pod č. 257.



Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements including the presented information as well as whether the separate financial statements captures the underlying transactions and events in a manner that leads to their fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK REPORT



Report on Other Legal and Regulatory Requirements

Report on Information Disclosed in the Annual Report

Management is responsible for the information disclosed in the annual report, prepared based on requirements of the Act on Accounting No 431/2002 Coll., as amended by later legislation (“the Act on Accounting”). Our opinion on the separate financial statements expressed above does not apply to other information contained in the annual report.

In connection with audit of the separate financial statements it is our responsibility to understand the information disclosed in the annual report and to consider whether such information is not materially inconsistent with audited separate financial statements or our knowledge obtained in the audit of the separate financial statements, or otherwise appears to be materially misstated.

We considered whether the Company’s annual report contains information, disclosure of which is required by the Act on Accounting.

Based on procedures performed during the audit of separate financial statements, in our opinion:

- Information disclosed in the annual report prepared for 2023 is consistent with the separate financial statements for the relevant year,
- The annual report contains information based on the Act on Accounting.

Additionally, based on our understanding of the Company and its situation, obtained in the audit of the separate financial statements, we are required to disclose whether material misstatements were identified in the annual report, which we received prior to the date of issue of this auditor’s report. In this regard, there are no findings which we should disclose.

13 March 2024
Bratislava, Slovak Republic

Ernst & Young Slovakia, spol. s r.o.
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A handwritten signature in blue ink, appearing to read 'T. Přeček', is written over a faint, light blue grid background.

Ing. Tomáš Přeček, statutory auditor
UDVA Licence No. 1067

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 811 02 Bratislava
 Slovenská republika

Independent Auditor's Report

To the Shareholder, Supervisory Board, Board of Directors and to the Audit Committee of Slovenský plynárenský priemysel, a.s.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Slovenský plynárenský priemysel, a.s. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group give a true and fair view of the financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU ("IFRS EU").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Act on Statutory Audit No 423/2015 Coll. and on amendments to the Act on Accounting No 431/2002 Coll., as amended by later legislation ("the Act on Statutory Audit") related to ethics, including Auditor's Code of Ethics, that are relevant to our audit of the consolidated financial statements, and we have fulfilled other requirements of these provisions related to ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management responsible for the preparation of the consolidated financial statements that give true and fair view in accordance with IFRS EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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Spoločnosť zo skupiny Ernst & Young Global Limited
 Ernst & Young Slovakia, spol. s r.o., IČO: 35 840 463, zapísaná v Obchodnom registri Mestského súdu Bratislava III, oddiel: Sro, vložka číslo: 27004/B a v zozname audítorov vedenom Slovenskou komorou audítorov pod č. 257.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements including the presented information as well as whether the consolidated financial statements captures the underlying transactions and events in a manner that leads to their fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Report on Other Legal and Regulatory Requirements

Report on Information Disclosed in the Consolidated Annual Report

Management is responsible for the information disclosed in the consolidated annual report, prepared based on requirements of the Act on Accounting No 431/2002 Coll., as amended by later legislation ("the Act on Accounting"). Our opinion on the consolidated financial statements expressed above does not apply to other information contained in the consolidated annual report.

In connection with audit of the consolidated financial statements it is our responsibility to understand the information disclosed in the consolidated annual report and to consider whether such information is not materially inconsistent with audited consolidated financial statements or our knowledge obtained in the audit of the consolidated financial statements, or otherwise appears to be materially misstated.

We considered whether the Group's consolidated annual report contains information, disclosure of which is required by the Act on Accounting.

Based on procedures performed during the audit of consolidated financial statements, in our opinion:

- Information disclosed in the consolidated annual report prepared for 2023 is consistent with the consolidated financial statements for the relevant year,
- The consolidated annual report contains information based on the Act on Accounting.

Additionally, based on our understanding of the Group and its situation, obtained in the audit of the consolidated financial statements, we are required to disclose whether material misstatements were identified in the annual report, which we received prior to the date of issue of this auditor's report. In this regard, there are no findings which we should disclose.

13 March 2024
Bratislava, Slovak Republic

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Ing. Tomáš Přeček, statutory auditor
UDVA Licence No. 1067

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Slovak Republic
Phone: +421 2 62 62 11 11
E-mail: spp@spp.sk
Website: www.spp.sk

HOUSEHOLDS

SPP Customer Care Line

Phone: 0850 111 363
(from 1 June 2020, weekdays from 8 a.m. to 6 p.m.)

E-mail: zakaznickalinka@spp.sk
For calls from abroad or from networks
of alternative operators: +421 2 58 69 90 90

SMALL BUSINESSES & ORGANISATIONS

SPP Business Line

Phone: 0850 111 565
(from 1 June 2020, weekdays from 8 a.m. to 6 p.m.)

E-mail: biznislinka@spp.sk
For calls from abroad or from networks
of alternative operators: +421 2 58 69 90 92

SPP Fair Hotline

Phone: 0800 126 076 (from 1 June 2020,
weekdays from 8 a.m. to 6 p.m.)

Please visit www.spp.sk website
for the list of SPP Customer Centres

SLOVAK GAS MUSEUM

Slovenský plynárenský priemysel, a.s.
Mlynské nivy 44/c
825 11 Bratislava

Phone: +421 2 62 62 41 64, 0911 704 489
(weekdays from 10 a.m. to 2 p.m.)

E-mail: muzeum@spp.sk

Entry to the museum is free of charge.
Visits must be arranged in advance.

SPP GALLERY

Slovenský plynárenský priemysel, a.s.
Mlynské nivy 44/c
825 11 Bratislava

Phone: +421 2 62 62 42 42, 0911 704 489
(weekdays from 10 a.m. to 6 p.m.)

E-mail: galeria@spp.sk

Entry to the gallery is free of charge.

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